HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING

Reference: Factors influencing the employment of young people

SYDNEY

Monday, 23 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

Inquiry into factors influencing the employment of young people

SYDNEY

Monday, 23 September 1996

Present

Mr Charles (Chair)

Mr Peter Baldwin	Mr Marek
Mr Bradford	Mr Mossfield
Mrs Elson	Mr Pyne

The committee met at 9.07 a.m.

Mr Charles took the chair.

CHAIR—I declare open this public hearing on the inquiry into factors influencing the employment of young people. The committee has received over 70 submissions. It has conducted public hearings in Canberra and will conduct further public hearings in Melbourne on Wednesday and in Adelaide on Thursday.

The purpose of this inquiry is to consult widely and 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 creators of jobs for the future.

This is a very broad ranging inquiry. Matters raised in submissions so far include the attitudes of young people; the work ethic of young people and their familiarity with the requirements of the workplace; the adequacy and reliance of 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 meant to be an exhaustive list of the issues that 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 and to learn to help improve the prospects of young Australians.

Today the committee will take evidence from representatives of Woolworths, ElectroSkills, Australian Retailers Association, the Bensons Group, McDonald's, the Greater Western Sydney Regional Chamber of Commerce and Industry, Tourism Training Australia, and the Hotel Motel and Accommodation Association.

[9.10 a.m.]

JEFFS, Mr Rohan Kenneth Stretton, General Manager and Company Secretary, Corporate Services, Woolworths Limited, Level 5, 540 George Street, Sydney, New South Wales 2000

YOUNG, Mr Stephen James, National Personnel Planning Manager, Woolworths Limited, Level 5, 540 George Street, Sydney, New South Wales 2000

Mr Jeffs—I appear in the capacity of general manager of corporate services, which has a corporate role responsible for personnel issues and policies for the company. I appear here in support of the submission, dated 1 August 1996, which we have put to the committee.

Mr Young—I assist the general manager in preparing information about training and employment matters.

CHAIR—Would you like to make a brief opening statement before we commence our questioning?

Mr Jeffs—Yes, thank you. Woolworths, firstly, would say thank you for the opportunity of appearing. Notwithstanding that the Australian Retailers Association, the industry's representative, has put in a submission and that we have substantial input into the association's activities and responses to government requests for submissions, we took the decision as a major employer—and in particular as a major employer of youth in Australia—that we had a responsibility to put our views independently.

In the document dated 1 August, which I am sure you have, we have put briefly our overall position on youth employment and its direction, as has been experienced by us in the retail industry. We have not gone into a lot of detail, but I expect that will be extracted during the course of this morning's discussion. We have also endeavoured to give you some understanding of both our company and how we support, through employment, young people in Australia.

As the ARA's submission indicates, there are some 284,000 young people, 15- to 20-year-olds, in the retail industry in Australia. Of those, from Woolworths's perspective, we expect that we would employ some 42,000 15- to 20-year-olds. That represents something like 44 per cent of our total work force. So we are a significant employer both in numbers and in the context of our business. In conjunction, I suppose, with our colleagues at Coles Myer, we would probably represent something like 35 to 40 per cent of the total retail employment of youth in Australia.

We hope to help you to understand not only how retail is important in Australia for employment but also how what is commonly called 'large business' is an important factor in that context. In fact, we would prefer to—and indeed we do—consider ourselves as a series of small businesses. We do not regard ourselves as being in the business of large employment, as many would have us. We in fact look at each and every one of our store retail opportunities independently.

We have some 500 major supermarkets around Australia, from Hobart up to Gladstone, Karratha and Perth, and right across and up and down the eastern coast. We have a very broad spectrum of representation

throughout Australia, and that includes young people. But we do not regard any of those or the conglomerate as a large business; we regard each and every one of those stores that we operate as a small business in its own right. Indeed, they do support young people and employment of young people in the communities in which they operate, because they very much operate as small community businesses no different to any other small business.

The other aspect is that the analysis document—and I would point the committee's attention to a document that I have provided this morning which outlines the breakdown of our employment for 15- to 20-year-olds—shows that we do have three broad categories of employees in the 15- to 20-year age bracket. The predominance of those are in the sales and clerical area, but we do have a fairly strong representation in trades.

In our business we employ apprentices in the areas of butchery and bakery pastry cooks. Indeed, we would be, we believe—and my colleague will correct me if I am wrong in this—the largest employer of apprentices in the butchery trade in Australia, with something like 900 young people going through apprenticeships. In fact, we are a feeder for the rest of the butchery retail. We provide, we believe, something like 50 per cent of all butchery retail tradespersons across Australia. We believe that this does give us the opportunity to talk to you about some of those areas.

One of the interesting aspects of the analysis that is in those papers is that we employ young people, of course, at the casual and part-time end of the business. That is not unusual. It is mainly because young people are either at school or, if they are not at school, they are likely to be at tertiary institutions, and they seek employment as an adjunct to those activities in our business. Our extended trading hours across Australia or most of Australia give us the opportunity to employ them in late nights and weekend trading, and to provide them with skills as well as with experience to further provide them with skills both in other activities and other careers as well as, we hope, in the retail side of the business.

In the paper, we have provided also some statistics on how many career start trainees we have put through our business in the last four years: some 1,263 since 1994 and estimated for 1997; some 1,757 total butcher apprentices we have put through; and bakery apprentices close on 1,500. So in the last four years we have been able to support nearly 4,500 young people through apprenticeships and traineeships.

The activities for the future of our company are well known. We have announced that we are expanding our retail activities. As a result of that, we are looking to put more people, more young people, through in the expanded new store environment. We are planning to put down about 15 supermarkets per annum for the next three to five years and six to seven of our discount department stores. Each one of those stores employs something like 300 people and, of that, about 40 per cent are young people.

So our estimates are that there will be approximately 1,800 additional young people per annum in our supermarkets, and 720 per annum in our discount department stores over the next three to five years. So we expect to employ another 2,500 people in the 15 to 20 age group per annum over that period. We see that as a mark of confidence in our young people and in our ability to be able to provide them with employment and, we hope, a career.

Just to expand a little further on what we have put in our submission, we have made some comments about the education elements that we look for when employing young people. Basic skills of literacy, language comprehension and communication are required at a retail level with the service end of our business; these are critical. Notwithstanding the levels and degree of automation and scanning, there are still the important elements of service and communication with customers. Unfortunately, we find that about 20 to 25 per cent of our applicants are not able to meet those criteria.

CHAIR—What percentage?

Mr Jeffs—We estimate about 20 to 25 per cent cannot get up to the basic standard necessary. Of course, the skill level required for retail is one which does develop over time, because on-the-job experience is an important part of retail. It does require discipline, self-discipline, and it does require an application and an attitude. To enable our business to succeed, we have to provide service better than our competitors. We cannot do that in an environment where our employees are not prepared, and committed, to provide that service level. So we do endeavour in our business, particularly at store level, to develop the life skills that both the young people need and we require in the business.

So far as the cost of the labour is concerned, our business expends in excess of $1 billion a year in wages and salaries. As a good portion of that is in the area of employment of young people, we obviously look to ensure that that level of cost is both productive and useful to them. There are two elements to our need in labour: one is flexibility, given the extended trading hours we operate; and the other is productivity. We find that part-time and casual work provides that flexibility that we need for all of our store operations.

As an anecdote, those from New South Wales would be aware that one or two of our stores operate through to midnight and, indeed, employ something like 400 to 500 employees, but not all at one time; they have shifts. In fact, now we do not have one manager for the store. We operate on the basis that a manager cannot operate for 16 to 18 hours a day. So, indeed, the opportunities at our store level are significant to expand in that area.

As far as productivity is concerned, we believe that the current system—the system which has been in operation for over 90 years, providing for a gradual increase in wage rates for young people moving from age 16 through to age 20—provides an incentive for us and for employers in retail to continue to employ young people. If we were faced with the alternative of paying full adult rates for a 16-year-old coming out of school with limited life experience and on-the-job experience compared with an adult with significantly greater levels of experience, we would probably have to choose the adult. If we had to move to a full adult rate of pay, that would be an unfortunate consequence. The same of course applies in the apprenticeship area.

We also have significant benefit from the apprenticeship subsidies that are being provided—and I will ask my colleague to support that with some more information. We would like the committee to take notice of the fact that we use those subsidies not to support our profit line but to support, as an incentive, the employment and continued recruitment of apprentices. In most of our operations we use those subsidies at store level for managers, for example, of the meat units; we use those to directly input into their cost of operation. The alternatives that are now provided or proposed for wage top-ups would not provide that direct incentive to us.

The only other point I would make is in the area of competencies. There is a proposal in the new MAATS system that there be user choice operation, and we support that very strongly. We believe that enterprises should have strong input into how people are trained and developed. We do support, and have supported, very strongly the development of competency models. In fact—and I have not tabled it; it is a document that is a registered document but on a confidential basis—we have developed in the supermarket industry in our company a set of competency standards that we believe will lead us in this area of the industry to provide the best, the most competent, accredited and recognised standards for supermarket retail in Australia.

We support the ongoing use of that system of competency models. We would like the committee to consider recommendations which allow for the use of in-house or enterprise-based accreditation and the operation of those systems. We have a significant training department and nationally recognised training credentials throughout our organisation. They are relevant to our business and the industry. Whilst outside organisations can adapt and develop those systems, there is no reason why organisations which have that capacity should be denied the opportunity to use them in their own businesses. That is all. If I have taken too much time, I apologise. I hope that has been of clarification.

CHAIR—Thank you for that.

Mr MAREK—I want to make sure that I got this right. Do you believe that 20 to 25 per cent of young people do not reach the right education standard or that 20 to 25 per cent of people do reach it?

Mr Jeffs—What we are saying in a general sense is that we are unable to employ—

Mr MAREK—The standard—

Mr Jeffs—On the point of recruitment, they do not achieve the standards we require, which might be in dress or attitude.

Mr MAREK—So 25 per cent have not reached the standard?

CHAIR—I assume that you would have centralised employment guidelines but that you make no effort to employ all these people from a central point or bureaucracy. Each local store makes its own decisions about recruitment. Is that correct?

Mr Jeffs—It depends at what level. Obviously, there are a number of employees across a state. We operate on a decentralised, state-by-state basis. Decisions are not made centrally for any one state operation. Each state operation makes decisions on levels of apprenticeships and traineeships that are necessary. When it comes to employment at the individual store level, those levels are determined not only by individual stores but also in conjunction with state management.

CHAIR—That being the case, I assume you work closely enough with the people across hundreds of stores that are making employment decisions. When they go to interview a young person, taking as read all the other things you said you are looking for, on what basis to do they make higher decisions? In other words,

what are they looking for when the young person presents for a job?

Mr Young—Basically there are four areas we look at for somebody who is still at school. Firstly, we examine the application form to see how well people can read it, fill it in and complete it. Some of the statistics we have quoted—the 20 to 25 per cent—include those who cannot read the form and fill it out accurately and cannot spell correctly. The forms are generally inadequately filled out, which already tells us something about the competence of people in doing that sort of thing. We are interested in their school record and what they do at school.

We have a requirement for a degree of literacy and numeracy. People have to read labels and do quite a wide scope of reading to check information. They have to be able to read figures and key figures into the cash registers and other various computer terminals. Literacy and numeracy are important. When they key numbers into a machine that does a calculation, they need to be able to look at that figure and see whether that figure is roughly correct. They cannot say, 'The computer has given me that figure; therefore, it is correct'. They need that level of understanding of mathematics.

Because it is a service industry, we are dealing with people. Retail is frequently talked about as being a people business. We like to see that they mix with people in school, that they play sport, that they are active and that they do not just sit down in front of a television set or a computer in their spare time. We look to see that they are active and play sport and those sorts of things. We look at their school record, their outside-school activities and whatever other activities they might perform in their own time, such as involvement with a local sporting club. Again, it is that they are active people. The last attribute we attempt to assess is their personality; that is, whether they are friendly, they smile and come across as courteous people.

CHAIR—I am interested that a number of people, be they employer organisations or individual businesses or whatever, have recently listed attitude as the first thing they look for. You have not mentioned attitude.

Mr Young—I have talked about personality, not just attitude. It is that they have a friendly, outgoing personality.

Mr PYNE—That they want to work?

Mr Young—Yes. Whether they can look you in the eye.

Mr PYNE—If they have been involved in sports or clubs outside school, that tells you something about their attitude. It tells you that they want to be involved and are go-ahead people; they are not just lazy.

Mr Young—Yes.

Mr MAREK—So it would be fair to say that it is about attitude, presentation, aptitude, competency and skills?

Mr Young—Yes.

Mr MAREK—Not necessarily in that order.

Mr Young—We end up categorising those qualities on an assessment sheet. All those things come out throughout an interview.

Mr Jeffs—We have a very high turnover in retail, as you would be aware. The statistic is something like 40 per cent in the first 12 months. Most of that is in the part-time and casual area, obviously. That brings with it an enormous cost, because there is a training cost involved. When you deal with numbers of nearly 95,000, as we do, where the casual component is turning over about 40 per cent each 12 months, that cost becomes significant. It is our objective to reduce that turnover. That will occur through better standards of employment, recruitment and candidates. It is part of the problem of ensuring that we get and retain the best young people and develop them.

Mrs ELSON—Do you prefer to take on young people who have been trained somewhere else, such as in a jobstart position? Would you rather have someone who had not been trained anywhere?

Mr Jeffs—Steve has been in this business for 30 years and, being in personnel, he is much closer to it than me. The answer is that we would prefer to bring our own people in. We have our own training methods, techniques and procedures, all of which, whilst common to perhaps larger operators, are not common across the industry.

CHAIR—I recall that a few years ago when we did a skills inquiry we looked at the training guarantee that was in place at the time. Do you still collect costs of training statistics in the way you had to with the training guarantee?

Mr Young—We do not do it universally across all the sectors of the business. Where we are able to develop a computerised system of capturing the data at a store, we are still doing that. The state of New South Wales, which has the largest number of Woolworths stores, still does that. They review that every month. We are constantly reviewing the amount of training that is going on at a branch level through that medium.

CHAIR—Is your expenditure as a percentage of your sales or employment costs up, down or static?

Mr Young—I think it is fairly static. If I recall it, the percentage was between 2.5 to 3 per cent when we were reporting for the training guarantee. It has remained constant at that level. Sometimes it will increase because of technology training. We have been putting out a lot of new technology over the last five years. There has been a recent rise and fall in the demand for that technology training.

Mr MOSSFIELD—I would like to get some information from you relating to the 900 apprentices and 500 career start trainees that you have. I have a number of questions. What number would stay with the company? Is there an ongoing career path within the company for those groups? If not, what prospects are there for future employment for these people outside your company?

Mr Jeffs—We have only 500 supermarkets across Australia. Every supermarket has a meat department. That meat department employs a manager and a number of apprentices, depending on the size and the

turnover. We find that we do not retain all of them. I do not have a percentage; perhaps my colleague does. We said earlier that we provide up to 50 per cent of all butcher retailing employees. That suggests that we are a feeder as well. Part of that is because they are not suitable in the long term and part of it is because they want to branch out into independent butcher retailing. We have bakery pastry cook apprentices in large numbers. They are also not necessarily retained. I do not know whether we have exact numbers.

Mr Young—I can quote the career start trainees retention rate because they are indentured for that year. It is particularly high. We retain something like 85 to 90 per cent of all the career start trainees that we take on. Again, the biggest majority of them that are retained are taken on to our internal department manager training program. There is a particularly high retention of them.

Once the butchery apprentices have completed their apprenticeship—it is the same for the bakers—as you would be aware, we do some sorting out of those who have been successful with us. Anyone who has been successful is retained as a tradesperson. Our intention in employing apprentices is always to aim for someone who has managerial capacity—who, down the track, would be able to become a department manager. The stores run on around three teams of a manager and staff. There is a lot of need for managers with the deregulated trading hours. There is a better than 50 per cent retention of apprentices. I cannot give you a more accurate figure than that.

Mr BRADFORD—The 20 to 25 per cent rejection rate that you spoke about could, on the face of it, be alarming. In context, a company like Woolworths is obviously a very desirable employer. I would not like that to be overstated. One would expect that those rates of rejection would apply. Let us put it in context. If you have 100 people applying for one vacancy, you are obviously going to reject 99 per cent of them. Are these people applying to come to work for Woolworths or are they applying for a vacancy? Where do you get that 20 to 25 per cent, so that it does not misrepresent the situation?

Mr Jeffs—I do not think we endeavour to make it limited to young people. It was not a rejection rate of young people applying for jobs generally but of the numbers that apply for positions at the store level. Obviously, there are—

Mr BRADFORD—You come off the street and go to the manager's office and ask whether there are any vacancies. He says that there are not any at the moment, but gives you an application form to fill out and says that they will take it from there. Does that happen?

Mr Jeffs—There is certainly that element of it. We have also worked very well with DEETYA in the last few years to obtain people through the CST and other employment systems. We have had case management programs running with DEETYA representatives or officers. We gain a lot of benefit through the DEETYA system.

Mr BRADFORD—On that point, you have tapped into DEETYA or what would in most cases be the local CES. Have you had positive experiences in asking them to assist with the filling of vacancies and so on?

Mr Jeffs—Yes. Very much so.

Mr BRADFORD—It has all been good? They have provided you with the right people for vacancies and the service has been good?

Mr Young—It depends a little on the office and it depends to some extent on our contact with that office. If we quite clearly enunciate exactly what we are looking for, we get a better service. But it does vary office to office. There have been times when DEETYA offered us an account executive who looked after all our needs. When that program was in operation, the employment rate of those referred to us was particularly high. A lot of young people come to us for short periods quite deliberately to fit it in with their lifestyle. They might work during the holiday period from December to January. Some of them work in the middle of the year and then abandon their employment for their end of year exams and so forth. We have a very large intake of young people all throughout the year. I estimate that something like 20,000 young people are employed throughout the year. A lot of them may only stay for the school holidays or for six months.

Mr BRADFORD—Woolworths had a very strong trainee culture long before it became fashionable. When I was going to school, Woolworths was promoting itself as an organisation that was into training. They then had the same preference you have today for taking kids straight out of school, if possible, and getting them indoctrinated into the Woolworths way of doing things. Coles had the same approach, I remember. You mentioned the extent to which Coles employs young people or people generally. You say in your submission that when you open new stores it leads to a number of extra employment opportunities. Does it really? The criticism of that degree of concentration, which continues to exist in the industry as you increase your market share, is that some of these people may be leaving other parts of the industry to work for you. It is not really employment generation; it is just employment repositioning, is it not? The retail market is not growing overall. If it is, it is only growing at the same rate as the GDP, I suppose.

Mr Jeffs—The growth in new businesses in the retail sector is certainly coming from the larger operators in the industry. That is a function of the competitive environment and growth in population. Most of the new stores are being put down where the growth areas are, which is the south-west of Sydney and south-eastern Queensland. These are where the retailers are looking to put new stores and where the young people are living. It is probably not completely accurate to say that we are taking them from other operators. We are probably creating opportunities in those areas where there are not opportunities. In retail, if you are not providing customers with what they want, they will go elsewhere. We simply try to provide them with what we believe they require. Other competitors try to do the same. If it means that an employee is transferring from a less competitive to a more competitive employer, maybe that is an opportunity for them in their long-term career.

Mrs ELSON—I know a number of young people who say that they cannot get any more than 20 hours work per week at any of the retail stores. Is there a reason why some chains will not employ people for over 20 hours per week? Is it to do with our industrial relations system or unfair dismissal laws? What percentage of young people between 15 and 19 do you employ on a full-time basis for at least eight hours a day?

Mr Jeffs—Our analysis indicates that we have, in the area of sales and clerical work, which is at the store level, a lot fewer at the ages of 16, 17 and 18. There is no doubt about that.

Mrs ELSON—Is there a reason for that?

Mr Jeffs—There is a preference issue involved. Obviously, these young people at that age would be at school or just leaving school. There is a component of that. We also provide opportunities for employment when we need the business. They are when young people are prepared to be employed. Full-time employment today in our new retailing environment is not conducive to controlling the costs we have to control. Unfortunately, to some extent that is true. But it is not selective in the sense that we are looking to limit young people specifically.

Mrs ELSON—It seems a shame when there are people who want to give up their schooling to go into retail but cannot survive on just 20 hours of work per week. I spoke to a group of about 300, and there was not one of them employed on a full-time basis in a retail store between Bi-Lo, Franklins, Coles and Woolworths. I thought that was really strange. If are you looking for a career, and you do not have the ability to continue on to senior level, you cannot get a full-time job. I wonder why businesses are not taking that risk. You say you have a large turnover. To me, it would have made more sense to keep somebody on for eight hours per day.

Mr Jeffs—That is not by choice. Turnover is something we look to encourage. There are opportunities for young people who want to move into full-time employment through traineeships. If they are looking to use the retail industry as an income support or supplement and then to move into our careers, those people do only seek part-time employment. For young people with the capacity, ability and commitment to take on a full-time career in retail, we welcome them.

Mrs ELSON—But what if they limit them to 20 hours a week? They must be good enough to employ to be working for even 20 hours a week. Why aren't they encouraged to work longer? I thought it might be something to do with our industrial relations.

Mr Jeffs—There are or there were, under state awards, limits on the number of hours worked by casuals, and there were ratios of casuals to part-timers and full-time employees and, of course, the maximum and minimum hours of work. However, we have moved a little more into a more flexible environment under the recent enterprise agreement structure which provides us with greater benefits.

