



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING

Reference: Factors influencing the employment of young people

CANBERRA

Thursday, 19 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

- ANDREWS, Mr Les, Director, Research and Communications Section, Higher Education Division, Department of Employment, Education, Training and Youth Affairs, 16 Mort Street, Civic, Australian Capital Territory 33**
- BOWRON, Mr William Charles, Assistant Secretary, Client Strategies Branch, Employment Programs Delivery Division, Department of Employment, Education, Training and Youth Affairs, PO Box 9980, Civic, Australian Capital Territory 33**
- BURTON, Mr Michael, Director, Regional Employment Strategies, Employment Services Branch, Employer and Industry Programs Division, Department of Employment, Education, Training and Youth Affairs, PO Box 9980, Civic, Australian Capital Territory 33**
- DAVIES, Ms Frances, Assistant Secretary, Youth Bureau, Department of Employment, Education, Training and Youth Affairs, PO Box 9980, Civic, Australian Capital Territory 33**
- HARDHAM, Ms My Linh, Acting Assistant Secretary, Economic Analysis Branch, Economic and Policy Analysis Division, Department of Employment, Education, Training and Youth Affairs, 12 Mort Street, Canberra, Australian Capital Territory 33**
- NEWMARCH, Ms Eileen Anne, Director, Youth Training Initiative Section, Department of Employment, Education, Training and Youth Affairs, PO Box 9980, Civic, Australian Capital Territory 33**
- WHITE, Ms Lorraine Susan, Assistant Secretary, Industry Liaison Branch, Vocational Education and Training Division, Department of Employment, Education, Training and Youth Affairs, 12 Mort Street, Civic, Australian Capital Territory 33**
- WHITNEY, Dr Peter, Assistant Secretary, Quality Schooling Branch, Schools and Curriculum Division, Department of Employment, Education, Training and Youth Affairs, PO Box 9980, Civic, Australian Capital Territory 33**

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Present

Mr Charles (Chair)

Mr Barresi	Mr Mossfield
Mr Brough	Mr Neville
Mrs Elson	Mr Pyne
Mrs Gash	Mr Sawford
Mr Marek	

The committee met at 9.14 a.m.

Mr Charles took the chair.

CHAIR—Good morning ladies and gentlemen. I welcome DEETYA to this hearing on our inquiry into factors influencing the employment of young people. We consider this to be a very important inquiry that is going to take us some considerable period of time. To the best of the committee's knowledge, no-one has ever put together a comprehensive survey of the youth of our nation's needs in terms of employment and what will give them the best opportunities of being employed. It is not—I repeat very strongly—not an inquiry into unemployment; it is an inquiry into employment, which is substantially different.

This was to have been a private hearing but, since you have given us your submission, the committee met this morning and decided to turn it into a public hearing. *Hansard* is here to record what we have to say. Unfortunately, because we only received the submission late yesterday and most of us had fairly busy schedules towards the end of yesterday, I do not think anyone has read it comprehensively. Some of us have scanned it; some read more than others; and some have not looked at it at all.

The basis for asking you here in the first place came out of talking to the Department of Industrial Relations last week. They included in their submission quite a lot of statistics. From questions from a number of members of the committee, they were not able to give us definitive answers because in fact they had sourced their information from DEETYA. That was the basis of the request from one of the members of the committee that we get you along on an informal basis. But you have upped the ante a bit and given us a formal submission—a very good one too, I think—but we are going to need time to digest it. We will hold this hearing as long as members want to keep asking questions this morning. Then we will ask you back again on a subsequent date to review the submission in more detail.

I would also say that I believe we barely got enough copies for the committee, and some of us would like one copy of this submission in Canberra and one in our electorate offices. I am sure there are other people who would like it. Since it is in colour as well as in black and white, could we please implore that you provide the secretariat with some more copies, which would help us. It is such a comprehensive document that I am sure we will be referring to it throughout the hearings.

Before we commence, I will introduce my colleagues: Paul Neville from Queensland; Chris Pyne from South Australia; Paul Marek from Queensland; Phil Barresi from Victoria; Stephen Boyd, who is the inquiry secretary; I am a Victorian, despite my accent; Rod Sawford from South Australia; Frank Mossfield from New South Wales; Kay Elson from Queensland; Jo Gash from New South Wales; and Mal Brough from Queensland. If each of you could please state your full names and the capacity in which you appear before the committee.

[9.15 a.m.]

ANDREWS, Mr Les, Director, Research and Communications Section, Higher Education Division, Department of Employment, Education, Training and Youth Affairs, 16 Mort Street, Civic, Australian Capital Territory

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CHAIR—Would you like to make a brief opening statement?

Ms Davies—The department's submission, which you have copies of, outlines the factors influencing the employment of young people. The department welcomes the opportunity to present our submission and also to comment or answer any of your questions. The submission covers four main areas. The first is an overview of the employment situation for young people and the major features and trends in youth employment. The second is an examination of factors that influence the employment of young people. The third is a list of current initiatives in place in the area of education, training and employment for young people. Lastly is a survey of data on the attitudes of employers and young people to the employment of young workers.

The submission covers a very broad range of topics, and officers from relevant areas are here to answer the questions or talk you through bits of the submission. Most young people have little difficulty in making the transition from school to work. Over half of all school leavers go on to further education or training and those who do have a much better chance of finding and keeping employment. However, over the last few years there has been a growing minority of young people who fail to make that transition and end up either in a string of dead end jobs or unemployed.

The issues involved in youth unemployment are not new ones. These are problems that we have been grappling with over a long period of time and they are also not unique to Australia. Most countries around the world are dealing with the same level of difficulties created by a reduction in entry level and unskilled positions, skills deficits, higher school retention rates, increased labour force participation, an increasing lack of lifelong jobs, literacy and numeracy problems and various racial, cultural and social disadvantages.