Mrs ELSON—Is it easier to put off somebody who is working under 20 hours a week than it is to put off a full-time person?

Mr Jeffs—You might want to say, on a part-time basis rather than a full-time basis. They are a permanent employee of the company.

Mrs ELSON—I am looking for the reason why they have been kept under 20 hours.

Mr Jeffs—No. It is more to meet the flexibilities of the business. They are obviously permanent employees. They receive all the benefits, all the leave accrual—all the other benefits.

Mrs ELSON—But it is hard to keep them there, isn't it? If they are only doing 20 hours a week and they are looking for full-time employment, they will go elsewhere—yet they might have preferred to stay with the business they were with. I was just looking for a common factor.

Mr MOSSFIELD—Just on that question, I would just make a comment. Quite clearly, there is a requirement with young people still at school. They prefer that sort of part-time employment to fit in with their school activities. With the younger age group that you are talking about, clearly this is beneficial for them.

Mrs ELSON—I am not talking about schoolkids; I am talking about those who decided that they did not want to stay at school.

Mr MOSSFIELD—Then there is that apprenticeship area that you have already mentioned which would enable people to come in on a full-time basis.

Mrs ELSON—But if you do not want to be a cook or a butcher and you want to be in the retail side of it, there does not seem to be any flexibility there.

Mr BRADFORD—We are talking about not only permanent part-time but also casual. There is a significant difference surely in the employment conditions of casuals, vis-a-vis your flexibility—

Mr Jeffs—There is. There is also a higher cost, of course. In our new wage structures, we obviously have a premium on casual hours to the company, and that premium does not necessarily offset the productivity. We would prefer in most cases to have permanent part-time employees. It is really a matter of being certain that the trading hours are there and that there is only a marginal adjustment to the amount of labour we would need.

In retail it is not a guaranteed revenue stream week by week. It does depend on the demands of customers, and they vary week by week for all sorts of reasons—external, internal and domestic. So we do have to have a marginal level of flexibility, and that is where casuals are—and, of course, casuals are used seasonally. Otherwise, if any young person is looking to move into a part-time position and those positions are genuinely there, we would want to put them into those positions to guarantee them employment and also to keep the level of costs down.

CHAIR—Following on from that, let us try and get to grips with this thing. You made the statement, 'For our retail business to be able to offer suitable work to young people, we require minimal restrictions or rules on employment.' Which ones; and what causes you problems? I think that is part of what Kay has been trying to get at, and we are not really getting very far.

Mr Jeffs—I think the only issues that we have endeavoured to ask the committee to look at are the areas of flexibility and delivery of training programs, and the ability for us to become part of the national accreditation system, the standards curriculum council system. We believe that that will provide us with opportunities long term to train, develop and provide young people with opportunities. At the moment and under the current and proposed systems, I do not believe that we will have that opportunity.

In terms of wage structures there are obviously areas where we feel flexibility is important and should continue. With the bill yet to be passed, under current legislation in July next year we will cease to have the ability to pay young people at the current rates. We believe that restriction will inhibit our long-term ability to maintain levels of youth employment. So I believe those are the two key areas both in the cost level and in the

ability to deliver training programs and development.

Mr MAREK—OK. Just going back to—

Mr Young—I was just going to say that if we were in a position of having apprenticeships in the area of delicatessen and produce then we would double the number of young people employed in those areas. We are looking within March at having greater flexibility in traineeships. If we cannot have an apprenticeship then if we can have a three-year traineeship with people streamed down in delicatessen areas or produce areas or other areas of the business, then we would employ many more trainees in that area.

CHAIR—Why couldn't you have an apprenticeship?

Mr Young—The general view was that because it is not a declared vocational calling we could not get it up.

CHAIR—Where? Who is going to say—

Mr Young—Under the declared callings and vocational legislation there is no vocation for an apprenticeship in delicatessen, therefore-

CHAIR—Is that state?

Mr Young—Yes, I believe it is state—but it is common across Australia in any case.

CHAIR—Are you making any effort to change that?

Mr Young—Under the March proposal traineeships can be extended to more years than just the one. The career start traineeship in retail is one year only. We would like to see that being able to be extended to three years and for us to then have traineeships in the area of produce and delicatessen. We are working with the relevant authorities to try to achieve that but it is pretty slow going.

CHAIR—But you are telling me that you would prefer to have apprenticeships. What are the restrictions that Rohan did not talk about that are affecting your ability to structure your training the way you would like to?

Mr PYNE—Under the modern Australian apprenticeship and traineeship system one of the things that we have announced is that we are hoping to work with industry to find those areas that traditionally have not had apprenticeships. I suppose what you are saying is that delicatessen is just one example. We are also looking for information technology and communications and all sorts of various things. So—

Mr Young—We are hopeful that March will bring those things about and make it easier. It has just been impossible in the past.

Mr PYNE—That is the whole point of the new system of apprenticeships, that it does reflect what

industry and employers want and it also reflects changing circumstances in Australia.

CHAIR—Why is it then impossible?

Mr Young—Well, TAFE is one reason. The comment made by a senior person in TAFE to me is there is nothing to teach in fruit and vegetables. What is there to learn in handling fruit and vegetables? I invited that person—

CHAIR—If you went to a TAFE in Victoria, which is less controlled centrally than in New South Wales, and asked for a course and you were going to put people into it, you are telling me they would not provide it for you?

Mr Young—I must admit, I have not asked in Victoria; only in New South Wales.

CHAIR—Right.

Mr MOSSFIELD—Mr Chairman, just on that point. What about traineeships? You can extend them beyond one year, can't you?

Mr Young—Because up until recently there have been no competency standards that has not been possible either.

Mr MOSSFIELD—Right.

Mr Young—There is some concern that industrial constraints make that difficult but I believe they can be overcome.

Mr MAREK—I would like to go back and look at the education system and concerns you may have with the education system. At this stage, as I see it, employers do not have an opportunity to put their case forward in relation to the curriculum. You mentioned numeracy, literacy, comprehension and learning skills. Would you, as an employer, like to have a bit more of a touch in relation to the schooling of youth before you get them? What I am trying to ask is: do you have concerns about the education system?

If there was an opportunity, would companies like your own like to put submissions to the education system in Australia and say, 'This is what we are seeing. This is where we think you should be going because we do not believe youth coming to us have had enough experience in these particular areas?' Is that something large companies like yours would like?

We are looking at discipline, self-control of youth and those sorts of things, so would you like to have a greater hand in the education system? It is something you have no control over at the moment. Would you like to be able to say, 'Thirteen- and 14-year-old kids need to get a greater touch in numeracy and literacy because they are coming to us and they obviously do not have those skills.' As a major employer, would you like to be able to have a bit of a hand in influencing the curriculum?

Mr Young—I had been invited to participate in a curriculum inquiry in New South Wales on mathematics, but the view of the sort of mathematics the average, everyday person in the street needs was rejected by that particular committee a few years ago. I find it pretty disgraceful when people cannot work out whether they have been paid correctly because they cannot calculate their pay slip. Those pretty basic sorts of things did not seem to be very high on the agenda of this particular curriculum inquiry at the time.

We will always work with those people. We are more than happy to. I think within the submission we gave you today there is a document that we sponsored called *Behind the supermarket*, which has been distributed initially to all 2,500 high schools across Australia. So far, 517 have purchased a number of copies of that to add to their curriculum in business studies, economics studies and industry studies.

Mr MAREK—Would you say that at present the education system is not necessarily aligned in giving youth the sort of education you would like to see them having?

Mr Young—I think the problem is that the education system produces people from one end of the spectrum to the other. One thing the recession was kind to us about is enabling a lot of people to realign their attitudes to working in retailing, especially graduates. We have taken a lot of university graduates into our traineeship schemes in the last three to four years, which is quite unique in the history of retailing.

Mr MAREK—So you have university graduates coming back to the retail area from doing degrees?

Mr Young—Yes.

Mr MAREK—So rather than picking, say, an individual who has just finished grade 12 or grade 10, you are actually taking on university students who might be doing a degree in law or business, picking those people up at the end of their courses, and they are going through doing retailing?

Mr Young—A few. We would like to see more, but these are the future senior managers of the company.

Mr PYNE—You are talking about a different level, as opposed to being at the checkout.

Mr Young—That is right, yes. With such a wide spectrum of kids coming out of school, I just feel it is impossible to generalise to say that the education system is not meeting our needs. I think there is a percentage of young people at the bottom end of the education spectrum where it perhaps does not meet their needs. So when they come in to what is perceived to be a relatively low skilled industry, as is retail, to operate a checkout, we still cannot employ them.

Mr Jeffs—As I think I said earlier on, we do provide employment to tertiary level students as well, as support for their tertiary studies. They get to a supervisory level within store environments. At the end of their studies, if they do not have opportunities in their chosen careers, we hope to convince them that there are careers in retail. As we have indicated in that booklet, there are extensive careers other than in stores in retail—distribution, all sorts of systems, personnel and all sorts of areas. Those are the sorts of people who are coming back. They are not necessarily applying for a position perhaps at store retail; they are perhaps coming

back or staying on following tertiary studies.

Mr MAREK—Are you happy with the education that students leaving school are bringing to you? Are you happy with the education kids have got?

Mr Jeffs—In general terms we would have to say yes. Obviously we employ the majority of young people. There obviously are levels at which we would like to see improved standards of literacy, communications and numeracy skills, but I do not think we are educationalists and I do not think we would like to take that issue too far.

CHAIR—Thank you very much for coming and talking to us. It has been most enlightening indeed. We will order that the document entitled *Behind the supermarket* and additional employment statistics presented by Woolworths this morning be taken as evidence and included in the committee's records as an exhibit.

[10.08 a.m.]

CAHILL, Mr Norman, Former Chief Executive Officer, ElectroSkills Australia, PO Box Q282, QVB, Sydney, New South Wales 2000

PALLADINO, Mr Antonio, Chief Executive Officer, ElectroSkills Australia, PO Box Q282, QVB, Sydney, New South Wales 2000

CHAIR—I would like to take this opportunity to welcome ElectroSkills Australia, appearing before the committee and its inquiry into the factors affecting the employment of young people. I would just say generally that we have heard a very broad range of views and this inquiry is about employment. It is not about unemployment. It is an attempt by the committee to bring together lots of studies and lots of information that have been available around Australia for a long time and to try and address this very important issue so that, hopefully, we can make recommendations which will lead to more young people being employed and giving them a greater opportunity to participate in life.

Would you like to make a brief opening statement before we ask you questions about your submission?

Mr Palladino—I would like to do that. I would first like to apologise for Peter Glynn from the National Electrical Contractors Association, who could not make it today. They have an industry meeting today and unfortunately he could not make it. I wanted to highlight the submissions we submitted in July 1996 to the committee. Some of the things were based in the context of why we wanted to put a submission in. We are an industry training company that was established with the idea of promoting traineeships. We certainly wanted to move into the area of apprenticeships, which for some reason we could not get into, but it is area that is a concern for us in the electronics industry. The context in which we put the submission in was basically on the major changes that were happening in the VET system, or the vocational education and training system, and also some of the changes in the school focus and the retention rates to year 12. In the submission we targeted some of those issues.

The other area that is affecting our industry is technological change and also the introduction of MAATS by the government. That has an impact on our industry as well and also the high level of youth unemployment. Some of the things that we mentioned in the submission and the factors for the decline of youth employment include areas of downsizing. In our area we are traditionally an engineering industry; an industry where, for example, we have seen utility type industries like electricity, gas, water, State Rail and the rail systems around the country downsizing rapidly. An effect of that has been a reduction in apprenticeship and traineeship intakes. Almost all those government organisations which have provided a community service obligation in the past are not doing that anymore. In a sense we have seen group training companies emerge to pick up some of the issues that have come out of that.

The other thing is the recession that came out of 1991-92. We have seen some huge declines in apprenticeship numbers. The commitment of employers to contract an apprentice, in some cases for four years, is an issue, particularly for small business. The small business community has had difficulty in living beyond four years or living from year to year and their concerns were raised around the issue of ‘How do I contract an apprentice? I want to make sure that an apprentice gets full training for four years, because I know that that is

the area of training that I require, but I cannot commit four years. What are some of the solutions that you can offer us?' That came out of some of the research we did.

On the client's view of costs, one of the concerns that came out of the research that we did was that if an employer rolls up with their apprentice, the client says, 'Why am I paying for two people?' It is a perception. I know this happened in Alice Springs, we had a conference in Alice Springs, and a refrigeration person I was talking to went to Woolworths with an apprentice and the manager came along and said, 'Why am I paying for two people to do this work on the refrigeration and airconditioning unit that you are servicing?' They are some of the subtle issues that come out in the debate and are influencing young people's employment in our industry. The clients see a perceived cost.

The other area that we have some real issue with is youth key competencies coming out of year 11 and year 12. I note some comments made earlier about that and we would certainly like to entertain some discussion in that area. The value of apprenticeships and traineeships is another area that we have some concern about. Parents and youth and predominantly school coordinators do not seem to give the value to apprenticeships and traineeships that they had when we came through the school system.

What we perceive as some of the future problems that might arise as a consequence of being an engineering industry is an emerging skill shortage, and one of the issues that we placed in our submission was a concern about skill shortages. We perceive that there will be a significant skill shortage come the year 2000. The results of that are likely to be higher wage demands and higher inflation. The result has often been that we open the door to migration to pick up the slack, and then we still have higher levels of youth unemployment. We have attended to the issue of a skill shortage by filling it with migration, but certainly not by the youth that we could have trained in the past. The dilemma is that when you actually have a skill shortage, there is a lag time by the time you train people to move them into full-time employment. If you take our industry, you have got a three- to four-year training period before you can actually fix the dilemma that you have.

Another issue that I think governments have is the issue of leadership. One of the things that Australia can offer international capital is the issue of highly skilled workers. If you do not have a training system in place, that says to international capital that we have got a highly skilled work force, that we have trained them and invested in them and that skill can be purchased in Australia by putting in a plant or whatever. It is one of the things that you do not get in the supply and demand driven economy. If you go to a demand driven economy, you cannot manufacture the skills for those who are wanting to invest from international capital. If you take the line that we are becoming a more international community, then we ought to be putting up some sort of leadership, in a sense, and I think government has a responsibility to do this: to put leadership forward and, in some selected areas, provide a supply type of training program rather than a demand program.

Some of the solutions that we saw involved promoting the value of apprenticeships and traineeships publicly to schools and to colleges. It is one of the roles that the Industry Training Company has been heavily involved in. It has gone out to schools and promoted the value of apprenticeships and traineeships. We would like to see the emergence or establishment of technical colleges that have streaming from year 12 for vocational outcomes rather than university outcomes.

Those particular sorts of people who have a bent towards vocational training should not be marking time or living in a life jacket in a school at year 11 or 12 when they could have been streamed off to education on a vocational basis. We perceive that what young kids are doing, in a sense, is marking their time in year 11 and 12. Our experience from research has been that young kids, who come to our industry without high levels of mathematics and science, have high failure levels in the first year of their apprenticeship. In the ACT, our research shows about 42 per cent failure rate. Where they have selectively picked young people with higher levels of maths and science, there has been a 10 per cent failure rate. We think that the education system needs to move to a vocational streaming, and I think that is where TAFEs came from originally.

One of the concerns we would have, however, is if schools start to pick up the delivery of vocational education, because we do not believe in our industry that they have that capacity. There is a high level of need for high level equipment. That is a high cost. The dilemma that we strike is that schools, because of a bums on seats concept, will not shift the students to TAFE in a mutual partnership. For example, if a young person wanted to get some skills in the electrical or electronics area, they should go to TAFE. We are finding that the schools will not send them to TAFE. The schools would rather get money from the Commonwealth to try to deliver the vocational outcomes in the school and that is because of the bums on seats concept. I am not sure whether you are familiar with that but it is about money that comes into the school. We would have some concerns about whether schools could deliver that because the skills that are needed to deliver the training are fairly high.

A dilemma arises when you have a good schoolteacher in a school. This has happened in Kewdale, in Western Australia, where they have a beautiful program of vocational education. They have been training the first year of the apprenticeship in the electrical-electronics area for about three or four years now. The teacher is an ex-electrical tradesperson. If that teacher leaves, the whole school's vocational education program collapses, unless they can find another teacher with those skills. Teachers do not often have those sorts of skills out of the university system.

We would also propose government subsidies to employ apprenticeships and traineeships through what I consider to be a community service obligation area that I think is lacking. If government sees the need to meet the school shortages in our area in future years, there ought to be some mechanism to try to address the issue of school shortages. Perhaps one of the concepts could be the community service obligation skills assistance program. It might be a mechanism to do that.

I would also encourage the government through a committee recommendation to re-look at the subsidy announcements in the budget. I believe that the reduction in subsidies will be detrimental in the long term. In discussions that we have had since the budget outcomes, I believe that the reduction in subsidies for the CRAFT scheme, particularly the CRAFT scheme in apprenticeships, will be sadly missed by employers because they have to employ people. In employing people for four years, they need to have workers compensation, to purchase boots to fit them out, to provide tools in some cases, and I think the subsidy goes some way towards recognising the training program that employers provide.

I reiterate my concerns about school outputs of students with key competencies. I think we have some concerns about the streaming to vocation. I have mentioned the supply driven selected areas as something which needs to be focused on by government, and also the other issue of government selling our skills

overseas.

I might leave that at this stage and elaborate on the submission that we have made. We made it on the basis of the passionate belief that there is a lack of desire, in our view, to move towards reinvigorating the apprenticeship system. I am pleased to hear, though, that MAATS has some mechanism of reintroducing the concept of apprenticeships because our industry has a belief that the training program is not one year, but a selected period of time that reinforces the concept of training and a valued product worker in our community.

Mr PYNE—Who do you believe does not have the desire to reinvigorate the apprenticeship system?

Mr Palladino—I think the government does now, because they have introduced the concept of MAATS.

Mr PYNE—Right, so you are talking about prior to this government.

Mr Palladino—I think we have seen a decline for some years.

CHAIR—In your submission and just now you talked about a cultural shift where as a community we no longer seem to value a training mechanism for young people—and perhaps we do not value as much a community skills driven education that leads to jobs in industry, or jobs where you get your hands dirty. We have heard about teachers who hold up a photograph, for instance, of an abattoir, and say to their students, 'If you do not study hard so that you can go to university, you will wind up doing a job like this.' And then they forget to tell the young people that they might earn up to $1,000 per week in the abattoir. Given all that, how do we go about encouraging or bringing about a new cultural shift back to value skills and to value work in industry?

Mr Cahill—I think it is all about promotion. It has been, in the last few years, the glamour of everybody going to university. There seems to be some little cliquey club in the school system that says—and it may be because that is where most of the schoolteachers have gone—that that is where you need to go. You do not want to be a tradesman. You do not want to be an abattoir worker, a slaughterman, or something like that. And, as you said, the money that you can receive in those jobs far outweighs, in a lot of cases, the money that you can achieve with a university education.

I have recently employed a research officer for myself and was stunned at the amount of people with university education who applied for this research officer's job who were working as cooks assistants, airconditioning assistants, cleaners, or in laundries. What we need to do is to be able to make it more attractive to those people to say that these are not lowly skilled jobs. They are highly skilled jobs. They are jobs that are worthwhile and they have a presence in the community.

When I was growing up, and it is not that long ago, if you were a tradesman in the street, you were well respected. If somebody's toaster broke down, or the jug did not work, they would all toddle over to my place and say, 'Can you fix this for me?' They do not do that now. They throw it away and go and buy another one at K-Mart. That is all part of it. It is all perception. What we need to do is, under the MAATS system, if anything, to attract people to a traineeship or to an apprenticeship and show that they are worthwhile

jobs.

CHAIR—Surely, if this perception is right, is it the schools' job to teach it from some point, at an early age, or at a later age—in prep, or years 11 and 12? Is it the schools' responsibility to teach young people what the world of work is like and what sorts of jobs are available? Is it industry's job, business' job, the government's job, the community's job? Whose basic responsibility is it and, then, how do we start?

Mr Cahill—It is everybody's job. The last government wanted to make sure that we had a highly educated work force, and that was a good thing. Now we have the highly educated work force but they are educated in the wrong areas. For example, there are a lot of people now going on to university and doing arts degrees who could probably have been better served by moving into an apprenticeship area. The people who are now coming into the apprenticeship area are probably of a lower educational standard than in the past.

Twenty years ago, for example, people would take it as a career path to go into an apprenticeship. Now, they see the only way to a career path is to go to university. They are not aware that you can go off and do an electrical trade, then do further studies and be paid while you do it, and then do further studies and go into engineering or the managerial side or supervisor training. That was the way of the past.

Mr PYNE—You were talking then about this perception that people had to go into tertiary education if they were going to have a career path, and the blame for that seems to fall with the government or the education system. But do you think there is also a role for industry and business in selling apprenticeships and traineeships in schools? Maybe the blame is across the board with a lot of people. Maybe it is not just the government or the education system; maybe it is also industry and business who have not had a program of selling these sorts of things in schools. When I was in school, which was even less time ago than when you were in school—

Mr Cahill—Rub it in.

Mr PYNE—we were never told that there was even such a thing as an apprenticeship or traineeship. It came as a complete surprise to us when we all left school that this was available. There were universities coming to our schools saying, 'Why don't you do this course?' and 'Why don't you do that course?' and 'We offer this,' and so on. But no industry group or business group ever came and told us that there were these things available. Maybe that is something that industry and business could start getting into.