If we look at employment growth, over the last 15 years or so growth in employment of young people has not matched the expansion of total employment. In the case of teenagers, employment has contracted. A fall in the number of full-time teenage jobs has been offset by an increase in the number of part-time jobs. The weak employment growth for young people reflects declining full-time job opportunities and increased school retention rates for this group.

The level and composition of youth employment has been affected by a number of fundamental social and economic changes, including demographic changes such as the maturing age profile of the national population, increasing diversification of lifestyles and social structures, the development of new high-technology products and production processes, micro-economic reform measures, and the increasing globalisation of the world economy. The evidence indicates that those who are best equipped to respond to the demands for skilled labour by employers will have a competitive edge in the labour market and those who do not complete secondary schooling suffer a great disadvantage in the labour market which they sometimes never recover from.

Much of the information gathered on employer attitudes from a variety of sources turned up very similar comments and criticisms. In general employers had some reluctance to hire young people. In most of the investigations four underlying problems stood out: a lack of maturity, experience, skills and relevant training. On the other side of the coin, research into the impressions of young people themselves mimicked many of the employers' attitudes. Young people agreed that employers wanted more experience, maturity and skills but many young people saw employers as having an unrealistic expectation of young workers.

Finally, in addition to the factors about the availability of jobs or the willingness of employers to hire young people, there are other issues that impact on some young people's chances. These cover: where someone lives, their family background, gender, literacy and numeracy levels, health and domestic responsibilities. These all affect young people's employment prospects. That is a very brief overview of our submission. My colleagues and I are happy to answer any specific questions.

CHAIR—Thank you very much. Almost every employer and employer group that we have talked to so far—and please bear in mind that this inquiry is still in its very early stages—lists at the top of the tree young person/potential employee attitude as being the most critical determining factor of whether or not they will get

a job. Some of us on this committee have memories which tell us that things were different 20 or 30 years ago. Yet your submission implies that this has always been a determining factor, that potential employee attitude has always been No. 1 on the list rather than skill level. Could one or several of you comment?

Ms Newmarch—I could comment on that. I think the influence of attitude of employees has been compounded by the growing need for skills. So in the past we have perhaps had that as No. 1, the most important, but the need for skills has grown and employers are placing increasing importance on the need for skills for young people.

CHAIR—It is interesting that employers do not tell us that. So far employers have told us that, given a range of people to interview, they will supply the skills later. What they are looking for is someone who has the right attitude, presents well and wants to work.

Ms White—I am from the Vocational Education and Training Division. I have been a participant in that industry reference group, which has been part of guiding the development of the modern Australian apprenticeship and traineeship system, which I am quite sure you all must have heard of. Certainly the view that you are expressing from industry is one that has come through from the industry reference group.

I think one of the initiatives under the modern Australian apprenticeship and traineeship system really goes to some of that in actually developing linkages between employers and schools and school kids. There are specific initiatives such as the jobs pathway program, which was established under the previous government under the name of the jobs pathway guarantee. It specifically is looking at brokering those sorts of arrangements, where employers get an opportunity to actually form some linkages with young people and where young people actually get some exposure to the employment place. That seemed to be addressing, in part, this concern about young people.

MAATS also has a whole range of initiatives which are about vocational education in school. Building on what exists in the current school system in the form of vocational placements in years 9 and 10, there is an increasing number of quality vocational education and training programs starting to occur in years 11 and 12. Through those programs, which are developed in partnership with industry, that linkage between employers and young people—where they get an opportunity to meet real young people and actually influence the way they think—is seen to be a very important aspect.

Mr BROUGH—For argument's sake, we had a submission here the other day from the ACT Chamber of Commerce and Industry on the joblink program. They said that, when they are asked to go to schools or offer their services, quite often they are rejected or they are told they can have five minutes at recess or whenever. Are you finding that there is sufficient access by business into schools to get that link that you need, or is it something that we need to develop far more strongly?

Ms White—I think that need has been recognised. I think there is an initiative called the Australian Student Traineeship Foundation, which was commenced under the previous government in 1994. It is in recognition of that very need. There has been additional funding provided in the most previous budget of some \$38 million, which is for workplace coordination. That is a specific program which is seeking to address that need. It is about coordination of industry placements in years 11 and 12.

Mr BROUGH—Do you see a direct correlation between that and more young people getting into work and having a far more realistic understanding of what the workplace wants?

Ms White—Certainly since the ASTF started there has been a dramatic increase in the number of actual school placements that are providing dual accreditation. In other words, a young person in years 11 and 12 can actually do part of their high school certificate which gives them modules which articulate into apprenticeships and traineeships. In addition, they are actually getting exposure to the workplace. So, the answer is yes.

CHAIR—Lorraine, you brought up ASTF, and I want to follow up on that straightaway. How was the policy that restricted ASTF funding to years 11 and 12 developed? This committee and I have been told over some period of time now that some developing programs in some of the public schools which link school with work have been highly successful in keeping those young people in years 9 and 10—and perhaps even in year 8—who are at risk of leaving school in school and, therefore, off the streets, out of the drug scene, out of gaols and all the rest of it. Can you tell us whose idea it was and why is it that ASTF funding was restricted to years 11 and 12?

Ms White—I have to be honest, the policy was developed before my time with the vocational education and training division so it is difficult for me to comment. But, certainly, that issue of expanding it into years 9 and 10 has been raised and it has been raised with the ASTF. I think there is work happening in that area.

CHAIR—Does anybody know what the rationale was for restricting it to years 11 and 12 when it started? It was only three years ago.

Ms White—A key part of putting it into year 11 and 12 was the dual accreditation aspect. You have a number of people going through to year 12 who are not necessarily going on to tertiary education. So if in years 11 and 12 you could give them training which led to qualifications which were in the tertiary sector—in other words, apprenticeships and traineeships—then that was a good thing.

There are work placements which occur in years 9 and 10. Certainly those work placements have been raised as something that needs to be built on. Perhaps there could be more of what is happening under the ASTF programs happening in years 9 and 10.