Mr Cahill—That is a good idea.

Mr Palladino—That is one of the key issues. Industry is not going to get out there and do it easily. I was at Western Power in Western Australia on Friday and we had a long discussion about why they were no longer going to employ their own apprentices. They used to employ over 250 apprentices a year in Western Australia. Next year they will employ 52 apprentices. They are not going to employ them themselves any more. They are going to use a group training company to employ them in the future.

One of the reasons was that they wanted to get rid of the administration costs associated with employing young people. They had business units set up within the organisation. The business unit was being

costed with the apprentice. The manager of the business unit was saying, 'I shouldn't be paying out of my budget for an apprentice that I am training. That is a cost to my little business unit. I am not going to have an apprentice next year because there is a cost to me. I see it as a cost mechanism and therefore I'd rather off-load that to somebody else.' That is one of the critical issues.

Our industry is continually downsizing. Attempting to get a person who can go out to a school and say, 'It's the greatest thing since sliced bread,' is going to be very difficult. I think that is where government has a role to assist industry to get out there. It is not easy. You have to assist industry to establish intermediaries who go out to schools, who have had the background and who can act on behalf of the industry, not pull a person out of the industry because they are not there.

Those sorts of people are working 50 and 60 hours a week in some cases. If you say to them, 'Can you go to a school as well?' they will say, 'My business unit is so pruned, so tight, that I really can't get out there.' It is really very difficult to impose on industry and say, 'You get out there and tell them.' Universities have the capacity to do that because they are self-funding and they have got a certain sense of getting out there because they have prestige to deliver. Industry does not have that.

Mr Cahill—And the other problem is that the major employers who could have done that in the past are now not employing apprentices. In NSW, for example, State Rail used to employ 660 apprentices a year. They were first-years. They now employ 40. The work that was done by those people is now being put out to contract. But the contractors do not get a four-year contract to do the work, they get a six-week contract or a six-month contract or one little project here or there, and they could be all over the state.

For those employers who are doing that work that used to be done by day labour maintenance staff, they are all being cost affected by budgets and are all competing for tenders for those jobs, and they are now saying, 'We wouldn't mind an apprentice, but the problem is that we can't guarantee ourselves work for four years, let alone an apprentice.' The Greiner government had a good idea a number of years ago. With any contract that was worth over a quarter of a million dollars—and this was a number of years ago—there was a built-in scheme that for every five tradespersons on the job, there had to be one apprentice.

The problem with the whole scheme though was that it was never policed, although it was written into their contracts. Hunter Valley Training Company in Newcastle benefited greatly from that in being able to place a lot of their apprentices when a lot of the new power generation plants were being built in the Hunter Valley. But that is a concept that I think governments could look at. All government departments which used to employ large numbers of apprentices could have that put in there so that there had to be a certain number of apprentices going through in those areas.

That could be done through the contracts that are done with the tenderers and they could utilise the good industry group training companies that are out there in those industries. It is not just the electronic industry that is suffering, it is the metal trades as well. That is the perception of the engineering type problem that we are having.

Mr MOSSFIELD—I think that is a good point. I wanted to ask a question on that. You have to some extent answered the questions that I wanted to submit. It is very worrying, I think, when the figures that you

have produced here show that there has been, over the last 10 years, a 55 per cent deterioration in employment of apprentices in New South Wales. You have indicated that at least part of that is caused by government authorities not training. I think it would be useful for the committee who probably have not got the background on what happens in New South Wales. You mentioned State Rail. Could you mention some other government authorities in NSW that are not training apprentices now.

Mr Cahill—Pacific Power is another one—the state power generation area. That has now been broken up into a number of generators. Over the last few years they have downsized as well. They used to employ up to 400 apprentices a year and they are down to about 20 this year. Sydney Electricity was another one. It is now part of Energy Australia. Whilst it has been amalgamated with the old Orion power people, which were in the Newcastle area, it has not kept its maintenance staff who used to do a lot of that day labour work. The work that they retain now is more overhead line work.

We can see from the fierce storm that Sydney had the other week the problems that have been posed by that downsizing there. But they are not employing tradespeople. The other ones were Prospect Electricity, which is now part of Integral, and Illawarra Electricity is another one. The other areas were even Telecom in the telecommunications area. The electrical contracting industry has had to pick up the changes in the telecommunications area with the deregulation and the downsizing of Telecom. In the first couple of years it was okay, because all the Telecom technicians who were redeployed or given redundancy packages were picked up by the contracting industry.

But that source of already trained people has dried up and now there is a great lack of trained people in that area. The electrical contracting industry in this state is now picking up 55 per cent of work that was previously done by Telecom. They are just some of them, and there are other government agencies such as the Water Board. The Water Board employs no apprentices at all now. AGL, whilst it is not a government employee, is a major monopoly or utility, and it now employs no apprentices either.

Mr MAREK—A few points to start with there. I am a fitter and turner by trade myself, actually—

Mr Palladino—So you relate to our problems, then.

Mr MAREK—Yes, most definitely. I have seen significant change myself, and it basically happened in the last eight to 10 years when the industry got rid of demarcation. Now, getting rid of demarcation in a lot areas was a good thing, but instead of needing fitters, boilermakers, electricians, in a big industry like the coalmining industry we have been able to bring them together and now we only need fitter boilermakers, electrical fitters. Instead of having all these different trades, everyone can demarcate—

Mr Palladino—Multiskilling.

Mr MAREK—Yes, exactly. So where a lot of the mining industry, or even the railway industry, used to employ up to, say, 20 to 30 or 40 apprentices a year in all different trades, now they only need to take on between three and four. I have seen this particularly in my electorate of Capricornia, where large coalmining industries do not need to take on so many apprentices anymore because they are all combined. Then also we have technology. Technology has improved so much through robotics or other electronic schemes or systems—

hydraulics, pneumatics, those sorts of things—that we have been able to do away with other tradesmen and therefore you do not need those areas. So technology is a big player in unemployment as well.

Then we talk about employment agencies. I can see what you were touching on there before. Employers have got great problems owing to the fact that they have all these imposts on them, like superannuation and workers compensation. We see that in Queensland. Large companies have grave concerns about taking on employees because of the amount of workers compensation they have to pay and those sorts of things. So it is easier just to pick someone up from an employment company, Capricorn Training Company or something like that, have them for a couple of months or even a couple of years and just pay them the money and then they pay the employee. It is because of all the imposts that have been stuck on small business and all employers as well. Would you say that is causing the problems as well?

Mr Palladino—I do not think it is an impost, I think it is a change issue. I think the technology issue is an interesting one. I think that is true. The trouble with technology is that as you have got a transfer of skill you have got to pick the new skill up. Industry is not going to pick the skill up when it can go out and say, 'I have got 20,000 people out there who are already job ready because they have been made redundant by industry.' In 10 years time when those people are not there anymore, they are all retired, they have all moved on, the employer goes out looking for skilled labour but it is not there.

So I do not think it is impost issue, I think it is more an issue of transition. We are going through a transitional time that says we are moving from a day labour type of work force to contracting out, to downsizing, to a high level of skill within the organisation. For example, if you take a coalmining plant or a power generation plant—and I was down in Victoria just recently—where you might have had 300 people on the power generation plant, you are down to 100 or maybe even less. They work on this basis: 'If we have got a shutdown, we call in Skilled Engineering or somebody like that. We do not care whether Skilled Engineering has got apprentices or not, we want to make sure that they can deliver the job.' Skilled Engineering's interest is not about the training of people in the future, their interest is in the delivery of labour that is job ready.

We are going through a transitional period in Victoria where there has been some huge privatisation. The electricity industry is one of those areas. As Norm was saying earlier, his electrical contractors' desire is to provide labour. Whether it is trained in 10 years time is not their concern at the moment; their concern is about meeting the need now.

You have got technological change; you have got downsizing; you have got a whole shift of change. I think the impost issue is a minor issue. It is there, but it is minor compared to the change that is occurring from technology and from a whole shifting culture about work, going from internal to external arrangements.

We talk about multiskilling. Multiskilling is occurring within the core of the business itself but other areas are actually specialising. In past years they had mechanical fitters who used to work on conveyor belts. Nowadays, you will find that they employ a specialist conveyor belt contractor who services their conveyor belts. You are actually specialising or tailoring work external to the organisation. Internally you are getting a huge shift of skills mix. People are having to take up more skills.

Mr MAREK—Would you also say that it is up to the government to set the atmosphere for investors

from other countries to bring their money into this country? I am saying we should be enticing investors from other countries to set up in Australia. If we have a particular change like the IR policies and those sorts of things, we can set the atmosphere so that people would want to come and invest in this country. Until that atmosphere is there, it is not going to happen.

Mr Palladino—I think the IR issue is an element of a bigger picture. I think you have heard some people talk this morning about regulation within the training infrastructure. I think it needs some addressing and I understand MAATS is trying to address the red tape that sits behind training. I think that is an issue that needs to be fixed. But, at the end of the day, the issue is about trying to deliver highly skilled workers to international capital. They are not interested in a very narrow type skilled worker. The issue is what is government going to do about getting people to that point. That is what is required. What is government going to do to lead the field—if you like, to say, 'How do we get people to that point?' We are saying we have identified the question. In two years time or five years time, you are going to be screaming for skilled labour. It is going to happen. We know it.

In the Northern Territory at the moment, there is a refrigeration contractor who has had an advert for 12 months non-stop in the CES around Australia and cannot get applicants. In WA last week, 55 welders from the Philippines were flown in because they could not get welders up in the north-west of Western Australia.

The Olympics are coming up fairly soon and we all know there is going to be skill shortage. We will get a construction boom on top of all that and all of a sudden you will be flying people in from overseas. Our young people will still be unemployed because we have not put them through training programs. So yes, IR is an element but it is one element of a huge picture and I think to address just one part is not looking at the big picture. I think we need to look at all of it.

Mr Cahill—The secondary impact on that is that the companies in Western Australia and Northern Territory who have all this development under way that need the work doing are in a position to offer greater wages to people from the eastern states to attract them. That will cause an even greater skill shortage in the eastern states of Queensland, Victoria and New South Wales, where things are a little bit better, and drive up the cost of wages in all of these areas and impact on the whole economic recovery that the country is going through. The skill shortage can have a major impact down the path on the whole economy of the country.

Mr MAREK—Just going back to the grassroots, as I asked the last group of people that were here, how do you feel about the education system in this country? Do you think—

Mr Cahill—I have aired my views.

Mr MAREK—Would you say it is probably failing some of our youth?

Mr Cahill—The mathematical side of it is very poor. Science is not very good either. What we are finding is that people who are now leaving school tend in their mathematics to have this perception that it does not matter if you get the answer right as long as you have the formula of how to do it. When you come to one of the engineering trades it is not real good if you are three pieces of wood short in building a house or you have ordered in 3,000 extra metres of wire that you do not need to wire up a building. You go broke and it

sends the employers broke.

The concepts that the education system are putting are not good. I was not the brightest kid in the world, but I managed to get through my apprenticeship. The problems that we are perceiving out there now are that the education system is creating people for academia, not for the engineering type skills. We need to get back to what was around when I was going to school—the technical high schools. The perception of AVTS and those sorts of things is okay, but we need to look at the school to work transition. I know that MAATS is looking at that. What Tony elaborated earlier, that that needs to be done in a technical type area not a scholastic type area, is very important. There has to be a working between employers and industry, the schools and the TAFE system to make sure that that transition is there.

It comes down to a funding thing with the state or territory governments over how many students you have, how many teachers you get, how many books you can have in your library—and we all know the costs there. There must be some sort of mechanism that could be worked out between the VET system and the school system, with the state governments to make sure that that funding is not affected if they are helping people transit from school into work in some area. That is for greater minds than mine to get into.

Mr MOSSFIELD—On that issue, I am interested to know where we should be concentrating our efforts. Should we be putting all our resources into the school system and saying to the school systems, 'You get the kids job ready and then industry will take over'? Or should we be putting funds into industry and gradually getting young people into industry maybe at an earlier age than their higher school certificate level and training them that way? Clearly, it is an emphasis on where the funding and the efforts should be made.

Mr Cahill—I think it needs to be a collaboration between both—industry and the schools. In regional areas it is a bit easier where, say, in Whyalla you have the steel works there that could be working with the schools. It would be the same in Newcastle and Wollongong. In some of the regional areas of Australia that could happen. In the major metropolitan areas it is probably a little bit harder, but I believe that industries need to have that working relationship with the school system and that needs a lot of work on it. What is the name of the school transition people?

Mr PYNE—Australian Schools Transition Foundation.

Mr Cahill—That concept is a very good concept, but it needs to be worked on. It needs to have the involvement of major organisations, such as the MTIA or, in our case, NECA or the electricity association to make sure that those sorts of schemes can be worked out at a higher level than what they are trying to do now with an individual school and an individual employer. It needs to be done on a much broader basis.

Mr MOSSFIELD—If I could follow up on that, in some of the school magazines I have read there have been reports naming young people who have been able to pick up an apprenticeship prior to higher school certificates and saying that so-and-so is now a fitter and turner apprentice and so-and-so is a carpenter. Should we encourage that sort of progression into industry?

Mr Cahill—Yes, it only makes it much easier for the student and the employer. Also, work experience, as long as it is done in a safe and proper manner, is very good for the students to see that working in an

abattoir or working in a foundry is not that bad after all. One of the things that has to be spelt out to people is that a traineeship or an apprenticeship is not a means to an end. It is not the end of it. There are a number of us sitting in here now who have got trade qualifications who did not stay as a tradesperson. It is the same whatever career you go into. A school teacher does not think, 'All I ever want to do is write on a blackboard with a piece of chalk.' They have a career option that they can move forward to.

I think that is what needs to be put to people. If you want to be an electrical engineer or a mechanical engineer, there are other ways and means of getting there. If it is a traineeship that fixes business equipment, or if it is an apprenticeship in fitting and turning, that is okay. You can go and do that and you can build on it. It would probably be a lot cheaper for the parents who are trying to support the people and a lot better for the university system too if those people had that basic understanding and training.

I know in my time that engineers who were certificated engineers were always more respected by the tradesmen on the shop floor than someone who was fresh out of university and who had a degree but did not know one end of a spanner from the other. That is all part of the perception out there that the university is the only way to go. It is not. I think MAATS has a big opportunity here to show people that there are a number of ways to have a career and have a future working life. To come in through the traineeship or apprenticeship system is an acceptable way. It is not second rate.

We were at the ANTA conference in Adelaide earlier this year and Sir William Stubbs spoke—I think it was on the same day that you spoke, Mr Chairman—and one of the perceptions that he put to people was that in Britain the VET system and the university system are seen as equals. Until we get that in Australia we are always going to have this problem, especially with apprenticeships and traineeships.

Mrs ELSON—I remember many years ago when schools used to take children out on day excursions to industries. That created an interest and usually that happened in grades 9 and 10 for children who did not want to travel on. Then they cut that out because of the liability of being on certain properties and so forth if one of the children got hurt. The regulations became very strict.

I think that is where people lost interest because they did not know about the industries and actually what went on in them. In the last 10 years the industries have not been explained to children so they do not know about the other futures that are out there. Maybe we could get some sort of training program on in those earlier years to let them know.

Mr Palladino—I think that is where the ASTF fund does provide a great advantage. It could be used much more broadly and much more widely than it is targeted. I think its target is too narrow. It is focused more on its select outcome. It could relate to the technical type of training. Employers are not looking for people who, when they say, 'See that monkey wrench on the table, I need it now,' and the kid says 'What? Is that the paper on there?' It is trying to get kids who are job ready in the context of the world of work. The ASTF fund has the capacity to help in that area, but it needs to broaden its base. It needs to work with industry rather than select schools and say, 'Here is $10,000. You work out some program with a local employer.' I do not think that is good use of taxpayers' money.

Mrs ELSON—My son was offered an apprenticeship and he said, 'I do not want to go and do that.'

We asked him if he really knew what he had to do and he said no. So we arranged for him to go and have a look, and he was totally interested. By using a word it meant nothing to him, but seeing it meant a lot.

Mr Palladino—I am also a chief executive officer of a national ITAB, but we have got state ITABs and we have had some successes in Northern Territory and South Australia. The Northern Territory government funded the state ITAB there to actually put a video together, and in South Australia they did some research about the entry level—what you required to come into the industry. So we have got these two bits of research that have come out. The video describes the industry. You can use it in a school. It shows what the electronics apprenticeship may look like and what you require in school grades to get into the industry. I think capturing those sorts of things and doing more of that picks up the chairman's concerns about how we do it and what we do.

That is one area of promotion that we ought to target: some assistance into an industry, getting into the schools via videos, getting in there actually talking to people, taking them on excursions. I think that is one of the fundamental reasons why I picked up an apprenticeship. Take them out and see what a chemical plant looks like. You have got to overcome those imposts. There is an impost I think you have to overcome. It is not an IR issue, it is an issue about some agendas. You take kids out and have a look at what it looks like, the real world, because with the culture we live in now, you only have to turn on TV nowadays to see it is a world of white-collar workers—we are all sitting in a room of white-collar workers. I ask myself what is on TV to encourage people to want to go and do a blue-collar job. The perception is of the past and we need to shift that.

Mr Cahill—I could give you an example. When I was at ElectroSkills Australia we developed a traineeship called electronics automotive accessories, and Strathfield Car Radios helped establish it and wanted to be involved in promoting the traineeship. When they first advertised for the trainees to come in, they got nobody interested, yet when they advertised for a manager of one of their shops they had all of these school children in year 12 applying for the manager's job because it had a mobile phone and a car and they could wear a nice tie and a white shirt to work. But nobody wanted to come in and do the traineeship. If they had thought it through and done the traineeship—learned the job—the promotion would be theirs in a couple of years time. But it seems people now don't want to do that.

We were able to help Strathfield Car Radios and find the kids, but it was by going out to youth expos similar to the one Chris attended in Alice Springs and actually talking to kids about what the job entailed and whether they had any idea of it. That is the sort of thing that you need to do, to actually relate it to the children so that they understand what it is. It is no good saying it is an apprenticeship or something like that. It is foreign to them, they don't know what they are going to learn, and half the time, if they do say, 'Yes, I do want to do it,' they don't know the difference between a mechanical fitter and an electrical fitter, or a boilermaker or a blacksmith. They don't know any of the intricacies of it.

CHAIR—We are going to have to wind it up—

Mr Palladino—I would like to make one last comment, if I could.

CHAIR—I want to ask you questions, because you have bothered me a bit. I am a little confused and

a little concerned. You want us to go back to the concept of tech schools. We are told by ACCI that the vocational education training system in Victoria today is streets ahead of New South Wales. You are both from New South Wales—

Mr Palladino—They have got the VCE system.

CHAIR—You may not be as familiar with what is happening in Victoria but, instead of having tech schools, and there are still some of those realistically, Victoria has been expanding vocational studies in a broad range of high schools, and that is increasing rapidly. Are you saying you disagree with that, that you think kids ought to travel every day to TAFE?

Mr Cahill—TAFE in their own area.

CHAIR—That is what they do in New South Wales and we are told it has not worked, yet you are proposing to do more of that.

Mr Palladino—What I am proposing is a partnership between TAFE and school. TAFE could go to the school and deliver it. It is a question of where they might be. What we are proposing, if you look at the VCE in Victoria, by and large it is in the electronics area, it is not in the heavy electrical area. If it is, it is really at the rudimentary beginning. We did research with SSABSA out of South Australia—the Secondary Schools Assessment Board. We did a research project, a fairly thick document, and teachers came in and said, 'We can deliver everything. We can deliver electronics modules, we can deliver electrical modules.' We said, 'Be careful about where you are going because to go and buy a cathode ray oscilloscope for testing equipment costs a lot of money. If you go down that path it means you have got to have a highly trained teacher who has got the vocational background to deliver the training.' And they said, 'No, no.'

After six months of research, they concluded in their own minds that it was not the right way to go. It might be working in Victoria, but I would argue that in the electrotechnology area it is not working as it might be in another area. Our engineering industry costs you money. It is big money. What is wrong with going to TAFE? Maybe the school person is then learning the transition from school to the world of work. I tend to believe that, to some extent, kids coming out of school believe that the world is about fast food and therefore fast training: 'If I can buy fast food, why can't I be fast trained?' There is a logic in the head that goes with it. And I think by the time they get to year 12 they are burnt out from training. They are thinking, 'Jeez, here I go again!'

What we should be doing is streaming to technical colleges so that they see the transition out of school, so they move out of school and say, 'That was school. Now this is work,' and they can actually make a logical separation. I think what you are finding is that if you start imposing vocational stuff in the schools they will see it is as just another training program—'Here I go again. What is this one? Oh, this one's electronics.' That is my fear. We have seen it in the building industry where young apprentices who are going into the industry, into carpentry et cetera, are saying, 'Twelve months training. What—again? And they want me to go back and do communication skills, they want me to do IR, they want me to do affirmative action, they want me to do—Jeez, when do I actually get to the vocational skills?' I have experienced it with young people who say to me, 'I have done this at school. Why am I doing it again?' So we really need to have that separation.

What I am encouraged about, and it is one of the things where the government has made what I call a positive move, is the use of the word 'apprenticeship' again. Under the old system we had this concept of the Australian vocational traineeship system that nobody knew, that a parent did not even know. If you went to a parent and said, 'What do you reckon about an apprenticeship?' they would say, 'I know what that means.' If you went to them and said, 'Do you know what an AVTS means?' they would say, 'What is it—some school?' They did not know what it was. I think the use of the word apprenticeship, and accepting the fact that apprenticeships are okay, is a start in the right direction. It has been buried for 10 years and all of a sudden this word apprenticeship comes back again. We are really encouraged to hear that.