CHAIR—Yes, please.

Mr NEVILLE—Could it be that years 8, 9 and 10 are seen as the preliminary years of secondary work and that grades 9 and 10 might be a little too early to start streaming people into their life scene? Other than these odd placements, those years have no experience of work, whereas in grades 11 and 12 they are old enough to get part-time jobs and so on.

Ms White—Certainly that has been a key part of driving policy from the school perspective, yes.

Mr NEVILLE—I know that some of the private schools in Brisbane that are taking TAFE on their

campuses are streaming their students from grade 10 onwards, not below grade 10.

CHAIR—One of the major issues that we will continue to confront throughout the inquiry—and you deal with it in your report—is wage levels for young people. You seem to conclude in your report to us that there is no absolutely definitive evidence—and, I think, the Department of Industrial Relations came to the same conclusion—that wage levels compared to adults has absolutely any critical determining factor in the number of young people employed. Yet we know that there is anecdotal evidence. For instance, in the United States, the fast food industry and retail industry, where there are no junior wage rates, are dominated by adults rather than youth. In comparison, in Australia those industries are dominated by youth. Would someone like to comment on this very significant issue?

Ms Hardham—The evidence we have collected certainly indicates that youth wages relative to adult wages do matter. But that is not the only and the most important factor, because employers do place a lot of importance on the quality of people.

CHAIR—If you will excuse us momentarily, we have to go and vote in a division.

Short adjournment

CHAIR—We will recommence the hearing. You can thank Steve Martin for disrupting our terrific hearing this morning. I have to apologise on behalf of several of my colleagues who have now had to disappear off to the Main Committee or to speak in the House. We have lost a few people. Some might return, but it is not highly likely.

Mr Bowron—I wonder whether I might just offer two comments, from the employment program side of things, in regard to the two matters mentioned so far—one is the motivation issue and the other is the wage aspect. The issue of the motivation of job seekers has been a traditional concern for the Commonwealth Employment Service. The normal process is for an employer to provide specifications, job requirements, for a vacancy. They lodge with the CES and the CES attempts to refer job seekers to the employer on the basis of their assessment of the most suitable clients to match the requirements of the job. It is usually a matching down the line of skills, work experience and other factors related to employment but more in terms of factors that you might measure, not factors such as motivation.

The programs over the years have attempted to address motivation in some ways. There is an element under the Special Intervention Program for the CES to buy in a service for job seekers to attempt to raise self-esteem, confidence and get them job ready. There is another program known as Job Clubs to which job seekers can be referred. Not only does it provide the wherewithal to improve job search efforts such as faxes, PCs, interview techniques and so forth but also there is an attempt to build presentational skills, motivation and self-esteem. The bottom line is that motivation is a very difficult thing to measure, and to work on.

In recent years, under Working Nation and under the new employment placement arrangements covered in the minister's statement that has come out in the budget about reforming employment assistance, both of those developments refer to an instrument which makes some attempt to measure both personal strengths and, if you like, barriers to employment. They can be things such as a low level of literacy,

education, English language ability—depending on where a person came from—et cetera. The researchers, in devising both of those instruments, were not able to come up with something sufficient in terms of measures of motivation. It remains a difficulty for the Commonwealth Employment Service in attempting to match job seekers to the requirements of vacancies as provided by employers.

Turning to the issue of wage, we have quickly put together in the division a chart, which I will provide later to the committee, that shows jobstart commencements—jobstart is a wage subsidy program for employers. It tracks commencements with milestones of subsidy rate changes. It demonstrates a significant linkage between changes in the subsidy levels and commencements numbers under the programs—that is, the number of people employers are prepared to take on under the programs. Generally, when the subsidies increase so do commencements under the program; conversely, when subsidies drop so do commencements. At this point I am not attempting to draw any necessary cause and effect there, but I think it is something that the committee perhaps should have, given some of the other evidence in background papers that I have seen.

CHAIR—Isn't there some OECD evidence that most intervention programs in the job market seem to have had little effect on unemployment rates, excepting those which are direct subsidies for jobs?

Mr Bowron—I think, by and large, that is correct.

Mr MOSSFIELD—If I could just refer the officers to page 36 of their report where it says: Employers indicated they were somewhat more likely to consider employing a long-term unemployed person than a young person aged under 18. That is really contrary to what other submissions that have been made to us have said. Generally speaking, the submissions we have had so far have indicated that employers would prefer a well-motivated young person whom they can then train to their own requirements. So that is quite contrary to what your report seems to be saying. I was wondering if there would be any comment on that?

Mr Bowron—I think part of the difficulty with this is a lot of the evidence is anecdotal. At this point in time I am not able to offer substantive comment on that.

Mrs ELSON—In my electorate, when they found a need in the community and wanted training, they went off to DEETYA and they placed people to get trained in a certain aspect. They were putting long-term unemployed people into those schemes. The success rate was very low—two out of 20 got jobs—because of the motivational factor. Is there a problem in DEETYA with not putting people who want to do the job in those schemes rather putting people because they are long-term unemployed and saying that they have to do it?

Mr Bowron—It is not necessarily a problem within DEETYA.

Mrs ELSON—I am asking if there is a directive that you take the long-term unemployed rather than the people who have the motivation?

Mr Bowron—Under Working Nation, which has been the main policy for the CES over the last couple of years, the thrust has been towards the long-term unemployed. So certainly the CES officers have been

focusing on the long-term unemployed. The thrust of Working Nation was the job compact arrangement—that was, basically, people who had been unemployed for at least 18 months. So there definitely was a focus there.

Mrs ELSON—The problem out in the business community is that they were getting people who did not want to do the job and it was failing. I just thought it would have been a lot better and the results would have been more successful if they had chosen people who had an interest in that career. There was a need in the community and they had to go and look for them elsewhere because that training system did not work.

Mr Bowron—Part of the overall issue is, I think, to maintain balance. Studies the department has done over the years show that, after about the first six to nine months of unemployment, motivation or success rates of placement drop off markedly, there is loss of confidence and there is a deskilling. So there is a need to focus on the early stage and at the same time on the long-term unemployed.

If I can describe it like this: there is a stock of long-term unemployed and there is a flow coming in. Some of the early intervention work is aimed at turning around that flow towards the front end. This is why there are Job Clubs, for example. People are referred there after six months of unemployment. But in terms of young people, in recent times that was reduced to 13 weeks in an attempt to pick up people not long out of the work force, or not long into unemployment, while they still had the skills, the interest or whatever.

So CES officers around this country have had this tension, if you like, between focusing on getting down the numbers of long-term unemployed and at the same time attempting to slow that flow coming in of the more recently unemployed.

Dr Whitney—I just wanted to follow up on Mr Mossfield's question about the employer attitude, particularly to young people under the age of 18. In most cases, they would be young people who either have left school before completing their year 12 qualification or have just completed and entered the work force straight away and are, therefore, unlikely to have any work experience.

Certainly, our position is that we believe young people should complete year 12 or an equivalent qualification before entry to the labour market in order to be competitive. But it is also important that those who are going to leave year 12 and go straight to the labour market rather than undertaking further education and training have the sorts of skills that employers will want. I think that also includes some of the attitudes and an understanding of what it is like to be in work that employers will look for. That will make them more marketable.

Lorraine White referred earlier on to some aspects about work placements and the job pathways guarantee. These aspects are designed to make sure that students who continue through years 11 and 12 and then enter the labour market will have vocational opportunities available to them while they are at school so that, when they do enter the labour market at end of year 12, they will already have some skills and some understanding of what it is like to be in the work force.

There are a couple of aspects of that that are not drawn out in our submission in relation to the work on the key competencies program, which has been under way now for three years and is coming to an end. It has been designed to develop generic competencies in young people that it is believed will be useful when

they enter the work force, and they go beyond the knowledge that would be required under the traditional subject approaches to the syllabus.

There is also a program that has more recently started that will be developed over the next three years of enterprise education which, it is hoped, will develop a far greater understanding and capacity in young people of enterprise in the broad sense. We hope that will include at least two components. One is that young people themselves will be more enterprising, and that will mean they will have a better understanding of what is required to be successful in the work force both as an employee and as an employer, perhaps initially self-employed. We are looking at ways that young people could move into the work force and see themselves becoming employers rather than career employees.

In addition to those general skills, the program would be designed to promote greater links between enterprises and schools at the local level. We will be looking at best practices, where there are successful links, that have been established and how we could make more information available to schools about those successful practices and what might be required to encourage and support them in terms of curricular material, teacher development, et cetera.

More generally, there is, Chair, as you would be aware, a more substantial program on school to work that has been announced by the government that will be carried over the next four years. In addition to the work placements that Lorraine White referred to earlier on, we will look at the issue of teacher development. On the one hand, we would hope to provide more opportunities for school teachers to move into industry placements so that when they return to teaching they will have a better understanding of what is required and, on the other hand, we hope to encourage people to move from industry into schools so that they can convey a better idea to students in the curriculum of what is required. We think that closer relationship between the two should help to promote a better attitude.

There will also be a more substantial program available—subject to decisions from the ANTA ministerial council—that will involve the greater development of course options including, potentially, apprenticeships and traineeships for young people at school. We would hope that, overall, those measures would not only encourage more young people to complete a year 12 qualification but also provide those who are going to enter the work force at the completion of year 12 with a good grounding in vocational skills—I think that will include attitude—that will make them far more attractive to employers.

Mr BARRESI—Thank you for outlining what some of the policies are and what the changes will be. I will focus my question on the past in a somewhat historical nature. You spoke about enterprise education. There has been enterprise education in the past. What evidence is there that that has actually worked in terms of the employability of those who have gone through those programs? Is there any evidence at all or is it just simply anecdotal?

Dr Whitney—In answer to that question I would have to say that, to some extent, the evidence is anecdotal. One of the tasks of the enterprise education strategy will be to try and bring that evidence together, first of all, to show whether it is, in fact, substantial or not. The anecdotal evidence suggests that it is very successful in some cases. But we would want to go beyond those individual cases to see what it might be that makes those particular cases successful and is there something that could be learnt by other groups that could

be applied more generally in schools. One of the key elements of the program will be to try and identify best practice and then provide ways for that information to get around. Mr Barresi, the anecdotal evidence, as you suggest, does show that it is successful, but it is, at this stage, anecdotal.

We would like to consolidate that evidence, but then go beyond the evidence—say, what does it show that you could do and is there a role then for governments and industry representatives to facilitate the development of such practices in other schools perhaps by establishing links with the local businesses through curriculum professional development, et cetera. So that would be the aim.

Mr MAREK—Just going through the documents that you have provided here, obviously all the information that is put into this document is indicative of the graphs you have here. Is all your information put together by your own statistics or do you draw your statistics from the Australian Bureau of Statistics?

Ms Hardham—Are you referring to the graphs in section 2?

Mr MAREK—The whole document. Can I just clarify why I asked that. We see so many statements made by various departments saying that this is what they have found and so forth. But, because there is nothing standard, it is really hard to work out whose information is right. Is that a fair comment?

Ms Hardham—I can speak for the graphs in section 2 relating to trends in employment of young people. Data in that section came from the Australian Bureau of Statistics.

Mr MAREK—Good.

Mr NEVILLE—I would just like to follow up the point Mr Bowron made earlier about where there are labour market programs there are a higher intake of young people into those firms. I mean, surely that is not surprising.

Mr Bowron—No.