Mr Cahill—I know you are pressed for time but one very important thing is that ElectroSkills Australia, ever since they were in existence, have stated that they should be allowed as an industry training company to also promote apprenticeships. They are not. They can only promote traineeships. There is no encouragement or financial benefit to ElectroSkills Australia to promote apprenticeships. Only traineeships receive any endorsement or payment for industry training companies. We raised this argument with the last government without success. We have raised it with Nettforce without success. Everybody says, 'Yes, here is the sympathy.'

Quite often when an employer approaches an industry training company—and it would be the same for the automotive people—a traineeship is not always the best outcome. It is often an apprenticeship which is a better outcome. When I was there we used to tell employers, 'If you are in the TV service area, no, there is no traineeship, but there is a very good apprenticeship,' and we would spend as much, if not more, time arranging for that student to go off to do an apprenticeship. The employer would get a well-qualified person working for them and the TAFE system benefited by having a person training there and doing a proper course. Yet the work that was done by ElectroSkills Australia and the staff we employed was never credited. That is one of the major problems that you need to address with all of the ITCs—that they should also be allowed to promote apprenticeships as well as traineeships and receive some income for that.

CHAIR—Thank you very much for appearing before the committee. We appreciate your input. It has been an energetic discussion and we thank you for all that.

Mr Cahill—Thank you for the opportunity.

Mr Palladino—Thank you.

[11.03 a.m.]

HEALEY, Mr William John, Director—Education and Training, Australian Retailers Association, 20 York Street, Sydney, New South Wales 2000

CHAIR—Welcome. This is an inquiry about the employment of young people, not unemployment. We are interested in all those factors that will help provide us with information that might make some national change in direction which will give young people a greater opportunity to be employed than they have at present. Would you like to give us a short opening statement before we start asking you about your submission?

Mr Healey—I thought I might quickly go through the submission and point out some key issues in it. The Australian Retailers Association is the national body representing retailers nationwide and we are currently comprised of state retail associations. I am executive director of the Retail Traders Association of New South Wales but, in a national capacity, I have the role of director of education and training for the Australian Retailers Association.

As we say in our submission, retailing is currently the largest employer of youth in the country. We employ some 50 per cent of the youth work force. While at the lower age groups, between 15 and 19, they are predominantly employed in a part-time capacity, as you go up the age groups they move more into a full-time role. Young people do seek casual employment to supplement their schooling and training at the lower age groups. We believe it is an important starting place for young people in the world of work.

We note in the submission the issue of youth employment, some of the problems that we have at the moment and some of the perceptions that are out there. I have analysed the youth labour market both in my current capacity and in my past life—I should put on the record that I started my working life as a teacher and I spent five years as a careers adviser. While I have been out of the game for 10 years I think a number of the problems are still evident and were beginning to be evident when I left in about 1986.

Youth has traditionally formed a significant proportion of unemployment—around 30 per cent—and an analysis of the youth labour market at the moment, while it is troubling, from time to time gets confused because, if you look at the percentage of young people who are currently seeking employment, it is not 40 per cent of the cohort between 15 and 19. In fact, from our figures, it is around seven or eight per cent. If you add in part-time employees it goes up to about 15 per cent, and if you add on those who are not accounted for it is about 17 per cent of that age group. While that is still too high, and totally unacceptable, it is perhaps less daunting than the 40 per cent that is often thrown up.

One of the problems that we have as we have increased the retention rate of young people in school is the cohort of young people who are not at school and who are in unemployment. They are a particularly difficult batch of young people to place. It broadens it much more from an educational to a social issue, as well. The other thing we raise is the fact that it is an international problem. The OECD report that we referred to finds that that is an issue worldwide and it is a major problem.

I am aware that there are two of our major members here: one has already addressed the committee this

morning and MacDonald's will be here this afternoon. From our point of view, quite clearly, the issue of employment must be very closely linked to economic growth and one of the concerns that we are aware of is that the level of economic growth that is required to get unemployment down to five per cent is above what is projected between now and the turn of the century, and that is a concern.

Another issue, of course, is that there are structural impediments in the labour market at the moment which will cause problems in terms of getting unemployment down. One of these is obviously the mismatch between job skills and the demands of the labour market, and while training programs can address that, it is a perennial problem: there is always a gap between where the jobs are and where the skills requirements are.

Geographical factors are a major problem and you heard, from the previous speakers, about the issue in the Northern Territory and the issues in Western Australia. In a more, I suppose, pertinent example we have problems finding people to take up positions in our industry—in the service industry—in the CBD of Sydney. And through a committee, we are attempting to bring young people in from the western suburbs to take up some of the service industries that are available. They are not prepared to make the move to come to Sydney. Unemployment in the Sydney CBD area of the CES is around about three to 3½ per cent.

The third area, I think, is a major issue. It is what we have defined as an attitudinal problem or an attitudinal gap. We do have, within the community, a problem in terms of expectations, particularly of young people and their parents and the realities of the labour market. I noted, with some concern, an article in today's *Financial Review* about the changing nature of the labour market. The previous speaker spoke about young people taking on apprenticeships and expecting to be managers and have cars and remuneration packages well outside market realities. This is a major problem.

I think realigning expectations of our young people to take an opportunity and grab that opportunity and then embark on a work life and a career path is a major issue. A lot of them, I think, forgo that decision. A major problem, I believe, is additional tertiary places: in actual fact the availability of additional tertiary places has meant that a number of them have retarded that decision making process, and, in fact, their expectations have been enhanced. They cannot be fulfilled because if you look at the matching between labour market opportunities and tertiary education places there has not been a great alignment in time.

A key factor for us is the labour cost of youth. We are quite concerned that the current provisions in the federal workplace relations bill to remove the discrimination provisions on junior wage rates is supported. We believe that if the current provisions preclude the existence of junior wage rates there will be a dramatic impact on youth employment nationally, and we would strongly urge that the removal of that current provision be supported by all parties.

There are two components to that. Quite clearly, from our industry's point of view, we do not see that junior workers are, perhaps, as productive as, or contribute in the same way as, adult workers. A further factor is that if junior wage rates were abolished, the total unit cost of labour will go up and hence the number of jobs available by natural calculations will drop.

We also believe that there are problems with young people's understanding in the labour market and that some of the current distinctions between school, VET and tertiary education have to be removed. We need

some sort of seamless education system that prepares people for life. Some of the debates about generalist education and preparing people for work we see are really no longer required. We see that they, in actual fact, distort the realities. People have to leave school and earn a living and this constant debate about preparing people for work or a generalist education does not add anything to the debate.

There are issues about the sorts of things that young people should be learning at work. Our members have told us that they have concerns about literacy and numeracy and we note that the government is very keen to address that issue. We are also committed to assessing and developing the Meyer key competencies, which if you look at the sorts of things that employers say they want from their workers, they align very closely to the competencies that have been defined there. The problem that we have at the moment is that there is very little measurement and development of those competencies and assessment and reporting of those competencies. We make note of some of the other interpersonal skills and attitudinal skills that are required.

We also would support sufficient training for young people and we do have in place, particularly in New South Wales, very strong school vocational training arrangements in the industry. I noted your comments before about TAFE and whether TAFE should be the place to provide school based courses. We do have vocational courses within the school system and we see that there is a need to expand those. We see that there is a lot of scope within MAATS to do a lot of the things that are required to bridge that gap between school and work.

Having said that, I do have some concerns that the school system can adapt and adjust to that. It was a concern to us that the recent review of the Higher School Certificate in New South Wales really did not address the issue of vocational education and training as much as it should have and go back to the fundamental realities of what our HSC should be about.

On financial support for training, clearly the existence of subsidies is an important component in ensuring that young people have a training opportunity. We do not see that the subsidy is a subsidy to the employer, we see it is a subsidy that is brought by the trainee into the workplace and it should be maintained. We have some concerns that there are arrangements across the board to remove subsidies for large employers, which would be a significant detriment, we believe, to the retail industry, given the fact that a significant portion of our trainees are employed in large organisations. We see the subsidies as an important component in offsetting some of the costs and lower productivity that trainees incur.

The final point that we make is the issue of the promotion of entrepreneurship. We are the largest employer in the small business sector, and the issue of cultivating entrepreneurship has been raised both by the Karpin inquiry and by a number of other inquiries about creating within our young a spirit of entrepreneurship and enterprise. I think that is an issue that requires a hell of a lot of thought. I do not know how you go about doing it, but it is something that we can seek to stimulate.

In conclusion, we are saying that in reality Australia is well placed to benefit from the growth of the Asia-Pacific region right through our industries. There is a concern that we have that the expectations of our young are perhaps out of kilter with the realities, however. It is a concern to us that there seems to be a negativism in our young which does not necessarily need to be there when you look at where we are at and what we have to offer.

We noted that a recent survey said that some 60 per cent of young people thought that economic conditions in the next 10 years would be the same or no better than they are at the moment. That is a real concern when you consider the potential that this country has, when you consider the current quality of life. Perhaps one of the things that we have got to do is have a re-alignment to the realities, but also the opportunities that exist. That concludes my opening address.

CHAIR—Thank you very much. You have used the word 'attitude' several times and in more than one context, one being the attitude of young people towards work. Can you tell us what you would propose to do to try and shift that?

Mr Healey—I suppose I have used it in two contexts. One is on the basis of an individual's attitude and their perceptions of what the world of work can provide them, and should demand of them. The second thing is more a cultural expectation of the realities of the workplace. I will address the second one first.

I think there is an ignorance in the community as to the realities of the world of work as it is panning out. If you look at lifelong learning, if you look at multiple career changes, if you look at a shift towards the service industries, there does tend to be an ignorance about the sorts of work that will be available and the way we will earn our remuneration in the future, and I think that permeates the whole community.

I also think that some of our traditional views of what is important are still in place. People think that you should go off to university and get a university credential. People tend to look at existing professions as being very important. But, when you look at the realities, the whole labour market and the linkages between what we have perceived in the past to be important jobs and what today in effect will remunerate you in a way that might reach your expectations are out of kilter. You have only got to look at the levels of people doing law degrees now, and there is a perception that lawyers are well paid, but in reality that is not the case. You have only got to look at doctors, although if doctors are prepared to go west of the Great Dividing Range they might make a bit more money.

So our whole structure of how we perceive employment and career options and the workplace has turned upside down, and we are working, in many ways, on a past paradigm, and that was reflected in today's *Financial Review*. That is a problem.

CHAIR—Can we fix it?

Mr Healey—I think the first thing you do is you make it known to people that the change is there, and I do not think we are doing that.

CHAIR—Who does that?

Mr Healey—All levels of community have to attempt to address it. I think the school system in particular has an important role, and I would suggest that the school system is one of the worst groups in terms of perpetuating past perceptions about the world of work. They do not understand the changes and they are not in a position, both at the curriculum level and at the individual teacher level, to provide the guidance and support. I think parents also carry forward the same stereotype.

I think government has got a role to do it, and I do not think it would be achieved through some sort of glossy advertising campaign, but I think that, as a community as a whole, we have got to come to grips with that. One of the things that I was critical of the previous government for was that I did not really perceive the concept of a job guarantee as conducive to promoting the realities of the labour market of the future. Maybe a job opportunity, but the very word 'guarantee' implies something in the community that is not there anymore. So there is a whole lot of cultural shifts that are required at the macro level. In terms of young people—

CHAIR—Hang on, you have missed industry. Don't business and industry and commerce have any responsibility in this?

Mr Healey—Quite clearly they do, and I think in many cases we are doing that in terms of career strategies. One of the things our industry is about to do is it has developed a major career pack to go out to schools to tell them about the opportunities that exist in our industry. I suppose our position is a little bit different from other industries, because there is significant growth projected in retail. The problem we are having is having young people seeking a job in our industry and trying to show them that there are long-term options and dispel some of the myths. So I would suggest that quite clearly industry does.

I think that industry at the moment has some pressures. One of the problems that you have in industry, particularly with large companies, as we move towards greater institutional ownership of various public companies, is that there is increasing pressure on retaining profit returns that force them to look at the bottom line. That is happening not only with the public companies but, as we heard before, it is also happening with public enterprise, where the shift towards efficiencies means that you do not have the flexibility to promote employment opportunities that may have been there in the past.

Mr MAREK—There are a couple of points that I would like to flag. On training providers, I would like to quickly touch on TAFE. My experience from talking to the average employer is that they find TAFE very expensive as a training provider. In some cases they have to try and look to other areas to get training. Would you consider that a fact?

Mr Healey—TAFE has neglected the retail sector over a number of years. As a result of that, we have tended to provide a network of training providers in individual skill centres. I think it is fair to say that TAFE has been in a monopoly position and their costs of training are higher than the market. A lot of those areas will be overcome by the move towards user choice. We are a strong supporter of user choice because it will add far greater competition into the provision of training.

Mr MAREK—I have in my electorate a firm called Capricorn Training Company. It is a wonderful institution and it tries, basically, to put people through those sorts of things. Another one you mentioned is the education system. Particularly in relation to the curriculum, do you feel that employers should have a little bit more involvement in the education system? Would you consider in some areas that the education system is probably failing youth and the students?

Mr Healey—Employers quite often say these are the things that they need from the products of the education system. I also think that is why the Meyer key competencies were seen by a number of employer

groups, and employers in general, as an important initiative. We would support those because, if you look at employers randomly, they will come up with a series of things but they can basically be consolidated into one of the Meyer competencies.

Where we have a disappointment at the moment is that there does not seem to be sufficient energy to review, assess and report on the Meyer key competencies, which would be a plus for employers. You could then actually see how young people are matching up against those competencies.

I think there has been, in some cases, an attempt to absorb the demands of vocational education and training programs within the school system and try and leave the system as it stands, rather than embrace them and fundamentally change. But there are some very positive examples of schools that have taken some initiatives. One example is Bradfield College over at North Sydney where they actually have modified the curriculum for young people and people at risk. But overall, I think there are insufficient links between the school system and the work community.

Mr MAREK—I have spoken to many employers and the thing they all come back to is numeracy and literacy. Some of the groups that we have had here today have all said the same thing. They are concerned that youth coming out of today's schooling system are having problems just counting. One other point that was flagged to me was with a company known as NCR—National Cash Registers. They make shop cash registers and that sort of thing.

When they got rid of the 1c and 2c pieces, employers then had problems, particularly in the retailing industry, of their workers at the cash registers being able to round up and round down. Therefore, I think it was NCR who actually took the initiative, had a look at it and found that up to about 75 per cent of people they interviewed could not round up and round down. They had to program this into the cash registers to fix up this problem.

Another area I just want to touch on as well is the CES. Have you had any feedback, or have you heard anything in any particular areas to do with the CES? Let us look at Western Australia. If there is a job going over there—and I think that you might have touched on this before as well—and it may have been flagged with the CES, the CES may not be networking with Queensland. I am not sure how the system works. Have you seen or heard anything about that with the CES?

Mr Healey—We also have a group training company in New South Wales and we have been involved in a number of activities for employment initiatives, not just for young people and school leavers, but also for long-term unemployed. I would say that our experience, particularly in the Sydney CBD area, is that the CES has been very responsive. And where the CES is responsive, it starts to acknowledge the sorts of workers that the employers want, and takes appropriate steps.

I do not know enough about jobs nationally. The CES would argue that it has a national register and I do know that it has got a new computer system coming on line. But the problem is the realities of getting people to up their families and their lifestyle and move over there. In reality, sometimes the level of support that people get by staying put is sufficient to dissuade them from actually going over there and taking up the opportunity.

Mr MAREK—In some cases would you find that some employers are probably looking at group training companies to find their employees, rather than the CES?

Mr Healey—Increasingly. We work through the CES, but group training companies are an important employment vehicle for small business, in particular. We support the additional funding that has been provided in the budget for group training. Because of the issues of on-costs, the troubles of recruiting people, and the fact that a lot of people require pastoral care, employers today just do not have the time, or the energy, or the resources to provide that. Group training companies do provide that support and, in actual fact, from time to time, young people who may be lost in the normal employment arrangement may be helped. We have got several examples of that. They are provided with that additional support and they get through that troubled period and get to the end of their traineeships. Some, unfortunately, do not. But I would seriously see some group training companies as a very important way of bridging some of the expectation and skills issues that young people have when they leave school. The group training companies can put a little bit more time into them, particularly for small business groups.

Mrs ELSON—Employers in some submissions have commented that current industrial legislation is a barrier to employment. Do you have any concerns about the current industrial laws and, if so, what are the most serious concerns that you consider may inhibit employment?

Mr Healey—I think in some cases that there is a problem with the actual overall cost of labour. For us at the moment, in terms of the national training wage, it roughly corresponds to 80 per cent of our age rate, so there is not an enormous disparity there for our industry. However, I think that some of the proposals for youth, in particular, and training wages under the new legislation will provide greater flexibility of training. Quite clearly, for an industry as a whole, the move towards extended trading places pressure on existing penalty rates and conditions. As we move towards a consumer that is very time poor, we think that the industrial relations legislation could provide greater workplace flexibility and reduce costs. It is quite clear from all the evidence we see that in the low inflationary environment, additional costs will not be able to be passed on to the consumer. It is either through a reduction in employment or in profit and, given the margins at the moment, there is not a great deal of scope for that.

Mrs ELSON—What about the unfair dismissal law? Has that been proven to be a barrier or a problem?

Mr Healey—Quite clearly, all the evidence we get from particularly our small business people is that they are just not prepared to take on employees because of unfair dismissal. We think that the shift towards the improvements that are outlined will hopefully remove some of those problems.

Mr PYNE—When you were a school counsellor, did you have many industry or employer groups or particular companies, like BHP or Pasminco, coming and making presentations to your students about why they should get into mining, for example?

Mr Healey—There was a series of initiatives which some of those big companies were involved in. BHP used to have a range of cadetships and apprenticeships, and a whole range of material would come from a large number of corporations to each school promoting the job opportunities that were there. There were also

careers markets, which still are around today, and work experience opportunities and guest lecturers.

I suppose, given the size, particularly in New South Wales, of a number of schools, it was very hard having someone going around to each individual school. They tended to provide a central opportunity and then it was up to young people to grab that. There are school-to-work visits. There is a visits-to-industry scheme in New South Wales at the moment—I noticed you asked about that before—where young people and teachers can go out to have a look at what is happening out there.

But I suppose the problem with a lot of those things is whether people's eyes are ready to be opened to have a look at the opportunities. It is a chicken and egg argument with a lot of these things. Sometimes you can take young people out there but they are not ready for it. But, in turn, by going out there, you plant the seed and it is a good starting point. My understanding is that those things are still in place.

Mr PYNE—In your industry, particularly in the small retail industry, out of attitudes, skills and wages, which do you think is the most important for a small business proprietor when he is looking at a young person?

Mr Healey—I was going to say all three. Quite clearly, the cost of labour in our industry is an important issue but, conversely, if the young person does not have the right attitude, even if they are cheap, they do not want them there. We have found that with subsidies and employment subsidies. They do offset the cost but, in reality, the margins in retail are so low that, if the labour is going to cost too much, they obviously cannot afford them. But, conversely, they are not going to pay anyone, even if it is cheaper, if they are not going to do the job and they are not going to be pleasant to their customers.

Mr BRADFORD—I just wanted to draw your attention to one item in your submission—analysis of youth unemployment. There is a misapprehension there that I think needs to be drawn to your attention. You made the statement here that, where we talk about youth unemployment levels above 40 per cent or at least of a significant level, you have made the point that, statistically, that overstates the fact. It does not. If you are comparing apples with apples, when you measure unemployment, obviously participation rates are reflected in the raw figures.

The fact is that, of young people looking for work, in some areas 40 per cent are unemployed. If you want to take the whole population you would have to apply that in the measurement of other demographics of the unemployed. Then you could reduce the levels of unemployment from eight per cent down to about three or four per cent because obviously a number of people are not in the work force, just as a number of young people are not in the work force. As you correctly point out, some of them are doing other things. So I just caution there, because the line sometimes run is that the figures are not as bad as they look. They are if you are going to talk about measuring unemployment statistically in the way that it has to be measured, and that is by taking into account participation rates.

You make the statement above that seven per cent were unemployed of the total. But you are not actually talking about unemployment at seven per cent, you are talking about seven per cent of the total population that are amongst the unemployed. But that seven per cent statistically, if we are talking about unemployment, is 25 to 30 per cent. I just want to correct that, because I do not want the committee to have

the impression that somehow the figures that we talk about when we talk about youth unemployment are sometimes understated.

Mr Healey—If I can respond to that, I think there is a general impression in the community that when you hear about figures of 40 per cent people are seeing that in the cohort between 15 and 19. I said in my opening remarks that, irrespective of what the figures are, they are still too high. I think it does mask the reality that it is only seven per cent of that age group who are currently in the unemployment ranks. In many cases, the sort of young people you are dealing with have got specific problems and the way you address it may be very different.

I make the point in the submission that a lot of the young people who drop out of school early have traditionally had problems either with literacy or numeracy, or discipline problems. It may be that you have to have a far more structured and interventionist approach to help those young people. I think it is important because of the nature of the group you are talking with. If you say that it is 40 per cent of that whole age group it is a much bigger number and, secondly, it is a much more diverse client base. That is why I made the point.