Mr NEVILLE—There is a subsidised activity. A question that follows from that is: in this transitional period, as we put all these school to workplace programs in place which start to intensify literacy and numeracy and things like that, is there a need for some low key labour market program that picks up the kids who will not get into the top of that streaming? There is a presumption here that people will flow through to good jobs, but there is an appalling record of youth unemployment, and that is not going to happen overnight. What do we do to stop people falling off the bottom of the scale during that period? That is my first question.

My second question is that you have placed a lot of emphasis here on this school to workplace activity. Yet, if you look at your own graphs on page 8, it is clearly obvious that the people who get the jobs in the 15- to 19-year age group are largely those in sales and personal service. They are not necessarily the ones that seem to need some sort of vocational skills. To me there is a contradiction there too.

What do we do during this transitional period as we are picking up the kids with some potential and pushing them through the system that we do not have a corresponding number dropping off the bottom of the

scale? Secondly, would not your own graphs indicate that this vocational streaming is certainly not doing much for the kids in the 15- to 19-year age group, although you might argue by the time they become 20 years of age they are being picked up?

Ms White—In response to the first question, under the modern Australian apprenticeship and traineeship system there is an initiative called the access program, which is a recasting of the previous pre-apprenticeship program. It will look at, essentially, addressing those individuals who are not really ready to start an apprenticeship or a traineeship. So, yes, there is a program which is being started in 1996-97 which will seek to address those people who—

Mr NEVILLE—But the apprentices tend to be the cream of the crop. What about the kids who are currently the drop-outs? I get a feeling that, unless there is some sort of safety net under this new program, while we will certainly get the kids at the top of the scale going along a lot better, we might offset that by having more kids dropping off the bottom.

Ms White—I will pass to Frances in a moment but, in effect, the access program that we are talking about is pre-apprenticeship, pre-traineeship. There are some very successful pre-apprenticeship programs happening now, which are not about the qualifications you get as a trainee or apprentice but are about trying to address those young people who do not have years 11 and 12 and need some basic skills to get them to the stage where they can actually start. That has been an identified area. This program will be seeking to actually take the kids who have not got to year 12 and give them some very basic training, training packages, which will actually start them on the track for trainees and apprentices. Frances, did you want to—

Mrs ELSON—In other words, is that given to grades 9 and 10?

Ms White—They could be people who are 19 or 20 but who do not actually have years 11 and 12. It could be people who are 16 or 17 who have actually left school.

Mrs ELSON—Wouldn't it be more sensible when you get to grade 8, once you finish your primary school, to decide whether you are going to make it to grade 12? Parents will know whether their child can make it to year 12, yet as parents we tell them they have to stay there if they want to become something. Can't we tap into that market to show kids that there are things they can go on and do, that they will not necessarily fail? When they get to grade 12 they will know whether they have not got the ability in that area.

Ms White—Certainly that is a key area, but I think it also goes back to Mr Neville's point, which is that there is a policy view that at the end of year 8 young people are too young to be screened and told that essentially they will never get to year 12.

Mrs ELSON—I do not think you would have to tell a child, but you could show them that there are other things out there available to them. If they know their ability is not the same as their classmates, they could be looking at something else. They do not seem to think they have a future ahead of them. Because they think they are not as good as the next one, they think there is nothing there for them.

Ms White—The jobs pathway program, which I mentioned earlier, does attempt to do some of that. It

works with kids who are in years 9 and 10 and actually identifies those. On a case managed individual approach, they say, 'Well, essentially, you may not go on to higher education. It would be important for you to do vocational education units and start to think about these sorts of careers.' So through a combination of the two programs we are seeking to address those sorts of issues.

Ms Davies—At the moment, in terms of Mr Neville's question about the young people who fall out, we have what is called the Youth Training Initiative, which is part of Working Nation. That is designed to be an early intervention labour market program strategy for young people under 18. Typically, up to 30 per cent of those young people would not have completed year 10. So, rather than have them treated like the bulk of our clients, for them there are a number of strategies we have in place.

First of all, they get case management much earlier than our other clients and, if they are particularly disadvantaged, they are immediately eligible for case management. They get the youth training allowance rather than JSA/NSA. The range of assistance that we give is focused on trying to convey the message that education and training are much more important for this group than perhaps just seeking some sort of work. In the future, under the new arrangements with the new Commonwealth service delivery agency and the new case management arrangements, that sort of assistance and that sort of focus will be continued. Lorraine White mentioned the Access program. We hope that they will be able to tie into what was formerly pre-vocational.

Ms Hardham—If I could answer Mr Neville's question as to why we need to provide young people with the skills necessary for their career path, given that a majority of them are in lower skilled occupations. As you can see in figures 9 and 10, the majority of young people who work in those occupations are part-timers. A large proportion of those people are actually students working part time while they are undertaking education and training. In the longer term when they acquire more skills and more work experience, they actually progress into higher skill levels.

That is not so much a concern for us. The problem is those people who started off in the lower skilled occupations and who stay in those lower skilled occupations as they progress into adulthood. From the longer term perspective, it will be better for them to be provided with the appropriate skills and qualifications so that they have a career path later in life. Those skills would need to be acquired early on rather than later. That is the main policy concern.

Ms White—Could I just add to My Linh's comments that essentially that is absolutely right. But, in essence, for young people it is very important that when they are actually working in some of those areas—which are, let us face it, growth areas across all employment—they actually get recognition for the skills that they are getting. A large part of MAATS—the modern Australian apprentice traineeship system—is actually ensuring that people get recognition for the skills against competencies which industry recognise and which lead to higher skill qualifications.

Mr PYNE—You said that skills and attitudes obviously play a significant role in why people employ young people. Many people argue, especially in the business community, that wages play a significant role in choices for employers about young people. What is the priority, from your understanding of wages, in terms of why people employ young people?

Ms Hardham—I think that relates back to Mr Chair's question earlier on about the significance of

youth wages relative to adult wages and the differences between the US and Australian labour markets. If I could go back and answer the two questions at the same time. The evidence presented in our submission suggests that youth wages relative to adult wages do matter in influencing employers' decisions to hire workers. But at the same time there are other factors which are at least equally important in influencing their decisions. They include things such as general employment skills, attitudes, motivation and presentation of the workers.

In addition, empirical evidence suggests that, even though the direction of the impact of changes in youth wages on youth employment is quite clear in the sense that if youth wages go up then their employment can be expected to go down and vice versa, the magnitude of such effect is not very clear. Empirical estimates range very widely from very small to very large. There is no consensus as to how much of that effect can be expected.

The conclusions that can be drawn from that evidence are that, firstly, youth wages need to be kept competitive compared with adult wages so that young people do not get priced out of the work force. Secondly, the potential benefits of just simply reducing youth wages are not very clear, because the amount of reduction in youth wages which is required to achieve the desired increase in youth employment might be very large—so large that it is not acceptable.

Thirdly, it would be preferable to have coherent school-to-work or education-to-work transition arrangements and training wage arrangements so that the wages of young people can be dovetailed with their training arrangements to reflect their productivity and the level of training that employers provide.

Mr PYNE—Are wages the greatest barriers to people taking apprentices on, or is attitude?

Ms Hardham—Earlier studies conducted for or by the BLMR suggest that the wage levels of apprentices do have some effect but are not the most important factor, probably because of the effective quarantining of apprenticeships to people in the trades occupations. Other studies also suggest that in the case of trainees firms quite often use the traineeship arrangement as an effective way of recruiting young people in order to structure or organise their internal labour market rather than to take advantage of the financial incentives or wage subsidies per se.

CHAIR—I would like to pick up on that, which is one of the things that we talked about with the Department of Industrial Relations that we did not get an answer to. Most young people employed in the building and construction industry around Australia, which is a substantial employer of young people, are employed as apprentices. It is very difficult to get a job in the construction industry as, for instance, an unskilled or semi-skilled or part skilled builder's labourer because—this is my view—only adult wage rates apply. So, where there is youth employment in that huge industry, almost all of it is restricted to those who are on a training wage as an apprentice. Do you have any comment about that?

Ms Hardham—That is a behaviour that can be expected. If employers have two alternative arrangements to hire the same people on different wage levels then they would go for the cheaper one. If I

could briefly address your earlier question about the US and Australian labour markets, they are very different labour markets. The US labour market is much more deregulated than the Australian labour market. Therefore, I would expect that the differences between adult and youth wage rates in the US would be much more muted than those in Australia.

Mr BARRESI—Page 34 refers to the COA survey back in 1992, saying that 47 per cent of employers surveyed indicated that they would offer more training to young workers if school leavers were better prepared for employment. We have heard that a number of times from various groups. One of the factors that stood out is a lack of maturity. What role can the education system play in preparing for that maturity level which the employers are after? Are there any studies which identify what we mean by maturity specifically? How do you measure it and identify it?

Dr Whitney—I am not aware of any studies of what we mean by maturity, but we could certainly try to find out if there are any such studies. Perhaps if, as the chair indicated, we appear before the committee again we could try to provide you with the information before that. I am not aware of the answer to that question but I think it is a particularly pertinent one as it relates also to the general question of attitude.

It is important to be clear, I think, about what it is exactly the employers are seeking when they talk about things like attitude, maturity and motivation, particularly if there is some expectation that the school sector should be helping to produce young people who have those attributes. It would be important to be clear just what they are. But, in terms of the question, I am afraid we will have to get back to you with that.

In terms of your initial question about the employers would offer employment to young people if they were better prepared, I think the answer that I gave earlier on is related to that. In particular, the schools sector is trying to better prepare young people for employment, particularly that group that will be going from year 11 and 12 straight into the labour market, by focusing on things like the key competencies, by offering better opportunities for work placement and by providing for more vocational skills courses to be introduced into the school system. In that sense, the young people when they leave the schools system should be better prepared in terms of both the specific technical skills that might be required and some of the more general employment related skills.

If there is a perceived continued lack of something like maturity or application, then that is certainly something that would have to be addressed. I agree with you that in the first instance we would need to know what it is exactly that is being missed. I note in the quotation that follows the paragraph that Mr Barresi referred to the claim that ‘employers would train more juniors if the general community was more aware and appreciative of their role’—I am not quite sure what was being claimed there—also an attempt to go beyond what the school system itself might be able to provide and link in with what the general community and wider influences on young people could provide in terms of things like their maturity levels.

I would certainly have to undertake to look at any research on that particular question. If there was something more specific that you would like us to look at, then we would be happy to do so.

Mr BARRESI—The comment has been made a number of times in terms of attitude, maturity and motivation. It does concern me that they are critical areas that employers are looking at and yet, when it comes

time to selecting from both a selection point of view and a preparation point of view, the preparation is ad hoc or is not by design but by default and the selection is by gut feeling.

Dr Whitney—The selection of the employees?

Mr BARRESI—Of the employees, yes. So I am just wondering whether or not there has been any work in terms of those two areas.

Ms White—Can I just add something which I think is probably worth mentioning. One of the key aspects to the apprenticeship and traineeship reforms is looking at more flexible delivery. In the past, a lot of the training that young people have received has been in the form of going to TAFE. Very much more of what is being delivered under the new apprenticeships and traineeships is actually being delivered in the workplace with employers. That is perceived to be something that may influence young people in terms of their attitude and their motivation. I think that is something certainly to bear in mind.

CHAIR—A number of you seem to approach this issue from the point of view of what do we do about those who are unable to find employment and part of you are approaching the issue more generically in what do we do generally to try to make young people more employable. I find the contrast fascinating.

I have a range of questions. One of them follows on from some of the stuff we have been talking about this morning and goes back specifically to ACCI and ACM, who told us very strongly that they and their employers have a strong view that young people today have an immature vision of the real world of work when compared with their compatriots 20 or 30 years ago. This is not an issue dealing with unemployment; it is an issue dealing with the positive aspects of employment.