Mr BRADFORD—The only point I am wanting to make, because it has to be made all the time, is that if you are talking unemployment statistically you have to relate it to the participation—in other words, those who are looking for work. If you put it in the terms you put it, as seven per cent who are unemployed, that is not the unemployment rate of young people. It is not seven per cent. It might be that of the total population seven per cent actually come into that unemployment category, but in percentage terms you have to relate it to those that are looking for work.

Mr Healey—What—seven per cent of 30 per cent?

Mr BRADFORD—Exactly.

Mr Healey—Or 34 per cent.

Mr BRADFORD—That is right, that is the unemployment rate. If I can ask you another question that relates to participation rates, the participation rates of women in the work force have increased enormously over the last 20 years. They have now converged pretty much with male rates of participation. To what extent is that a factor in young people losing out? There is a perception, particularly as the participation rate of married women in the work force has increased dramatically in the last 20 years, that that has often been at the cost of young people entering the work force. Have you any comments on that?

Mr Healey—Without doing a matching of where the jobs are, I really could not comment on that. Quite clearly, there is a parallel with young people staying on at school, particularly in our industry where the casualisation of jobs is perhaps in areas where young people would not be able to do those jobs anyway. One of the issues that has been a factor—and it comes back to this attitudinal issue—is that what it has done is provide dual income families that have perhaps given young people greater flexibility of choice.

When my mother and father got to 15, given their domestic situation they had to get out and get a job.

Perhaps parents and dual income parents today seek a better life for their children and hence they provide them with greater options, or a perception of greater options, and they defer a career choice now because they have got the domestic support to undertake that. However, I have got no evidence that an increase in women in the workplace has actually led to a direct loss of jobs for young people.

Mr MOSSFIELD—Mr Chairman, can I just cover a few points?

CHAIR—Just quickly because we have to wind up.

Mr MOSSFIELD—I thank you for your comments. I think you probably put the level of youth unemployment in a correct context. This is very important because I think a lot of our young people lose heart because they feel as though there is probably a higher level of unemployment out there than there really is. And I think it affects their attitude to work when they feel as though they are really behind the eight ball to start with.

I also thank you for your comments on group training companies. I am sure the committee would agree that anything we can do, any recommendations we can make to improve the operation of group training companies, we would welcome it. I have also been involved with one group training company from western Sydney. The interesting part about that group training company is that it covers a range of areas: it covers retail, the trades and many other areas. So that is good, too.

You put forward a fairly strong argument for the retention of employer subsidies to assist in the continuation of the employment of youth, and others have said that this then overcomes the cost of starting a new trainee or apprentice in the field of workers compensation just providing overalls and maybe tools of trade and those sorts of things. Would you like to expand even further on that employer subsidy?

Mr Healey—I think that, quite clearly, there are costs involved in having a trainee in the workplace and subsidies offset some of those costs, whether there is a direct cost, as you have mentioned, or just to offset the fact that it takes more supervisory time and support. The information we have received from our members is that the impact of a withdrawal of subsidies may not lead necessarily to the companies not taking on trainees. What might happen is that they will take on far fewer trainees because, in fact, any subsidy is being used to increase the number, and they will only pare right back to the absolute minimum. So that is another concern from our point of view. In our industry, I think the blanket removal of companies above 100 employees, of course, fails to take account of the realities in the individual industries.

CHAIR—In your item 5, labour cost of youth, you discussed the situation in the United States where no junior rates exist, and you say that older workers are preferred. Have you got any evidence to support that?

Mr Healey—I could get that for you. I know that the ARA has included that as part of their submission on the junior rates issue.

CHAIR—Many people have said that, but they have only given it to us as anecdotal evidence. If you have statistical evidence, the committee will certainly appreciate it.

Mr Healey—I would have to check that, Senator.

CHAIR—In the last paragraph of your submission, you said:

It must be of concern to all Australians to know that a recent survey of young people indicated that over 60% felt that economic conditions in Australia will be no better or worse in 10 years time.

We do not know what survey.

Mr Healey—Okay, that was one that was reported in the *Sydney Morning Herald*.

CHAIR—If you could also provide the committee with a copy of that survey we would certainly appreciate it.

Mr Healey—Okay. That particular reference was from a newspaper report, so I will have to find that.

CHAIR—Thank you for coming to talk to the committee; it has been an invigorating conversation. We appreciate your views and, as with all things in good time, eventually we will get the report. We will let you have a look at the *Hansard* draft of this interview; we will make sure that you get a copy of the report when, in fact, we have completed it.

Mr Healey—Thank you very much.

[11.50 a.m.]

COLLINS, Ms Janine, State Manager (NSW), The Bensons Group Pty Ltd, Bensons House, 52 Phillip Street, Sydney, New South Wales 2000

LANG, Mr Colin, Managing Director, The Bensons Group Pty Ltd, Bensons House, 52 Phillip Street, Sydney, New South Wales 2000

CHAIR—Welcome. Is there anything you want to add about the capacity in which you appear?

Ms Collins—As the state manager for New South Wales, I am particularly involved in the training divisions and the development of training programs which then lead graduates to go on to further employment.

Mr Lang—The Bensons Group Pty Ltd is an Australian based company involved in delivery of unemployment related issues and services in three states. I am also the chairman of the board of the Bensons Group Training Association and I sit before you in both capacities.

CHAIR—Thank you very much. I would remind you that this inquiry is about the employment of young people, not unemployment. Of course, unemployment always comes into it. Since you do find jobs for young people and that is your major task in life, we will be particularly interested to hear your views on those things that encourage employers to employ young people and those that discourage them from taking on young people, and the kinds of attributes that young people will need in order to be successful in the job market. Would you like to make a brief opening statement before we start asking you heaps of questions.

Mr Lang—Mr Chairman, it is my privilege to make the opening statement on behalf of the Bensons Group. The Bensons Group is one of Australia's largest private companies involved in employment related delivery of services. We span three states—Victoria, Queensland and New South Wales—and we have 11 centres throughout those states. The group's core activities involve recruitment and temporary labour hire. We are a private case management service deliverer through ESRA. We have just formed our own group training company which delivers apprenticeship and traineeship programs. We are involved in government training programs, labour market programs including job clubs. We deliver training to enterprise as well as training through state funded programs.

The submission before you is a submission that has been compiled through a number of issues through our entire company's senior executive. I must say from the start that our submission works under the assumption that employment of young people in Australia is not just a role for one particular group, it involves a partnership of the community stakeholders with respect to employment issues. The stakeholders we have identified in this submission are the school system, employer groups and industry, the VET system and government. That is in no particular order and we have not allocated any particular weighting on which group has the largest responsibility.

We have identified a number of issues that I feel would greatly enhance employment of young people if they are identified. Again, this is not a definitive list by any means. We believe the school system has a strong responsibility to deliver appropriate preparation, and that is an inference on our part that the school

system is delivering inappropriate preparation for young people when they leave school to reach the labour market.

The issues we have highlighted are literacy and numeracy, strong guidance, delivery of firm options of what employment opportunities are out there, and interactive career counsellors who have a real role, and not just a sideline role within the school system, in the development of young people's future pathways into the labour market. There is also the interaction of the school system with the various other stakeholders. We feel there are major deficiencies in the way that the school system interacts with the VET system, with industry and with government. These are all issues that have to be raised and dealt with in the long term, or the short term, hopefully.

Employers and industry I believe do not take a strong enough stand in the requirements of young people and their employment issues. At times they are not forceful enough in their decisions and their vision to actually see that the young people of Australia are their future and that they have to have a greater stakeholding in the employment of young people.

Employers have to understand that most young people are not work ready by the time they walk through their door. Work ready is a very important term that we use quite often. It deals with issues of skill base, attitude and all the other influences that the world of work demand of young people. Employer groups and industry have to understand this and have to understand that they have a major part to play in developing these work ready skills.

The VET system we believe also has an important responsibility for the employment of young people. We feel that at times the VET system is not interactive enough or responsive enough to the needs of young people. We believe there are instances of the VET system being rather short-sighted, focusing on inputs rather than on outputs. The outputs we look at as a private provider are the retention rate of students, competency attainment rate and employment outcomes. If you do not focus on the outcomes, there is no way you can get the inputs right. Focusing on inputs becomes a rather short-sighted needs analysis of what young people require.

Finally, we feel that government can never absolve themselves from responsibility with respect to the employment of young people. There are a number of instances where government has had a very strong influence on the employment of young people. I draw your attention to page 5 of our submission where there is a typographical error. It should read, 'Unemployment benefits are higher than AUSTUDY/ABSTUDY providing a disincentive to study . . . ' I am sure that has ruined a few questions there—but we have a typographical error.

The government's MAATS program should provide greater safeguards to optimise youth employment. We find it is a great program, but there are a number of issues still being looked into. That is just a few of the issues that we felt the government is involved with, but I believe that the crux of our submission is that influences affecting the employment of young people are a community based issue. No one particular stakeholder can absolve their responsibility in the process and, combined, hopefully we can have clear initiatives.

CHAIR—Since you are a national employment agent and you talk about vocational training within the school system, do you have a view about the differences between, for instance, the vocational education and training approaches in New South Wales versus those in Victoria?

Mr Lang—I have an opinion but I have no evidence of that opinion. It would all be anecdotal.

CHAIR—All right. Tell us your opinion.

Mr Lang—I think you are comparing different issues. I suppose you are looking at the interactive bases and how interactive the school system is in both states. Janine would like to comment here. It is a difficult issue.

Ms Collins—I think initiatives progress at different rates in the different states. Some will be leaders; others, followers. It certainly does not develop at the same rate across all three areas. I am not qualified to speak about specifics in the other states, but I am aware that in New South Wales initiatives are often taken in the school VET area which are ahead of those that happen possibly in Victoria. But then in Victoria you will have other initiatives in the area of training et cetera that are more advanced than those in New South Wales. I would look at it very much as a state by state approach rather than a national perspective.

CHAIR—It has been suggested that perhaps TAFEs, for instance, do a better job of vocational training and that senior secondary students ought to be leaving their schools for a time and going to TAFE, or have TAFEs come into the schools to teach, rather than incorporating training programs within the local high school itself. Do you have a view on that?

Ms Collins—Yes. I do not think it is necessarily schools that they should be moving to. It should be more industry experience that they are gaining. We have been involved in a pilot in the secondary sector, in VET, and it was an interesting program mixing VET and secondary and realising that we were very industry based and very employment focused, trying to function within a traditional public school environment. The systems did not naturally mix. I would think that it would be more appropriate to see, through the secondary system, more links with industry and more placements within industry than necessarily going to another public institution.

CHAIR—You did say that you thought work experience—and you did not say 'sometimes' either, you simply said work experience—'programs are an effective tool, but that unfortunately, work experience is ill chosen; infrequently students are placed where someone will take them on.'

Mr Lang—This comes back to my comment about the school system and guidance counsellors. Often the school counselling system is a tack-on to what really should be going on in the schools. Every year we have a barrage of students saying, 'We must have a school work experience placement.' There is no rhyme or reason offered, it is not even linked with their interest factor or their industry or their own career path choice. It is, 'We have to find a work experience placement for such and such a person.' It is ridiculous. They lose touch with how important that interactive work experience and industry experience is.

In my opinion, if you simply absolve the schools of that responsibility to interact with the VET system

and just hand it over to another supplier of training, and that is the TAFE system, you once again lock out the stakehold of industry and employer groups. You are swapping one public training provider for another if you do not involve industry and employer groups and enterprises right from that very early stage; you are getting the same systems.

CHAIR—Employers have a big responsibility—let us call it industry, business and commerce—in this whole area that we are talking about. This is something we have tried to discuss with other people that have appeared before the committee. How do we encourage industry to become more involved in explaining to young people and their parents and the community what jobs there are, what career paths there might be in the future, and why they might consider a particular direction versus simply saying, 'Well, I'll go to university and take a university course'? How do we do that?

Ms Collins—It has been around for years, probably, and that is having industry come into schools to discuss their industry. It is certainly to the advantage of industry to have people prepared and headed for the correct industry for the right reasons, to match their own personal interests. That is one way. At the moment there is a continued, increased demand for work experience placements, and with more and more people knocking on the same employers' doors, employers can also tire of this whole work placement system. Where there is a huge expansion and more focus on work experience placements, we also have to ensure that it is coordinated so that industry welcomes it and would like to participate rather than see it as a hassle.

Mr PYNE—You just said that one way would be for industry to go into schools, which is something we have been talking about this morning with the other people who have appeared before the committee. That is not happening now, is it, really?

Ms Collins—As far as I know, only through careers nights and that type of thing.

Mr PYNE—The Defence Force or universities will go into schools and sell their wares, if you like. Industry is not doing that; businesses do not do that. Businesses seem to think it is up to the education system and the government to fix the problem. Really, they should also be part of the equation and should accept that they are not going to make any money out of sending somebody into a school, but if they get better people who are more motivated to believe that this is the area where they want to pursue a career, they are going to end up with better employees and they would not have these sorts of inquiries into why they are not hiring young people. It is all right for industry and business to say it is the education system's or the government's fault, but in fact they are part of the partnership, are they not, and they are not actually putting in their share at this stage. Would you agree with that?

Mr Lang—Industry is definitely part of the partnership, but traditionally the government has always intervened when they find there is a deficiency in our system. There is a deficiency in industry going into schools. Government has intervened in this instance by developing the MAATS and the traineeship system. So they have identified a deficiency. I always feel that government's role is to identify deficiencies and they have identified deficiencies in traineeships.

MAATS is up, so industry is saying, 'Hold on, we are doing our bit. We have X number of trainees in our organisation. We are recruiting them and we are actively providing on-the-job workplace training.' I think

if government identifies that industry is not going into schools, then that is a deficiency that government has to work on.

Mr PYNE—But MAATS is only just in its infancy.

Mr Lang—Certainly.

Mr PYNE—We are yet to see if MAATS will be the solution to the problem.

Mr Lang—Certainly.

Mr PYNE—Obviously, MAATS is going to use industry much more than the previous government system inasmuch as they are going to try and identify new areas for apprenticeships and traineeships. One of the people here this morning from Woolworths pointed out that delicatessens, for example, do not take apprentices. Maybe MAATS will modernise this system. But it still goes back to the fact that MAATS is only just beginning and in two or three years we will be able to see if it has solved some of those problems.

If a small business person is looking for a good employee, do they make that decision based on the wages that they have to pay them or on the attitude and the skills that the person will bring to the job?

Ms Collins—It would be all three. Employers approach our company asking if we have graduates. They want people who are skilled, who have been through a training program. That is the first thing that they are looking for. That is particularly the hospitality sector that I am describing there—and I know that from the phone calls I receive personally.

Mr PYNE—Then obviously if the person has a good attitude, that is going to make a big difference.

Ms Collins—Absolutely.

Mr PYNE—So you would put it in terms of skills, attitude and then wages. Obviously they are not going to employ somebody on a higher wage who has not got the attitude and the skills.

Ms Collins—Where there are award wages in place, they are then looking for—

Mr PYNE—Attitude and skills.

Ms Collins—Attitude and skills, and presentation. It is our role very early in the training program to ensure that attitudes and presentation are topnotch. And skills are a part of that process.

Mr MOSSFIELD—Could I ask a question relating to the young people who have fallen through the safety net and have not got employment and have been unemployed for a while. I want to know how effective you see labour market programs in getting those people back into the work force? You have made some comment there on page 5. I am interested in their effectiveness and how labour market programs could be improved to assist in getting those people at risk back into employment.

Ms Collins—The outcome rate for our own company is very high for people who were on jobtrain programs. They were 12 months unemployed. The key is the selection in interview of students to go onto the programs, that is, choosing those that are motivated and that do have the potential to join industry. We are all looking for success. Through development of skills and a positive work experience placement, self-confidence develops and the trainees then find themselves in employment. I would say it is that selection in interview process, which is even better if industry is involved. But certainly, as a provider, it is a big benefit that you can select the most appropriate trainees that you know will be successful, not just taking the referrals for the sake of it.

Mr MOSSFIELD—So you do see some value in labour market programs for people in that category?

Ms Collins—Yes. We have seen the success.

Mr MAREK—As far as your operation is concerned, have you found that employers might discuss freely over the phone that they probably would have a greater benefit by contacting you directly rather than going through the CES?

Ms Collins—Yes.

Mr Lang—If I can comment on that, we run one of the largest private case management organisations. I believe that in western Sydney we have the highest rate of outcomes. On the last ESRA statistics, our private case management organisations surpassed the outcomes of the EAA. I think the feeling of employer groups is that we are industry based, we understand what their needs are and the outcomes are showing that industry is far more responsive to private case management organisations rather than to EAA or CES based organisations.

CHAIR—When you talked about the education system, you listed literacy and numeracy problems up at the top of the list. I am interested and the committee would be interested if you could tell us what sort of a problem you think we have. Forget the adult population for the moment. You must interview young people from a whole range of backgrounds and educational experience for a whole range of employment opportunities, whether it might be with your group training company, directly to the private sector or through an unemployment program—whatever. What is your gut feeling—anecdotally, because you do not have statistics—on the extent of the problem?

Ms Collins—With labour market programs we are dealing with disadvantaged clients so it appears to be a very large problem. Yet that must taken in the context of the nature of the client. But I think literacy and numeracy also stop people accessing vocational training—it is a requirement in a number of courses to have basic literacy and numeracy. So there may be many that we do not even see.

CHAIR—How big is the problem?

Ms Collins—From my perspective in labour market programs we may come across 60 per cent of clients with literacy and numeracy problems. In other programs, there is no evidence of literacy and numeracy problems. The programs are focused towards particular clients, and where the programs are focused towards disadvantaged you will have a high percentage. With other programs, such as state government training

programs which are open access and freely accessed, a lot of those people may be university graduates who have chosen to do VET training. There can be quite a range of clients there who are keen to get onto employment and who do not necessarily have those barriers.

CHAIR—If literacy and numeracy problems originate in the school or at home or wherever and you are suggesting that we ought to have more school involvement in vocational education programs, more school involvement with industry and more industry involvement with the schools, where and when do we address the basic issues of reading, writing and maths skills? Do we keep adding to the curriculum or what do we do?

Mr Lang—That is an excellent point. Can I say that when we listed literacy and numeracy, we put a blanket statement here saying that we felt there was inappropriate preparation in the school system. If we are looking at how entrenched the problem is in the school system, if any young person leaves the school system and cannot read and cannot add up we have got a major problem; one per cent is a major problem. I have seen figures in documents that go anywhere from 40 per cent—we have seen all the figures and they are huge figures. But even one per cent is a major problem.

I think you are right, Mr Chairman. If we are looking at an entrenched problem of reading and writing and then we say, 'How can the school system cope with a more interactive VET system, how can we take year 11 and year 12 students into the VET system and can they encourage that?', one of the examples we have had—and we have noted the problem—is when we did a pilot program here in Sydney and introduced a VET training program into a school. The school in question was quite open about what their options were. They were quite comfortable for us to carry out the program for a two-year period and a teacher, a normal teacher who had no qualifications in industry whatsoever, was picked out at random and put in the classroom. She sat at the back of the classroom and we were not only to train the students and deliver the VET program but we were to train the teacher. At the end of the two years, the teacher would then, of course, come to the front of the class and deliver that VET program. That is how out of touch they were with what VET was all about. So 'despair' is an appropriate word, I suppose, at the effectiveness of the school system. They have lost touch with what is happening, but again they are just one of the stakeholders.

Mr MAREK—These are the same questions I have asked every group. Would it be your opinion that the school education system we have might be failing students?

Ms Collins—Yes.

Mr Lang—Definitely.

Mr MAREK—So in some ways you would consider it good if industry or even training groups like yourselves could have a bit of an involvement in a review of the current schooling curriculum?

Mr Lang—With respect to VET provision?

Mr MAREK—Basically just throughout the system. Everybody who has come here today has mentioned numeracy and literacy. We must have some serious problems in our education system if young students, female and male, are starting off at preschool and are coming out at the end of year 10 or year 12

and cannot add up and cannot read and write. Is that your opinion?

Mr Lang—Definitely. Stakeholders in the curriculum have to step in. Someone has to step in and first identify the basic reading and writing skills, and then also identify how we can prepare these young people into an emerging labour market. We have a changing labour market, it changes daily, and our young people are not responsive to that labour market.

Mr MAREK—As far as training providers are concerned—I have mentioned this to many of the other groups—the average employer looks at TAFE and those sorts of things. Would you consider it a fair statement that TAFE is a very expensive training provider?

Mr Lang—That is rather interesting. I am actually delivering a paper at the Australasian conference in four weeks time on that very issue of the comparison between public and private provision. It is my inference that, yes, it is a very expensive provider.

Are you aware of the term 'student contact hour delivery'? We value everything on student contact hours: how much it costs to deliver one hour of training to one student. Put aside the actual cost of the public system and then superimpose on that cost the outputs, the retention rate of students, the competency attaining rate, and the outcome of employment. Build a matrix together and then superimpose that on the cost factor. I think that you will find that it is a very expensive system.

Mr MAREK—Yes. A lot of employers have mentioned to me that they find TAFE extremely expensive. I have been through the TAFE system, having been a tradesman and having done a apprenticeship in times gone by.

Mr MOSSFIELD—I think we all do agree that there is a literacy and numeracy problem, but can we put that into historical context. Is it worse than it was 15 years ago? I think this is important.

Mr Lang—I do not have figures or evidence of that. All I would say is that, if it is better or worse, and even if there is one per cent of young people leaving school, it is a major problem. We cannot absolve ourselves of responsibility and say that it is 10 per cent less than it was 10 years ago, because we still have a problem. If we were entrusted with the education of 300 young people and one per cent of those left our system without reading and writing skills, I think that you and I would be sitting back and saying, ' We have a major problem here.'