What is the department doing or has the department any ideas about what someone might do about imparting to young people, perhaps at a very early age, a better understanding of what work is, what career paths 'might' exist—and I put 'might' in quotation marks because of the uncertain nature of emerging technology—how they might contribute to the work force and where they might participate?

Mr Bowron—Could I just say in a general way that I think what you are hearing is, in fact, a recognition of the development that is needed. Some of these issues do go to that point. Coming from the employment program division—and I say this with due respect to all my colleagues here—we often think our problem in the employment programs area is that we are almost at the end of the chain. By the time we go to pick up these people to get them into jobs, we are in a recovery type mode.

Some of the developments—the MAATS development and the pathway development—are attempts to move back into the education area some of the youth programs that are being developed. They are being developed with a view to attempting to encourage young people who drop out of school to go back to education and training rather than having employment as the first preference. The programs are trying to pick up some of whatever has been lost there or missed out on in that process.

In the new employment arrangements that the minister has been outlining in her budget statement and in the youth strategy statement, there is just that sort of thrust set down. In future when young people do come

into an employment office if they have left school before the year 12 exit point, the first approach should be to try to turn around their thinking to pick up education and training as distinct from—as our colleague here, Mr Neville, was pointing out—going into some jobs, retail or whatever, that may not necessarily have a sustainable future in them.

CHAIR—But you are still talking about teenagers. Doesn't it start all the way down when the kids are young? Isn't that really where it commences? We have perhaps a whole generation of young people that are growing up, not as much appreciating the value of work as perhaps we did around this table or understanding what work might be or where it might lead.

Mr Bowron—Perhaps it does, but I think Lorraine made the point earlier in response to a question that there does seem to be a point at which general education is the issue not streaming, whether it is year 8 or whatever. The policy developments we are hearing about are at least going back into the school situation. Somebody mentioned earlier the literacy strategy that is now being talked about. The studies there are showing that it is as early as grade 3 in primary school, in the infants school—

CHAIR—No, prep—

Mr Bowron—And linked to the family situation. It is not just school. If there is not a presence of reading books and that sort of thing in the home, then the school by grade 3 can only do so much anyway. I just wonder whether this whole issue we are talking about is not just necessarily education and training but whether there is something wider in the cultural scene that also needs to be addressed.

CHAIR—We had some confusion last week with the Department of Industrial Relations. Just talking about traineeships, which is an interesting issue since traineeships have historically not had a good success rate. That is, we have not had as many traineeships as was originally envisaged that we would have, although it has increased somewhat in the last few years. The Department of Industrial Relations told us that there were 34,000 traineeship commencements in the first 11 months of 1995-96, compared with 16,000 in the whole of 1994-95 and that it was particularly strong again in 1996. Then in another place they tell us that in 1995 only 9,200 were employed as trainees—1.2 per cent of the total employed youth market. We got confused by all those figures.

Ms White—I can respond to the first set of numbers. Certainly the growth in trainees has been astounding in the last 12 months. It has essentially gone from the sorts of numbers you are talking about. The final number for 1995-96 was 36,700, which was a dramatic increase. We are certainly not seeing anything like that growth—if anything there is a decline—in the number of apprenticeships.

CHAIR—There is a corresponding decline in apprenticeships?

Ms White—No. There is not a corresponding decline. The number of apprenticeships is fairly stable, somewhere between 45,000 and 50,000 apprenticeship commencements in each year. That has actually declined from the mid- to late 1980s, where it was approaching 60,000. There are some reasons why there is not the same growth in apprentices. We have seen a fairly significant privatisation of a lot of traditional areas which have employed trainees, particularly in utilities, and there has been a fairly slow plateau, if you like, on

apprentice take-ups. On the traineeship side, I do not know who should take the credit but certainly there has been a lot of effort, particularly through Nettforce, the previous government's initiative, which has been out there essentially selling and packaging traineeships for business. Particularly in small business there has been a very big growth in traineeships.

CHAIR—Would it be possible for somebody to analyse the growth in traineeships—where it has occurred, how it has occurred, and why it has occurred?

Ms White—Certainly.

CHAIR—Let us find out what is happening and why. We assume it is very positive. It might give us better ideas about how to go about encouraging more of it. We would appreciate that. Somebody was talking about programs to try to figure out what it is that really encourages employers to hire employees and what sorts of programs we might try to put into schools. We are told by almost everybody we talk to who is an employer—not a bureaucrat—that if they had five young people to choose from and one of those people, regardless of any other factor whatsoever, had been employed by McDonald's for a year, they would hire that person. Why does the department not look at what McDonald's does and see what we can do about incorporating that somehow in our schools program?

Ms White—Certainly that is happening. The McDonald's program is an excellent training program. The department has supported some of the accreditation of McDonald's type training under the Australian recognition framework, which means that essentially young Australians can do training through McDonald's which gives them qualifications which are recognised by the tourism industry as being qualifications that can be used more broadly. There has been a lot of work happening in that, particularly through the Orange TAFE campus.

In terms of how that might be expanded into schools, clearly as you see more traineeships of this nature starting in schools and people at school undertaking modules which become part of these types of qualifications, then you will see a greater number of people being exposed to McDonald's type training.

The other thing that is worth mentioning is that a key principle of MAATS—and I do not want to labour MAATS—is that essentially it is industry driven. There is a very strong emphasis on making industry involved with the training that young people get, particularly entry level training. What that translates to is that the competencies that are being recognised by industry will be largely determined by industry. The qualifications that young people get with these industries will be largely determined by industry. The training packages that are to be delivered will be largely designed by industry for industry. So as we see more of that we will see more of young people getting qualifications that industry recognise and want.