Mr MOSSFIELD—Yes.

CHAIR—You have said to the effect that, if the employers exploit either young workers or training programs, they should not be allowed to participate in the system. Can you tell us about any evidence you might have of exploitation and what form it takes?

Ms Collins—Certainly. With work experience, in the case of taking subsidised employees, they are not offering employment at the end. Even though a trainee may have the skills that are appropriate for the position, they are then replaced with another. A number of employers inquire about trainees available for work

experience but they are not inquiring about graduates who are skilled who could come into their work force and be employed. They are very general examples; there are more specific examples. Generally, I think that is something we are quite aware of.

CHAIR—Does the work experience that the students get give them a chance for employment that they would not have had otherwise?

Ms Collins—Often, but not always. It really depends on the employer, and that is where we monitor very closely the types of skills. If someone is walking around picking up ashtrays for two weeks, but not necessarily getting any skills development, I do not know that that is very useful in terms of work experience. That person is in the work environment and perhaps that is a benefit, but we would like to see some skills.

CHAIR—Where do you find workplaces full of ashtrays today?

Ms Collins—Clubs and pubs.

Mr Lang—When people are placed for work experience—whether it be for two weeks or six months—they enter into a level of contract with the employer group that over that period an element of skills and of supervision will be provided in the on-the-job training component. That is vital for any training program to exist. We have a reasonably strong network of training companies throughout the country and we talk to one another.

If you sit down informally, we would be able to list a group of companies that we feel manipulate the system. They will agree to this agreement, or this contract, and not supply it. They will take advantage of every subsidy the government can provide and then never follow that up with employment. We have seen instances of students going through new work opportunities programs, or job skills, and in the final week of that six-month program, their program is terminated with that employer. The employer group comes back when the subsidy runs out and says, 'Do you have another one?' These companies are reasonably well known and we know they do not provide long-term, on-the-job training for the students, nor do they provide any long-term employment commitment. So, we initiate lists of these people and we avoid them. This is just the feeling we have.

Ms Collins—On the other hand, there are many positive work experience stories, I must say. It is the minority, certainly, not the majority.

CHAIR—Thank you very much for taking the trouble to give us a submission and for appearing before the committee. We have enjoyed our discussions and we will certainly take account of what you have told us. We hope to bring down a report next April or May and we will make sure that you are provided with a copy. Thank you once again.

Luncheon adjournment

[1.37 p.m.]

MANKARIOUS, Mr Rafik, National Training and Development Manager, McDonald's Australia Ltd, 21-29 Central Avenue, Thornleigh, New South Wales 2120

OWEN, Mrs Julie Anne, Vice-President, Corporate Relations, McDonald's Australia Ltd, 21-29 Central Avenue, Thornleigh, New South Wales 2120

CHAIR—Welcome. This inquiry is all about employment and we really want to know why people hire young people and why they do not. Would you like to make a brief opening statement before we start on questions, please?

Mrs Owen—Yes, we will. I thought it was relevant actually to give you a quick 30 seconds on my career history because I actually started working at McDonald's when I was 15, at Sans Souci in Sydney, serving behind the counter. I stayed at McDonald's throughout my schooling and I also worked my way through university working at McDonald's. I went to Sydney University and in fact I went to the Law School just over the road here. I did economics/law at Sydney University, all that time working at McDonald's. When I had finished, I actually worked at Westpac for a year as a graduate trainee and kept on working at McDonald's once a week because I enjoyed it. McDonald's then approached me to see if I was interested in becoming the employee relations manager. I did that. I have since done employee relations roles, I have gone back into operational roles, and I am now in my current corporate relations role. We have a number of examples of people who have got careers like that. I am certainly one of them, so I have a deep interest in this subject. Rafik, would you like to—

Mr Mankarious—Yes, I will go through my working career. I started at the age of 14, delivering newspapers. That was my first job. I worked for a newsagents for a while. I entered retail through what was Buckley and Nunn in Victoria; it later became David Jones. I worked there for several years. I entered hospitality by being a functions waiter. I supported myself through university doing functions, waiting and working in several restaurants. After university, I went into real estate for a year or so. I did not like that very much and noticed that McDonald's was hiring. I approached McDonald's at the age of 22 and started my career in McDonald's. I worked my way through the management ranks in several states. I helped to open McDonald's market in Perth; was operations manager for McDonald's; franchise manager in Victoria; held several positions. Currently I am responsible for all training and development issues in McDonald's.

CHAIR—Thank you for that. I have to say to you that since the beginning of this inquiry we have had a number of employers or employer bodies say to us that if, for example, three young people presented for a job, all other things being anywhere near equal, if one of them had McDonald's experience the chances are very high that that young person would get the job. Would you like to tell us why that is so and what it is that you do in training your young people that produces such outcomes that seem to be so valued by the rest of industry around Australia?

Mrs Owen—I will certainly attempt that first. We get that type of feedback from a lot of employers; generally in industries where people are required to deal with other people. So it is in all the service industries—banks, hotels—and obviously our more immediate competitors: fast food, retail, et cetera.

I think, primarily, young people who have worked for us have a very strong work ethic. We are fairly hard taskmasters. We require quite a lot of people. We keep them very busy. We certainly train them and we train them to be very customer aware and that philosophy runs throughout the organisation. We actually have a lot of rules, a lot of disciplines, and we find young people respond very well to that.

But certainly, they get the work ethic; they get customer awareness; they get self-confidence. We are actually doing a research study at the moment to demonstrate some of these types of things. But the parents of the young people who work for us tell us that the self-confidence of these young people increases markedly when they start working at McDonald's and, in fact, they often contrast that with the results that they get from school. Schools do not seem to build self-confidence in young people but, certainly, our type of work experience seems to be delivering that.

Some of that I talk about in the submission on the generic work skills. It is the teamwork and it is recognising the contribution of individuals. We have very low absenteeism because people realise how significant they are in the scheme of things and the contribution that they are making. They will come to work. So we have certainly got very low absenteeism. There are other factors affecting that, I think.

But certainly, the work ethic, self-confidence, teamwork, organising and planning—people are getting all of those skills. And they are given a fair bit of responsibility at quite a young age, too, which is another feature of our business. They are given the training, they have got assistance, they have got back-up, but we certainly will give people responsibility at a young age.

Mr Mankarious—We have high expectations. We provide sufficient training to make sure that they are skilled and are armed to be able to deliver, and then we put some rules in front of them, too. Recognition is important: we are into 'please' and 'thank you' and making sure that they are recognised. The people who come to work at McDonald's enjoy not only the dollars that they are making, but also the social life and being part of a successful environment. They enjoy the interaction that they have with their peer groups. They seem to get a lot out of it. When other employers see these kids come out, they see a motivated work force. It is a good way for an entry level experience in the workplace.

CHAIR—Can you tell us a bit about your selection criteria? If a range of young people apply or present for employment, what are you looking for? What can we tell young people that they need to have if they want a job at McDonald's?

Mrs Owen—Firstly, we stress personal appearance: neatness, haircut, clean, neatly dressed—not expensively dressed but neatly dressed. Secondly, we stress fairly basic things, such as having thought about why it is they want to work. Very importantly, how much they want to work. In a business like ours, young people work on average nine to 10 hours a week. That is the total work they do. It might be Monday night, and it might be one shift on Saturday, for example. So they need to have thought about when they are available to work and, ideally, be a little bit flexible. That flexibility of when they can work in our business is actually very important. Is there anything you can add to that?

Mr Mankarious—Because, in most cases, it is their first job, we look at whether they play in a team, what sorts of things they do at home to help Mum and Dad, whether they have chores that they do. So we try

to gather whether they have responsibilities, whether they take on things and why it is that they wish to go to work.

CHAIR—Do you hire any young people who already have skills from another sector of your or another industry? Does that play an important part in your decision making process?

Mr Mankarious—We do hire them, but it does not play an important part. It does not favour or take away from our hiring decision.

Mrs Owen—We actually re-train them, basically.

Mrs ELSON—Would you prefer to get them untrained?

Mrs Owen—There is an element of that because then we can start afresh, basically. We have to start afresh with anyone, so we are quite happy to get someone with no previous experience or, alternatively, we are also quite a big employer of women, in particular, re-entering the work force after being out of the work force for a period of time. They are not as visible because they are in the stores Monday to Friday during the day, when people often are not going in with the kids. But we are quite a big employer of that type of person, people who, maybe, have lost some confidence and feel that they have lost some skills, and who respond very well to our training.

Mrs ELSON—How many hours a week would you employ someone between the ages of, say, 15 and 17, for?

Mrs Owen—They are the ones who would be doing the nine or 10 hours.

Mrs ELSON—They would not have a full-time job then?

Mrs Owen—No. They could have if they wanted to, but there are not too many of them around—they are all still at school these days.

Mrs ELSON—So you do employ some on a 40-hour week between nine and five?

Mrs Owen—We do have some. In fact, it differs from one state to the next, but there will always be a core of people employed on that basis: it might be six, it might be a dozen per store.

Mr PETER BALDWIN—In your submission you discuss the prospects of a competency based wage system in an industry like yours. I think your argument is that when you are dealing with unskilled labour it is problematical to have that sort of arrangement. Could you just elaborate a bit on that?

Mrs Owen—There have been a lot of investigations into this issue and we have been involved in all of them that we could get involved in to try and come up with a workable solution to this problem. It is basically built around the fact that the actual skills involved in doing the job—in making french fries or cooking meat or whatever—takes two or three work shifts of about four hours each to build up.

So in the space of six to 12 months, you can learn how to make french fries and thick shakes and hamburgers, but what you are really getting at McDonald's are all those generic skills I talked about before—self-confidence, being part of a team, dealing with customers, et cetera—and that takes a lot longer to develop. That is really what should be measured, because it is the lack of those skills that is disadvantaging young people in the work force.

So the challenge with a competency based system is coming up with a measure of those skills. No-one has really been able to do that yet. The fear that we have is that if you do not do that, if we are paying a 15-year-old the same wage that we are paying a 25-year-old, then we would hire a 25-year-old because they should already have all of those general skills. They do not necessarily, but they should. A lot of it does seem to tie in with maturity, so there is actually a reasonable link to age in our view. It is not perfect, and we have people now who are getting more than their appropriate age based rate. I always did. I always got the wage for a person a year older than I was, which suited me.

Mr PETER BALDWIN—How were the wages payable determined, if not simply based on age? Is that what you are saying? Is there scope for people to be paid more?

Mrs Owen—Absolutely.

Mr PETER BALDWIN—On what basis is that done?

Mrs Owen—We have performance reviews. We have quite a good system. There are 100 people in a store so the system is very good and some stores do a great job of administering that. Unfortunately, some do not, but the system is there.

Mr PETER BALDWIN—It is interesting because you say the sort of generic competencies that are imparted by working in your sort of field are difficult to measure. Yet you have a performance based bonus which, presumably, must relate to people's capacities and observed performance.

Mrs Owen—Yes. It does.

Mr PETER BALDWIN—So, in some sense, you must be making a judgment and an assessment of people's capacity and, in effect, their competence.

Mrs Owen—We are. It is a little bit subjective.

Mr PETER BALDWIN—If that is a feasible thing to be done, to make a judgment about people's performance and then pay them accordingly, that must relate in some way to their observed competencies.

Mrs Owen—It does.

Mr PETER BALDWIN—Why would it necessarily not be feasible to have a competency based wage system?

Mrs Owen—At the moment, it is used as a top up. We already have the wage system as a good basis. The performance review system is a small top up on top of an existing system. It is also fairly simple, I have to say, and it is pretty superficial.

Mr PETER BALDWIN—Whether it is simple or complex, what you have described is a scheme of remuneration which, in part at least, relates to performance.

Mrs Owen—Yes.

Mr PETER BALDWIN—If that is feasible to be introduced in your sort of industry, it seems to me that it ought to be possible to develop a concept of competencies which could, in a more general sense, relate to wages payable on a basis other than age.

Mrs Owen—Yes. I agree that it ought to be possible. It will have to be better than what we have now because what we have now is just a top up system. That is why we have been participating. We have been genuinely trying to do this but, firstly, it needs to be possible and, secondly, it needs to be reasonably efficient. If it is not efficient, it is adding a cost and a layer of bureaucracy which will ultimately cost jobs—it has to.

My argument is that we would also have to be measuring the competency levels of adults, so we need to come up with some sort of cost efficient measure of all of these generic competencies of every person who comes into our workplace. We actually have a lot of applicants for the jobs, too. We have certainly participated with the retail industry in all of these reviews, so it is certainly not just us.

Mr PETER BALDWIN—What proportion of employees would be being paid at a rate other than the age determined minimum?

Mrs Owen—I would guess it is 25 per cent.

Mr PETER BALDWIN—From my observations in going into your stores, there seems to be a mixture of very young people, but then there is a certain proportion of, as you say, middle- aged women—I do not know whether you have any middle-aged men working on the coalface.

Mrs Owen—Yes, we do.

Mr PETER BALDWIN—How would you compare the attributes of those two groups in terms of what they contribute to the organisation?

Mrs Owen—I can certainly say that those women, and it is generally women—there are a few men and probably more these days because the men in their 40s are being displaced from their current jobs and suddenly they are finding McDonald's an attractive place to be—actually require less supervision. They tend to be highly motivated and they require less supervision. They already have the initiative and, in fact, they run the day shift. It is actually very easy for a manager to run the day shift because the day crew do it. Would you agree?

Mr Mankarious—Yes.

Mr PETER BALDWIN—What is the pay differential on age?

Mrs Owen—It differs from state to state. In New South Wales, the differential is actually the greatest. At the moment, a 15-year-old makes 40 per cent of the adult wage and then it goes up 10 per cent each year until they hit 21 and then they are on the full adult rate.

Mr MAREK—You mentioned education just briefly and I have asked the same question to just about all the groups that have come through here today. How do you feel in relation to the schooling system, or the students who are coming from school? We have spoken about literacy, numeracy and those sorts of things. You also spoke about motivation and those sorts of things. Would you consider in some ways that maybe education could be failing our youth in some areas? Also, on the point about possible reviews on the curriculum and with industry involvement, would you like them to come along and say, 'We think the curriculum needs to have more ethics, or whatever'? Would you agree?

Mr Mankarious—Yes, there are some things where it would be better if our work force was able to come with certain skills. In communication skills, they tend to be not able to communicate and sell themselves from the point of view of their abilities to do certain things as well as perhaps they could. I think that there are certain skills out there that we could bring out in the youth of today. Certain life skills: how to handle money, how to handle certain responsibilities, how to front up to an interview. There are certain basic what I call life skills that we find can be very lacking. But then, the old three Rs, when we used to have the manual registers—and that is not that many years ago now—we used to have huge difficulties with arithmetic and accuracy. Certainly with basic English skills as our people go up the career ladder in McDonald's and they have to interact with things like writing business letters and doing certain things, yes, we find that we are doing writing classes, for instance, for our people.

Mr MAREK—Do you think that it is right that kids are coming out of year 10 or year 12 and have to be taught how to read and write and add up? It is wrong, isn't it?

Mrs Owen—Yes. As to the last part of your question in particular, we have had a lot of involvement with, I guess, the tertiary education and training sector, and during the course of that I have been asking some questions on how much industry involvement there is at the high school level. It appears that that is maybe lacking. So that has looked to me like an area where a little more industry involvement in curriculum at the board of studies level or whatever might make a lot of sense.

Mr MAREK—Do you also then consider that maybe a lot of what has been said to the schooling or education system is falling on deaf ears? A lot of industry might be saying, 'Listen, we need to do something with numeracy and literacy,' but it is falling on deaf ears and they are not taking it on board. Would you consider that is the case as well?

Mrs Owen—Possibly. It seems to be getting better. I think they are getting a little more responsive, although I suspect that with some of this literacy and numeracy the problem is very early on in the schooling, by the look of it, from what I gather.

Mr MAREK—Primary schoolish?

Mrs Owen—Yes, it is very early—primary school probably. So I think there has maybe just been a bit of a lag in terms of recognising the problem and then doing something about it. I think we have recognised the problem at secondary level, but I suspect to fix it we have got to take some action at primary level.

Mr MAREK—Training providers: do you ever look at taking youth from group training centres? Have you looked at those sorts of areas? How would you compare that to working with the CES? Do you ever go through the CES and those sorts of places looking for employees?

Mrs Owen—Yes.

Mr MAREK—And where do you finally get your best results from: the CES or training providers?

Mr Mankarious—We tend to get our employees through advertising and we work with the CES when we have a new restaurant opening and we work with the schools when we have a new restaurant opening. Afterwards, it is word of mouth. So, in an established restaurant, we would rarely advertise again. It is word of mouth; people approach McDonald's for jobs. From the point of view of training providers, we are now a registered training provider. We have a suite of qualifications, starting with a traineeship to advanced diploma of management.

Mr MAREK—With that in mind, why did you then decide to become your own group trainers? Was it because you did not want to use TAFE? Was it too expensive or did you just feel that it was better to set up your own group training because you could not get through to the other training providers that this was what you wanted? I am trying to make a distinction between you and TAFE here. Why did you not use TAFE?

Mrs Owen—I might start off, because I have got an historical perspective on that as well. It goes back probably to about eight years ago. Certainly, in New South Wales, we had great difficulty getting TAFE to understand our needs. They were very happy to deliver what was already pre-packaged and, if we said that was not meeting our needs, they really did not listen. In fact, it was our problem. We had to transform our business and our needs to fit their agenda. That is very difficult for a business.

We have been very keen to try and tie in with TAFE, in particular, and to upgrade our courses or whatever we needed to do, so that we could tie in, get some TAFE credits, get accreditation, et cetera. That has taken us a lot of years. We are now at the point where we can do it. We are at risk of alienating some states. In fact, Victoria has been very good. The Victorian TAFE system is very industry responsive. They listen and they will actually adapt what they are doing to try to recognise what we are doing. In fact, Victoria has been taking the lead there. New South Wales has caught up.

Mr Mankarious—New South Wales has moved along very nicely. Queensland is very difficult.

Mrs Owen—Queensland is still very difficult.

Mr Mankarious—The Queensland state training board took seven months to recognise a traineeship

that had been running in Victoria and New South Wales for a couple of years.

Mrs Owen—We had young people waiting to be employed, too, and that was held up.

Mr BRADFORD—In the New South Wales system, say at the TAFE, they offer a retail management certificate, do they not? You do not have any of your people doing that program?

Mrs Owen—We do.

Mr BRADFORD—So that complements it and gives them a much broader perspective of retail management than just your industry. Surely there is value in that. They are there with kids from Myers, Woolworths and Coles and other people in the retail industry?

Mrs Owen—Absolutely. We always take two approaches. One is our internal training and the other one is supplementing it with what is available externally and networking with other people. So they are getting a broader perspective, yes. We certainly have our core training that we have to make sure that everyone is being exposed to.

Mr Mankarious—In doing what we have done—getting our training accredited and recognised—we have brought a lot of that information into our own training. So our own traineeship has a lot of those generic retail competencies that we thought would add value to our business.

Mrs Owen—It is actually a retail based traineeship and it is at a lower level than that retail management certificate—basically, more junior people. You have got all the technical certificate names.

Mr BRADFORD—Just on the awards, for example, in New South Wales, the kids are working under an award.

Mrs Owen—Yes.

Mr BRADFORD—Which award is it?

Mrs Owen—The Shop Employees Award in New South Wales.

Mr BRADFORD—So what do you pay a 15-year-old per hour?

Mrs Owen—For a casual, it is about $6 an hour Monday to Friday. I do not have the exact number in my head, but it is about that.

Mr BRADFORD—And what would the award rate be for a 21-year-old?

Mrs Owen—It is about double, roughly.

Mr BRADFORD—So I can understand your point about competency—and that is a significant

difference—there is a lot of difference between employing a 15- and a 21-year-old. As far as learning the job is concerned, with respect, it probably is not too difficult to learn, is it?

Mrs Owen—No.

Mr BRADFORD—You said that once they had been there about a week or so, they are competent.

Mrs Owen—You will have one job mastered after about a week but there are, say, 25 jobs in a store.

Mr BRADFORD—I see. So after one week, you would be qualified to cook the fries?

Mrs Owen—Yes, that is right.

Mr BRADFORD—And after week two, you are qualified to—

Mrs Owen—Cook meat or—

Mr BRADFORD—Do the buns, or something.

Mrs Owen—Yes, whatever. That is right.

Mr PETER BALDWIN—When are you going to bring back proper chips instead of these fries?

Mr MOSSFIELD—I think it is probably a little bit unrealistic to expect TAFE to provide courses for your entry level employees. It seems, from what you have said, it is more on-the-job training anyhow.

Mrs Owen—It is, that is right.

Mr MOSSFIELD—You would be far better off doing it yourself.

Mrs Owen—That is right, exactly.

Mr MOSSFIELD—If there were senior positions available, then you could expect TAFE to provide something. You have said that you get people through word of mouth advertising, rather than seeking employees through any CES. Of the numbers of people who apply for the positions, what percentage would you employ? Of those who miss out, why do they miss out?

Mrs Owen—I would say we have roughly 10 applicants per job, sometimes more. Each store will have about 100 employees. So we would be getting about 1,000 applicants. It is actually quite a coveted position to work in a McDonald's. I think it is well recognised now that a reference from McDonald's is very useful further down the track.