CHAIR—You are dealing with the qualifications side of the issue; I think I would like to deal more with the attitude side of the issue. For example, take a schoolteacher, perhaps in late primary school years, holding up a photograph of an abattoir in the classroom and telling the students, 'If you don't work hard and go to university, that's what you are condemned to do.' That is notwithstanding the fact she does not tell the students that they may earn up to \$1,000 a week in this poor, miserable profession. Another example would be a teacher showing a photograph of a machine shop and saying, 'You wouldn't want to do that because your

hands will get dirty.’

What do we do to go from that to the McDonald’s type attitude generator of teaching young people? We have to tell them that they have to show up on time, they cannot be late and they have to stay the entire shift. They have to be clean and tidy and dressed appropriately. They must be courteous and quick, and they must be customer oriented and focused. Those attitudes that McDonald’s instils in those kids are precisely what employers are looking for. What is DEETYA doing to encourage the state school systems to somehow incorporate—for example, through teacher programs, universities or whatever—these sorts of attitudes amongst teachers so that they can then convey them to young people?

Ms Davies—I want to make a comment in relation to that issue from the point of view of young people and their behaviour. I think it is worth remarking on the importance of part-time work to students, particularly to secondary students. Of course, McDonald’s is a large employer of those. I think it is also fair to say that many of them will be doing it, not because they want a career in retail or hospitality but because they want pin money. Equally, from an employer’s point of view, it is an extremely valuable experience in terms of whom you pick and choose. Schools do not necessarily have to be trained in the importance of part-time work and attitude, because that is what many young people are doing.

CHAIR—But if that is 25 per cent of young people—

Ms Davies—No, it is much higher than that. I think—this is from memory, but I would have to check—two-thirds of secondary students would have part-time work. I guess my main point is that we will chase up the figures. The significance of part-time work for students is very high.

Mrs ELSON—Can I just ask a question on something different?

CHAIR—Yes, go ahead.

Mrs ELSON—This is to Mr Burton. I just wondered if you could explain what your area consultative committees do, because I do not understand it. What should they be doing and what is their place out there?

Mr Burton—Is that just generally and not particularly in respect of youth employment?

Mrs ELSON—No, just what their role is.

Mr Burton—Their role now is not what their role was when they were first set up. You have one in Logan, I believe, with Chris Carberry.

Mrs ELSON—I have, yes. That is it.

Mr Burton—Under Working Nation they were set up to make the CES a bit more responsive to the needs of employers at a local level, to see whether they could not put local variations into programs to make them suit the local industry requirements in the education system as well, as it was actually run into the ground. Now we are looking forward to them being program oriented. In other words, we are finding programs

which can be used or varied now to look more to the future in a strategic way rather than trying to fit programs into the community. We have to find out what the community really needs, particularly the employers.

Mrs ELSON—Are they a voluntary group or do they get paid?

Mr Burton—They are quite voluntary. The regional development organisations do get paid. We cover all the cost of the ACCIs, but they are quite voluntary. I think that is their major strength.

Mr BARRESI—On page 13 you say that the Australian Chamber of Commerce and Industry has been contracted by the Youth Bureau to develop an industry approach, to identify existing material and to identify impediments, et cetera. How far into that contract is the ACCI? When do you expect we could have that report?

Ms Davies—We are at the point of choosing between the people we have tendered to do the work, which I think will happen in about a week or two. In other words, it is very early into that project.

Ms Newmarch—They are expecting to announce who the consultant will be next week. At the moment, the time line would be that we are expecting a report by the end of November.

Mr BARRESI—Can we get a copy of that report?

Ms Newmarch—Yes.

Dr Whitney—Chair, I just wanted to follow on from a point you made earlier on in your observation about what DEETYA is doing working with the states. I think it is an important point to note that we are working with the states and territories, which have the responsibility for school education. I think the points that we have tried to outline so far, relating particularly to years 11 and 12, are initiatives that have to be developed in cooperation with the states.

In relation to the suggestion, which really came from the first point about the ASTF, that it is also important to go earlier than years 11 and 12, I think that is quite right. I think that becomes more complex, because there is so much demanded of the school systems at the primary and lower secondary level. But the initiative in the literacy survey of trying to identify what is actually happening at years 3 and 5 is part of that process of going earlier. I think it is also part of an important process that perhaps picks up a little on Mr Barresi's earlier question, and you find out what exactly is going on. I think that is one of the important parts and perhaps where things like the literacy survey can contribute.

We have a number of concerns expressed, perhaps by employers, that young people come out of school without being able to read or write adequately. What is required is facts about what exactly the situation is and what the benchmark is by which you could judge whether there are improvements or not. The literacy survey is certainly designed to do that.

Your question about what employers mean by attitude and maturity is perhaps also related to that.

There needs to be some more facts given about what exactly is it that is required, whether or not those skills are being demonstrated, rather than anecdotal evidence. I think that would perhaps be an important direction to pursue, whether there are areas where further research could be undertaken to say, 'What is precisely the gap? What can be done to address it?' That would be better rather than continuing to have the anecdotal evidence that suggests shortcomings but makes it much harder to know what problem needs to be addressed. It is something that has to be worked through with the state and territory systems, which have a range of other priorities being attached to their school system.

There is also the issue of looking at what does happen in the early years of schooling, in the middle years of schooling, in early childhood and in preschool. They are all issues that have to be dealt with.

CHAIR—Dr Whitney, could I remind you that it was this committee that produced the report *The literacy challenge*, which is driving the current literacy debate. It was, in fact, my dissenting report into testing which is driving the national testing agenda. I would have hoped that this inquiry would lead us to conclusions that will help drive the debate, for it is important what we do at very early years or wherever in trying to make young people more employable. Having said all that, I will thank the department for appearing before us. It has been a very good discussion. We will ask you to come back and talk to us again after all of us have had the chance to digest your report and we have been out in the field and talked to some more employers, employer bodies and so forth.

Resolved (on motion by Mrs Elson):

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

Committee adjourned at 11.02 a.m.