Why are they missing out? It is things like appearance. Some of these young people come along nowadays with very good resumes. The schools are teaching them to put very good resumes together with

school reports and their extracurricular activities, so that type of thing is very impressive. If they have thought about why it is they want to work, we are basically selecting on that basis. As with anything else, there will be a percentage that either will not show up or will not present well on the day.

Mr Mankarious—A lot of them will tell you that they really do not want a job and will say, 'Mum sent me.' There is that sort of attitude. So we get a mix of motivations.

Mrs Owen—My flexibility point earlier might sound a little harsh, but if they have got a wide availability, again, because of the nature of a service industry, as an employer we need to have a bit of flexibility to roster people on different days according to our sales fluctuations. So if they are flexible that is certainly very attractive to us. They will not do any more work, and we give them a roster a week in advance, so they know well in advance when they have to work. But if we have got a range of times within which to roster them, that will help us.

Mrs ELSON—We have had employers come here and say that they find it very difficult to get young people who want to work and who will turn up for work and not be late and so forth. You say you are hard taskmasters, and that you have high expectations and that they actually do turn up for work. Do you have a system where you pre-warn them that if they do not turn up so many times that they automatically do not have a job? Or does the unfair dismissal law come into it? Does that affect you in any way? I think young kids need to know before they start a job exactly what you expect of them. Do you do that, and then say, 'If you don't turn up for so many shifts then your job is not here'? Is that how you do it?

Mrs Owen—Yes.

Mrs ELSON—People work hard there, I know. I have worked on your charity days and I was exhausted at the end of it. I know they do work hard and they do work constantly. We hear from other employers that young kids don't work, and yet there is a pure example that they do in McDonald's. Is that because you have set up these criteria?

Mr Mankarious—And they work very well.

Mrs ELSON—If they know what to expect, they will work up to those expectations.

Mr Mankarious—That is right. We give them a really good—we call it orientation. Once we have made the hiring decision, we go through our policies, our expectations of them, their rights and their responsibilities and our responsibilities to them. That is all outlined.

Mrs ELSON—That could be the missing link with employers, that they are not explaining to youth enough exactly what they expect. Can I ask you, how many warnings do you give them if they turn up late or they don't turn up for their shift?

Mr Mankarious—They are given three counselling sessions. If we are not happy with a performance of some sort, if it is the same issue we discuss it with them three times, then we tell them that we can't use them anymore. But we always give them an opportunity. We have a process where we don't terminate

anybody just like that. We have what we call a cooling-off period. If one of the junior managers finds that an employee has done something that they are not happy with, they are supposed to wait 24 hours before they fire anyone, because we want people to have a cooling off and just to think about the issues, instead of just going around firing people.

Mrs ELSON—Do you have a problem with the unfair dismissal law? Do you have a lot of people coming in and disputing it?

Mrs Owen—McDonald's has always been a fairly high profile employer, at least in my memory. So we have always had to be very careful of this type of thing anyway. We have always been very fair. We have had this system of counselling for 15 years or so. In fact, if people are complying with our existing system then they would be complying with the unfair dismissal laws. There is no guarantee, under the existing law, that that will hold. But certainly in theory, if people do what we have told them to do, they will be fine. And they need to be talking to people and giving them a fair opportunity, et cetera. So I can't say that we have noticed any major change, no. But we are primarily covered by state awards, so people are used to state jurisdictions, so I don't know that too much is ending up in the federal jurisdiction anyway.

Maybe just to elaborate a little bit on some of that orientation, they get a handbook as well. We have a checklist. We take them through, tell them all of the rules, how the rostering system works, what to do if you are not going to come, what will happen if you don't—

Mrs ELSON—That's good.

Mr Mankarious—They see a video.

Mrs Owen—Sometimes we get mum and dad to sit in on that orientation as well, and I have got to say that really works wonders, because mum and/or dad will be interested in what is going on. They also hear the uniform policy, they hear when they get paid, how much they get paid; all of those rules. We have a system that says that in six weeks time we should take them through that again. So the manager should do a follow-up orientation six weeks later. They get so much stuff on that day, there is no way they can remember all of it, particularly if it is someone who has never worked before. All of this is new. By then they have had time to read the handbook and they can ask questions. We actually build all of that in quite thoroughly, so that they are getting all of these things up front, and they have been told.

We also have once a year a thing called a 'crew family night', or whatever we call it at the moment. The store closes, we invite our crew people—young or old—and their families to come in. We let them go out the back and actually cook hamburgers and we will talk to them about what happens in the store, introduce the management team; just let them experience McDonald's for themselves. And we will go through some of those rules again, particularly if anything is not on track. So we are quite thorough with all that.

Mr PETER BALDWIN—What proportion of your young employees would be students studying either at school or some other institution?

Mr Mankarious—Large.

Mrs Owen—Eighty-five, 90 per cent—pretty high.

Mr PETER BALDWIN—Do you use the CES much for recruitment?

Mr Mankarious—Yes. When a restaurant opens, we would go to the CES and we would go to the local schools. We usually use the CES also not just from a selection point of view, but we use the officers of the CES to interview—

Mrs Owen—And they will help with screening and that type of thing.

Mr PETER BALDWIN—What proportion of the young people—I guess I am talking about teenagers—that you recruit would be people who were seeking full-time work? You said that 85 per cent or so are students of one form or another. Of the young people that you get, do you have many who simply want a full-time job at McDonald's?

Mrs Owen—No, not many. It would be a very low proportion. They certainly are not around anymore. That is very different to 20 years ago. But certainly these days it is a very low proportion—

Mr PETER BALDWIN—The group we are concerned about—over the last decade or so there has been a huge jump in the proportion of people completing 12 years of school. It has virtually doubled, and then there is a much higher proportion than in the past going on to either TAFE or university. But there is a proportion that do not, and of those there is a core that have great difficulty getting onto any sort of constructive pathway to anywhere. I suppose the key issue in this committee's inquiry is how you avoid having that residue of people who just are not going anywhere. What you seem to have is a system where obviously, as you say, there is a high demand by young people to work at your establishments, so you are in a position to select the most presentable of these school students who come along. It does not sound to me as if many of the core disadvantaged group that we are concerned about would find their way onto your payroll. I am not saying that as a criticism but it is reality.

Mrs Owen—Yes.

Mr Mankarious—As a proportion, it is a small proportion, but when you look at the actual numbers you might have anywhere between 3,000 to 4,000 people out there who would fall into that category who have full-time jobs in McDonald's, coupled with the additional 3,000 who are managing McDonald's restaurants who have come up from that group. Management in McDonald's is a full-time job predominantly, and 80 per cent of our managers come from the crew people, who used to either be casual or full time, who have then chosen to make McDonald's their full-time job and move on to management.

Mrs Owen—My experience actually is that we have a very broad cross-section of people working in McDonald's. We have some of the academically gifted, hard working, motivated kids who are always going to do well and we have some of the other kids who are doers, they are not necessarily thinkers. We certainly do not look at people's academic records. If they come in and they tell a good story about, 'I am keen to work. I want this job. I am very motivated. I want the work experience,' you do not have to be academically gifted to have figured that out. We get a lot of kids who are battlers and they are doers, not thinkers, and they often do

very well within the system.

Something else you said, too, we would be happy to participate in some of these part-time traineeships, that type of thing. It certainly seems that there are people staying on at school who would benefit from some sort of a vocational tie-in, and we have been very happy to be involved with something like that as well.

Mr PETER BALDWIN—Do you take on a significant number of people under these subsidised wage arrangements, the jobstart scheme and so on?

Mrs Owen—Yes, depending on how much bureaucracy is involved in doing so, to be honest.

Mr PETER BALDWIN—Roughly, how many jobstart employees?

Mrs Owen—It would be in the hundreds—probably 200.

Mr PETER BALDWIN—What about any other labour market programs?

Mrs Owen—There is a whole variety.

Mr Mankarious—Seventy-five per cent of our restaurants are franchised. Each franchised location is its own entity. The operator might choose to look into several labour schemes, or one or none. We know of many that do. Some of our country operators are on certain schemes to get their people on to traineeships in the country. There are learning packages out there and there is a whole heap of things.

Mrs Owen—We actually do try to support those types of programs, as well as various programs for disabled people, intellectually handicapped people or whatever. We participate in all those types of things. I would say that the numbers on labour market programs would be in the hundreds. It might be as high as 500. We are not employing all of them directly. A lot of them are employed by the franchisees so we are guessing to an extent. The philosophy is to participate in those things.

CHAIR—I want to get this straight because I think my understanding would be slightly different from Mr Baldwin's. When you open a new store, you go to the CES and you look at all the programs and all the rest of it. Then you go to the local schools and all that, but the majority of your employment is not through new stores.

Mrs Owen—That is right.

CHAIR—The majority of your new employees really come through word of mouth. The individual franchisees or one of your own stores hire people either from personal recommendation or somebody cold who calls in and knocks on the door and says, 'Hey, I want a job.'

Mrs Owen—That is right. A lot of it is family. It often happens that all the kids in one family work for McDonald's, but most of it is through word of mouth and walk in.

Mr PETER BALDWIN—What do you think of the service provided by the CES?

Mrs Owen—These days it is pretty good. It differs from one CES to another but they are a lot more employer responsive and they actually recognise the value of casual and part-time work now which, 10 years ago, was not the case. The CES today is pretty good and pretty responsive, in fact.

Mr PETER BALDWIN—Have you had much to do with CES case managers—these are the people managing the longer term unemployed?

Mrs Owen—No, not much.

Mr Mankarious—I have not had much to do with them.

Mrs Owen—I know the theory of it but have not had much to do with that.

CHAIR—If you had the opportunity to put all the 15- to 19-year-olds in Australia together in a room and you were charged with the task of making them employable, what would you do?

Mr Mankarious—Could we start earlier?

CHAIR—Good point. Tell me about that.

Mr Mankarious—I would start, as Julie was saying, perhaps in the primary schools. I look at my own kids and two of them are in primary school. We have just changed schools recently and the difference in the standards between the two schools is astonishing to me as a parent.

Mr PETER BALDWIN—Which were the two schools? Was one public and one private?

Mr Mankarious—No; they were two public schools. We have moved interstate and you fluke these things. There is a difference—it could be the teacher or it could be whatever. I do not know what it is, but the things they are doing today are much more creative and are much more intellectually challenging and it is bringing things out in my children that I did not really know they could do at that age. So my perspective is that maybe we are not having high enough expectations at an early enough age. We have proven that the youth of Australia can deliver on what they are asked to do. We are very proud of them. We get terrific kudos in the McDonald's world with regard to the sorts of things we are doing in Australia. The results are measurable. It is really instilling some valuable qualities earlier on and some higher expectations.

CHAIR—Can you expand on that? I am interested in this. What do you do in Australia that is different from what McDonald's does in the United States, Canada, England or Germany that makes you believe that you are more successful?

Mrs Owen—I have a comment on that because, interestingly, we have had the folks from head office in Chicago out to Australia looking at what we do with our people that makes them as good as they are. One of the things, I think, is that we have almost become specialists in training and retraining people. We do take

on a fairly green work force, and we make no bones about that. We commit ourselves to training them and we stick rigidly to doing that. We are very rigid with orientation, with training, with ongoing training and with career opportunities. That does not happen to the same extent anywhere else in the world. We are very committed, very thorough, very detailed.

Another thing I could say is that we are focused. In the US they are not. They certainly employ the same type of work force. About 60 per cent of their work force are under 21. But because they have a very different wage system, they will also have women returning to the work force and retirees. But everyone starts on $5 an hour, whether they are 15 or 65. So you still have this sort of part-time entry/re-entry work force, but ours is certainly very focused on young people. We are trying to get recognition for our focus, our commitment. We are trying to attract good people, we want to be competitive, we want to pay competitive wages. We want to be recognised as a good employer, and we go out of our way to do that. They do not necessarily do that overseas.

Mr Mankarious—We have worked our system a little bit better than other McDonald's companies.

CHAIR—Okay, but you also have something that other countries do not have, and that is a junior wage rate.

Mrs Owen—Yes, we do. They sort of have it in some other countries—they have similar things. There are some provisions, but not as rigid as we have here.

CHAIR—Given that we still have junior wage rates, has your training program been driven by the fact that you are encouraged to hire the younger people because of price?

Mrs Owen—Yes, I would say.

CHAIR—We are told various anecdotal stories about the United States and Australia in terms of the youth market, based on the US minimum hourly wage, which is the statute across the country, and our junior wage rates. Do you have any statistical information on that issue and, if so, could you provide it to the committee?

Mrs Owen—We do. I have not seen it for a while, actually, but we have some information that compares a lot of the things in McDonald's Australia with McDonald's around the world. One of the things is what we actually pay people. Interestingly, our average hourly rate in Australia each month is either the highest or amongst the highest in the world. So that is despite having junior wage rates. It is right up the top. But so is our productivity—it is always the highest or amongst the highest.

Mr PETER BALDWIN—Why do you think that is?

Mrs Owen—Again, because we have applied the system. I do not deny for a minute that because we are paying competitive wages—and we are in this country; they are high by world standards, but they are certainly competitive—there is some motivation in that. I think young people are motivated by the level of the wages. In the US the wage rate is too low, in my view, and it has been over a long period of time, so you

become a bottom of the barrel employer.

Mr PETER BALDWIN—It sounds as if your minimum wages you pay to the 15-year-olds would probably be above the minimum wage in a country like the United States, would they?

Mrs Owen—That is right. The systems are very different.

CHAIR—What would happen to your employment practices if in July 1977 junior wage rates were abolished?

Mrs Owen—I probably would not be sitting here today, would be one of my guesses, because I was actually around in the hearings that happened then.

CHAIR—In 1997?

Mrs Owen—I thought you said 1977.

CHAIR—I may have, but I did not mean that. In July 1997, under current law, junior wage rates are going to be abolished, unless we change the legislation. Under those circumstances, what would happen to your employment practices?

Mrs Owen—We will employ fewer young people. I know there is a competency based wage system being proposed, so the existing system would be replaced with a competency based system. The current competency based system—it is a matrix and you have probably all seen it—talks about years left school versus years of experience in the work force. It looks a lot like age to me, only it is going to be more expensive to administer and in some states it will mean significant increases in wage rates. With those two things you are adding cost to employers and that means we will employ fewer people. Firstly, we will employ fewer people in total and, secondly, at some age groups it will make young people more expensive so it will make them less competitive with adults. We will probably employ a few more adults but primarily I think it will affect overall employment levels.

CHAIR—How will it affect overall employment levels without reducing service?

Mr Mankarious—I believe it will reduce service.

Mrs Owen—We will have to put up prices, and there is a limit to how much we can put up our prices. In order to afford increasing labour costs at the same employment levels we have to put up prices. We are actually very labour intensive and more so than most of our competitors, so there is a real limit to how much labour cost increase we can bear. There is no doubt that it affects service—no doubt.

Mr PETER BALDWIN—You said a minute ago that you, in part, attributed the very good productivity performance of the Australian operation to the fact that you pay reasonable wage rates. In other words, I am interested in that proposition that you see a relationship between paying a decent amount of money and improved productivity. If that effect is a real one that you observe, if you have a genuine

competency based system then may not the enticement to greater effort that you refer to in paying them higher wages operate, to some extent?

Mrs Owen—Absolutely. As I say, there are various measures. We already have the highest productivity by world standards, so just how much more you can get—I do not have any more benchmarks. We are already doing very well by world standards, but it is possible.

Mr PETER BALDWIN—There is quite a debate in the United States over the economic effect of minimum wage rates and their impact on employment.

Mrs Owen—Yes, there is.

Mr PETER BALDWIN—We have already heard a variety of pieces of evidence from different people about what those effects are. I think what you said a minute ago was quite interesting.

Mrs Owen—We are very committed, and I cannot say that this is necessarily the case on a global basis, but we are certainly very committed to being competitive in the marketplace. We want to be paying competitive wage rates. This is a pretty high marketplace in this country. But, yes, we want to be competitive in the marketplace, which the US has had a different attitude on, I think.

Mr Mankarious—We want to continue to be attractive as an employer.

Mr PETER BALDWIN—Can you say anything, without disparaging competitors or anything—it is quite a large industry and are the arrangements under which you employ people distinctively different to, say, Pizza Hut or Kentucky Fried or whatever? Are there major differences in the arrangements relating to the sort of people you employ and the sorts of demands you place on them and the sort of training you provide?

Mr Mankarious—That is where the differences start.

Mrs Owen—The training.

Mr Mankarious—Yes. The differences are in the way that we interact with our work force.

Mrs Owen—The training, certainly. At a basic level, I would say no, there are not huge differences. But from what I have seen, and I have had an opportunity in some of my roles to see what goes on with some of the others, I think we are more rigidly fair with our practices than some of the others. We are very, very careful. Again, McDonald's is a very tall poppy, so we jealously guard our reputation, we are very careful, we make sure we do the right things. I do not know that that necessarily is the case if you are not No. 1. You could maybe cut a few corners. That is all I would say, that there are maybe a few corners cut here and there.

Mr PETER BALDWIN—Did you say 75 per cent of your outlets are run by franchisees? These are small businesses, in effect.

Mr Mankarious—That is right.

Mrs Owen—The same applies to them, incidentally. We keep a fairly close watch over them.

CHAIR—Several respondents to this inquiry have told us that the youth of today, compared with some arbitrary period in the past—10, 20 years ago—have less of an understanding of what the world of work is all about or have not very good ideas about what careers they might choose or what paths might lead to what. Since you deal an awful lot with young people, could you comment on this observation, or am I taking that outside your area of expertise?

Mr Mankarious—Perhaps there is a tendency for young people to think that there are these esoteric career opportunities in numbers that are greater than reality—everybody wants to be a merchant banker or an interior designer, as opposed to saying, 'Let's go into retail' or 'Let's go into hospitality'. Everybody seems to want to do something on the fringe of the main industries as opposed to perhaps looking at some of what we would imagine are mainstream opportunities out there.

Mrs Owen—They are probably not as well informed, I suspect. I do not know if we were 20 years ago, in fact. But certainly in industries like retail—and we consider ourselves to be part of the retail industry; it is the same work force, basically, that we are recruiting—again, getting the message into schools that this is where the jobs are and this is where a lot of the new jobs are going to be in this industry, is very difficult. There is some fairly traditional thinking out there on what is okay to do, what is not okay to do. Everyone wants to go to university these days, yet that is not necessarily leading to employment. So there seems to be some misinformation, and correcting that is difficult. I do not know that the young people themselves are very different. We are still getting very motivated, very keen young people. But, despite the fact that it is harder to get a job, they maybe have got higher expectations.

CHAIR—But you reckon you only hire one in 10 that applies to you, so how about the other nine?

Mrs Owen—They might get a job at KFC.

CHAIR—Hang on, you did say some came in and you asked, 'Why do you want the job?', and they said, 'Because mum told me I had to come out,' or 'The CES told me to front up'.

Mrs Owen—That is right.

Mr MOSSFIELD—Obviously you cannot employ everybody who comes in. I suppose a better question to ask you is approximately how many would you employ, how many would you not employ? Is there a group that does come in that you would not consider?

Mrs Owen—Ten per cent. That is sort of an ongoing figure, that is an initial figure.

Mr Mankarious—It is difficult, because you probably have several people a day coming in and saying, 'Would there be a job in this restaurant?'

Mrs Owen—Yes, it might be 10 per cent.

Mr BRADFORD—At $6 an hour for a 15-year-old, say, $12 an hour for a 21-year-old seems high, I guess. It seems like a fairly high hourly rate in the Australian context, and our wages are relatively higher than in the United States. Is that what you said?

Mrs Owen—Yes.

Mr BRADFORD—And the salaries to sales ratio for Australia would be considerably higher than it is in the United States?

Mrs Owen—Yes.

Mr BRADFORD—What does it run out in your store, your average store, your salary to sales?

Mrs Owen—It differs from state to state. In New South Wales, about 18 per cent is crew, labour.

Mr BRADFORD—What would it be in America, that same ratio?

Mrs Owen—I think it is marginally lower. I have not looked for a while.

Mr Mankarious—A little less.

Mr BRADFORD—Okay, I will pursue that some other time. What is your policy in respect to trade union membership these days?

Mrs Owen—Basically, we certainly will not force people to join unions, so it is a freedom of choice policy. We have a level of union membership, but we do not actually track it. But people are free to join unions.

Mr BRADFORD—You do not deduct any union dues from wages or anything?

Mrs Owen—We do in some states. I can tell you right now, in South Australia and the ACT we certainly are.

Mr BRADFORD—Is the union membership higher in those states than it is in other states?

Mrs Owen—It is in South Australia, although I do not really know the percentage. I do know it in the ACT, because I was talking to the union about it on Friday. It is about 10 per cent in the ACT. That is not our figure, that is the union's figure.

CHAIR—We could probably talk to you all afternoon, but we are going to have to go on to other people who have been kind enough to give us submissions and come talk to us. Thank you very much for your input. We have been looking forward to talking to McDonald's, considering the reputation you have brought with you to this inquiry. If you are able to find us some of that comparative information and you could send it to the secretariat, we would appreciate it. We hope to be able to complete our inquiries and bring down a

report next May or June, and we certainly will make sure that we send a copy of the report on to you as soon as we have tabled it in parliament.

Mr Mankarious—Great. Thank you.

Mrs Owen—Thank you.

[2.43 p.m.]

GREEN, Mr Robert William, Project Manager, Labour Market Programs, Greater Western Sydney Regional Chamber of Commerce and Industry Inc., Level 3, 1 Horwood Place, Parramatta, New South Wales 2150

McGILL, Mr Kenneth Edward, General Manager, Greater Western Sydney Regional Chamber of Commerce and Industry Inc., Level 3, 1 Horwood Place, Parramatta, New South Wales 2150

CHAIR—Welcome. Thank you very much for attending here today. You have heard my opening remarks to McDonald's, so I will not repeat that, except to say that we are concentrating on employment in this inquiry, not on unemployment.

We have received from you a supplementary submission. Is it the wish of the committee that that be received as evidence and authorised for publication in a separate volume? There being no objection, it is so ordered. Having done all the formalities, would you like to make a brief opening statement, before we start to ask our myriad of questions?

Mr McGill—Thanks for the opportunity for us to be involved in this process, and we trust we can add some real value to the inquiry, which we think is commendable. I would just like to run through that added submission because our original submission was basically based on unemployment as much as employment issues, and coming from a labour market program which we are involved in.

We have touched on three issues that we believe are relevant to this inquiry. In terms of what business needs, we believe that businesses are looking for people with practical skills that are relevant to the organisation. We believe that they are looking for people who have initiative, are self-starters and people who have typically shown that they are prepared to get out and do a bit, whether it is in McDonald's in part-time work or extra study beyond what the schools are providing. They need to have people who are outcome oriented in business, not just there for the ride. Importantly, they need to get value for their investment in paying wages.

Unfortunately, young people are not providing that value to the general business community at this point in time, we believe. It may be the case with McDonald's, but lots of other small employers don't believe that they are getting that value. Certainly they must have a good attitude, good work ethics, or they are of not much use to any employer. And a strong feedback that we are getting from many employers is the unrealistic industrial relations legislation that is in place at present. Whether it is their application of it, the way that they choose to apply it, I don't know, but that is coming through loud and clear from many areas.

The second area is why businesses are not employing young people. There is a major concern about the economy, and that is translating into a lack of confidence in the business community in general, or certainly not improving their confidence. There are major cost reduction pressures and decreasing margins, and that is resulting in downsizing of numbers of employees. We are getting feedback that there is a lack of discipline with lots of young people. They basically don't seem to want to take any direction from further up the ladder. They are reluctant to take orders, in other words, and that can translate into a lack of an honest effort at the

end of the day.

McDonald's touched on the cost of training wages and those sorts of issues, and that is coming through loud and clear from people we are talking to. It seems to be higher than world standards, anyway. The industrial relations area I have touched on before, but the unfair dismissal area in particular is having an impact on employers. They are reluctant to take people on, finding out that they are not competent and then having the trouble of dismissing them. There is an issue of the time taken to monitor on-the-job training programs. The supervision of people is very costly, and in a small business where you don't have many people generally and have not got extra capacity to monitor, that is a problem. Many companies are faced with high levels of redundancy payments which are costly to business, and hence they have got less funds to employ other people, so they are basically downsizing rather than doing anything else. Another issue is that younger people are not as productive as more mature people on the job.

So what needs to be done? We have touched on the change to the industrial relations laws. We believe that there has to be a major input to instilling confidence into the economy in Australia, which will improve the confidence in the small business sector, which is the major employer in Australia. We believe there needs to be a real commitment to traineeship and apprenticeship programs. Importantly, there needs to be long-term strategic planning in what types of courses are being made available for people in the marketplace. I think the words used in the last presentation were 'traditional courses' that are there that are the flavour of the time. It needs to be looked at further down the track what this country needs, what courses have to be in place, and they are the ones that we should steer our young people into, rather than taking—arts may be appropriate, but it may not.

On the encouraging side of that, we have recently had approaches from a local TAFE college in our area. Interestingly, they are coming to us and saying, 'We would like to know what people in the community want us to deliver as an organisation in terms of training.' We have not seen that before. So some of them are actually out there looking for that.

We believe there needs to be a major attitude change in young people to get them to want to work, and that is probably starting from a very young age. That is the challenge. I do not know how to approach that, but it is a common problem, with employers saying, 'The young people today generally do not want to work.' We believe that young people need more specific training after their schooling. We do not think that the schooling is doing a good enough job in terms of making them job ready. Perhaps that needs to go into a traineeship or apprenticeship type program, but certainly not just a six-week crash course that has been a typical quick-fix type thing that we have seen in the past.

From experience, we have found that many organisations are prepared to actually take people on on a 'try before you buy' scheme, if you like, similar to some of these labour market programs, where there is an element of training and management from outside sources and maybe even some funding to help them get over that first hump. If the people do not shape up, hopefully we can help ship them out. That is not as easy as it sounds. The CES are reasonably reluctant to get the big stick out, if you like, which we believe is needed to get some balance in the equation. It is too easy, we think, for people to abuse existing programs.

The last issue is one of minimising the compliance costs or cutting out red tape. That seems to be an

issue with business. I did not touch on that before, but it is one issue that is coming through loud and clear to us.

CHAIR—Thank you for that. Two of the things that you said on what business needs interest me. You said they need people who are outcomes oriented and people with good attitudes and work ethics. We do not expect you to give us recommendations on how to solve society's ills, but surely there must be some practical measures at some point in the education cycle or the life cycle that we could start now to make a difference for future generations of what will be the future work force. What sort of things do you think that this committee might, for instance, recommend that would produce young people who were more outcome oriented and young people with better attitudes and work ethics? How might we go about that, or do we just throw up our hands and say it is too hard?

Mr McGill—I do not think it is impossible. It is just that it will be a long-term planning job to get that in place. We are not going to turn around the attitudes in five minutes. I have come from a company with a large organisation of 2,000 employees who had, basically, a reasonably poor work ethic and attitude. It can be turned around in a reasonable period of time by getting focused and making it quite clear what the goals are that you are striving for as an organisation or nation. I think it is not clear enough in people's minds where we are going.

CHAIR—Would you like to tell who that was?

Mr McGill—The organisation is what is now known as Integral Energy. It was Prospect Electricity-Illawarra Electricity.

CHAIR—What sorts of things did they do to create this transformation?

Mr McGill—It is getting some very clear plans in place and having a vision for the organisation. I do not think we have a vision for Australia of where we want to be. There is no plan in place that I have seen that the general public can grasp hold of and understand easily. Whether that is practical or achievable, that is a different issue. I do not see that a company is much different to running a country. You need to have some fairly clear goals out there with objectives on how you get there and maybe some strategies and actions in place to do it. I know that is what governments are about, but spelling it out and getting people to own that is another issue.

CHAIR—Do industry, business and commerce have any real role to play in changing young people's attitudes? If so, how do they go about it? Or is it just the government's fault? Is everything in the government basket? Why is it the government's job to do it?

Mr McGill—Yes, it is nice to blame the government.

Mr Green—I think it is the community in general. With these labour market programs we have been involved in we have struck some shocking people who have been referred to us but also we have struck some shocking host employers as well. Some of the hosts are quite prepared to endeavour to help these people but some of them are extremely intolerant of the young people, who in a lot of cases may have had bad social

backgrounds and are looking for opportunities to be helped. I think generally that assistance has to come from right across the board for this high youth unemployment problem.

Mr MOSSFIELD—Firstly, thank you for making a submission. You are coming from my part of the world, so I am very interested how you are seeing things. To help me understand your submission a bit better, of the 800 people you have placed in employment, what percentage of those would have been young people? Would they be a certain percentage?

Mr Green—That was under the jobskills program and the majority of those would have been over the age of 21, so there was no youth.

Mr MOSSFIELD—So you really cannot get a good picture there.

Mr McGill—In recent programs they are more biased to over 21 as well.

Mr Green—Most of the potential host employers and most of the referrals coming through under the new work opportunities programs that we have seen in western Sydney have been with the over 21 group as well.

Mr PETER BALDWIN—Do you have LEAP people, landcare and environment action program?

Mr Green—No, we do not handle any of those.

Mr MOSSFIELD—Of course, the new work opportunities are exempt from the unfair dismissal legislation, aren't they?

Mr Green—Yes.

Mr MOSSFIELD—I think we can argue about the unfair dismissal but I think the impact it might have is more a perception rather than a fact.

Mr Green—Yes.

Mr MOSSFIELD—What do you feel as far as the education system is concerned? Are you satisfied that the education system is producing the right type of young person in their attitude?

Mr McGill—There are two factors that complicate it in our area. There is quite a high ethnic population. In fact, in Parramatta around 52 per cent, I think, of all the people that we see come from a non-English speaking background. So you cannot expect them to have the grasp of written English that we would expect children coming out of our schools to have—you can expect them to have it; they do not necessarily have it. But generally there is a literacy and a numeracy problem across the board. I do not think it is just the high school area. My guess is that the high schools have not got enough time to focus on it. But I think, from what I have seen with my children, that there is not enough emphasis placed on the three Rs that were drummed into the likes of Bob and me, and they just do not have the fundamental literacy and numeracy skills

that we had. My children in years 5 and 6 cannot rattle off their tables like I used to be able to, and spell like it was forced into me. They are basic skills that will stand you in good stead forever.

Mr MOSSFIELD—Yes, we have had quite a few submissions along those lines. But what recommendation would you make to the education system to try to overcome those weaknesses?

Mr McGill—I think they are starting to get back on the rails with the schools, with the primary schools, from what I have seen; the one that my children go to anyway. They are tending to put a bit more focus on it, but there has been a big gap over a number of years. I suspect that is through the new curriculum, but there tends to be a better focus on those skills. It would be early enough to pick the skills up in my children. We are certainly putting in some extra effort at our end, but lots of parents probably are not in that position. There are lots of single mums and dads out there trying to raise kids and probably they are not very well educated themselves and do not recognise that it is a problem.

Short adjournment

Mr PETER BALDWIN—I wonder if you could tell us what your experience has been with the different types of labour market programs—jobskills, new work opportunities. Can you tell us something about how you evaluate the effectiveness of those programs?

Mr Green—That is difficult. I actually was responsible for introducing the jobskills program into western Sydney, which was restricted to councils and government type organisations. It was not for general employers to participate in. We acted as a level 1 and level 2 broker over a period of four years. I think the first couple of programs, from where we sat, appeared to be quite effective. But as it moved down the track, the capacity of the host employers, such as councils, who were putting people off at the time, to take some of those people on board became increasingly difficult. So the jobskills program over the last couple of years did not soak up many of the people that they used on the programs.

Mr PETER BALDWIN—Are you talking about the success rate of people in the program in terms of going on to long-term unsubsidised employment?

Mr Green—That is right, yes. Quite a few in the early programs kept them on, but towards the latter end they did not, but they were encouraged to seek full-time work away from their host employer and to always continue to do that. I think some of them became so comfortable—

Mr PETER BALDWIN—What about dealings with the CES more generally, the area consultative committees and so forth? Did you have a great deal to do with them?

Mr Green—Very little to do with area consultative committees, but a lot to do with dealing directly with CES.

Mr PETER BALDWIN—The whole point of area consultative committees was to provide a forum to bring together local communities, business representatives and so forth to try and make sure that the programs that the CES provided, the labour market programs and so forth, were well tailored to the needs of local labour

markets. But you say you did not have much contact?

Mr Green—No.

Mr PETER BALDWIN—That is a bit of a worry. The experience with that seems to vary from place to place.

Mr McGill—It does vary from place to place and with organisations. We have tried to make contact and get some dialogue going in that area but we have not been successful at this point of time and we are that busy doing our own job it is difficult. If they do not want to be involved in that dialogue, it is difficult to force the issue.

Mr PETER BALDWIN—Are either of you members of the area consultative committee?

Mr McGill—No.

Mr Green—No.

Mr PETER BALDWIN—Who from the business community is, that you know of? Are you aware who it would be?

Mr Green—Mainly some of the leading employers, but not so much the industry organisation themselves.

Mr PETER BALDWIN—Can I just go back to some of the other points you made about the attitudinal problems with young people and the unfair dismissal. I could not help but contrast some of the things you were saying with what McDonald's were saying. On the one hand, they are saying they recruit young people for businesses, 75 per cent of which are franchisees. They therefore are small business. They say they have one of the most productive young work forces in the world. On the other hand, on the unfair dismissal law, what they claimed was that those who follow their standard procedures in terms of basic fairness, in terms of giving people appropriate counselling and so forth if they are not performing their job properly, but provided their internal normal procedures are followed then in practice the unfair dismissal laws have not proved to be a significant problem. How do you explain that apparent discrepancy? I can think of reasons why that would be so. The point I was making to McDonald's was that they seem to be drawing on, if you like, a self-selected, very motivated group of people, the great bulk of whom are participants in full-time education or training, whereas I suspect when people talk about the unmotivated young people they are talking about the group that have fallen out of that mainstream system. So those differences in experiences might reflect the fact that you were talking about a different subset of the young people. But we would be interested in your observations on that.

Mr McGill—In the labour market programs, basically we are seeing the bottom end of the structure. McDonald's, in their own words, are at the top end of the stratum, and they are picking that top 10 per cent of those who are available to work, and the ones who have got the great attitude in the first place. They come in, and unless they say, 'I want to work. I need this job,' they are not going to work at McDonald's; they have

got nine others behind them to choose from. So they are in a very good position. They are a great organisation—

Mr PETER BALDWIN—Your comments about the attitudes of young people do not seem to apply generally to young people across the board, but mainly to the sorts of young people who are likely to be participating in labour market programs or who are having difficulty getting any form of employment. Your statement does not seem to be a generalisation about young people, as such.

Mr McGill—Yes, certainly not across the board, but it is a bigger group than it was when I was looking for work first up. I do not remember having that problem of thinking, 'I am not going to get a job.' That is a compounding problem. If you think you are not going to get a job and you go for a few jobs and you do not, it gets worse and worse and it stretches out longer and longer. It is hard to keep your motivation going and your confidence level up. Unless you have those, it is almost a self-fulfilling prophesy at the end of the day.

Mr PYNE—Does your chamber have any schools programs?

Mr McGill—No.

Mr PYNE—So you do not work with schools in promoting the chamber or anything?

Mr McGill—Not in any formal way. We have contact with a few schools but nothing much.

Mr PYNE—Do you think it would be a good idea? Do you think it is a problem that industries, big companies and so on do not go into schools and, if you like, sell their wares in terms of apprenticeships and traineeships, and make the students aware that this is a useful thing for them to do and that, in fact, doing an apprenticeship is not a second-rate thing; it is actually a first-rate thing? Universities go into schools and say, 'You can do this course, you can do that course and this is how many marks you need and so on.' The Defence Force does that. Why do industry and business not do that?

Mr McGill—Some do. The one I came out of does that sort of thing and they have a partnership arrangement with a couple of schools where they help them with science type programs and those sorts of things—practical type skills. The kids came into the company and our people used to go into that school to impart some of their real business skills.

You will find that that same organisation used to employ something like 50 apprentices and now they are down to 10. The reason for that is because of this margin problem, cost reduction pressures, competition and downsizing the work force. All those things have meant that they cannot afford to put many on these days. Typically, they used to have a fairly broad outlook of, 'We are training people for the general good of the country.' The problem was that when you got to the end of the training program other organisations, who had not put the investment into them, poached those well-trained people. I think that is an issue that needs to be addressed nationally, so that somehow or other the whole country pays for that training rather than just leaving it up to a few good Samaritan companies.

Mr PETER BALDWIN—That was the point of the training guarantee.

Mr McGill—Yes, it did not work as well as it could have.

Mr PETER BALDWIN—But the idea of it was to force all employers to put something into training.

Mr McGill—Yes, maybe it missed out somewhere along the line. I do not know about that.

Mr MAREK—You spoke about TAFE before and you actually mentioned something that every other group had not said. You mentioned that TAFE actually had come and approached you about trying to get things up and going and making changes. It is good to hear that. How would you compare TAFE with other training providers? Have you had much to do with other group training industries?

Mr Green—It depends. Under the jobskills program, we bought our training; we did not do it ourselves. We went out and bought training from private providers and TAFE. We endeavoured to support TAFE, but we found that they were inflexible in their attitude to changing the programs to meet the various demands. We were just forced to deal mainly with private training providers who would structure programs to suit the occasion.

Mr MAREK—Did you also find that they were considerably more expensive?

Mr Green—They were, considerably so.

Mr MAREK—Would it be fair to say then that, as far as TAFE is concerned, it could probably use a little bit of a shake-up, within its administration, with the way it operates too?

Mr Green—I think that has started to happen.

Mr MAREK—Yes. You had a comment in the submission about new work opportunities. It said that you felt that they were of extreme benefit: new work opportunities program, articulated training, DEETYA and that sort of stuff. About the program, you said:

. . . an ideal concept, as it embraces the concerns arising . . .

Please correct me if I am wrong. I looked at a lot of the new work opportunities. They used to do wonderful things like building barbecues and brick pathways for people but, at the end of the day, did you see any real outcomes? Are we talking employment after one of these programs of 50, 60, 70 per cent employment, or do they just go back onto the dole queues?

Mr Green—In some of the earlier jobskills programs you would see figures like that. It varied from area to area throughout western Sydney. We see the new work opportunities program as being better than jobskills, in that the structure that they have done out here has made it into a traineeship. You do not make ties with the host employer unless they give an indication that they will keep them on in a traineeship. We are getting quite a few good news stories out of that, but we have only reached the stage where the first lot that

we have placed have been there for six months. We have some time to go to see what the ultimate outcome is going to be. We are getting a lot of very good feedback on that structure.

Mr MAREK—It would have been nice if these new work opportunities could have possibly taken on apprentices who were not far off finishing their times, but had lost their employers and are on the dole. Those new work opportunities could have finished some of those apprentices off, but they were not in the scheme of things. You had to be long-term unemployed. At the end of the day, they still ended up with a few skills but not a trade, whereas, if it was run right, we could have a heap of tradesmen running around the country as they finished their apprenticeships.

Mr McGill—Yes, you have remember that it is prevention rather than a cure for the problem. That is the better long-term position to get into. It takes a long time to turn the ship around.

Mr MAREK—That is right.

Mr MOSSFIELD—Just on that, some of those new work opportunities did turn into traineeships. There were some projects where there were two six-monthly periods of employment. While they did not turn into apprenticeships, they turned into traineeships on a few occasions.

Mrs ELSON—Paul Marek has probably asked a lot of my questions. Did you seek a need out in the community and then have training done for that need? I will just give you an example. My local chamber of commerce found it needed welders and there was a big need for them in the area. They set up the course. They went off to the CES and they gave them people who were interested in doing welding. They put 20 through and only two took up the 20 positions that were available out there. I just wondered: are you involved in the same sort of thing here where you find a need?

Mr Green—From a slightly different angle. We have been given the unemployed people and told to find them a job.

Mrs ELSON—What was the success rate of that?

Mr Green—It is very hard to get host employers to participate. Then you go looking for clerks and someone says, 'I don't need a clerk but I need a boilermaker.' Then trying to find a boilermaker is very difficult to fill that position.

Mrs ELSON—It would have been more sensible to turn it the other way, wouldn't it? Ask the chamber to find the need.

Mr Green—It would have been a lot easier. But the focus was on the unemployed person.

Mrs ELSON—Have you seen a success rate with somebody who has not been unemployed that long, compared with someone unemployed 18 months and over?

Mr Green—It is much easier to place them.

Mrs ELSON—I am trying to figure out whether we should be getting at them as soon as they become unemployed to start the training rather than their having to wait.

Mr McGill—We have had no doubt about that.

Mrs ELSON—Thank you.

CHAIR—I am fascinated that you say that too much of industry or business—and I suspect you mean small- and medium-sized businesses—do not do their part in training; whether it is apprenticeships, traineeships or formal structured training. You think that they get a free ride. Yet, by your own admission, the training guarantee, which was the stick rather than the carrot, did not work. I assume, from all your comments about flexibility, that you would not really like government to bring down some sort of Big Brother approach to training and tell everybody who they have to train and how to go about it.

Mr Green—I did not think it was such a bad idea, but that is just a personal opinion.

CHAIR—Do you think that would be a good idea?

Mr Green—I felt that forcing the participation in training was a good idea because I could see it was starting to disappear out in the workplace. But small business has a lot of problems with that. Just where you get the right balance is very difficult. What we are finding with placing people with new work opportunities is that they like to see somebody come on board who has some skills in the stream that they are looking for. They ask for maturity and I think that there was a bit of an emphasis there, to a certain degree, from McDonald's confirming that. They like to have somebody come on board who has the basic skills. They are happy then to lift those skills. They just do not seem to have the time to take somebody raw and give them a start.

CHAIR—Is that it, or do our very highly structured industrial relations laws and regulations make it more difficult for them to give people a start?

Mr Green—They make it difficult as well, as they stand at the moment. I do not know what the proposed changes will do.

CHAIR—Thank you very much for coming and for your submission and input. When we finally come down with a report and recommendations, we will make sure that we send you a copy.

Mr McGill—That is the important part: getting some outcomes.

CHAIR—We understand that. The committee's intent is not just to hold an inquiry. We want to see some outcomes and that means making some sensible recommendations that have a chance of working, not recommending another committee inquire into another inquiry. I want to see us make hard decisions—even if there are only a few—and to make real, substantive recommendations where we can help young people have a better chance of being employed.

Mr McGill—Get some runs on the board.

CHAIR—Absolutely. Thank you very much.

[3.25 p.m.]

GALVIN, Mr William, Chief Executive, Tourism Training Australia, and National President, Catering Institute of Australia, PO Box Q309, QVB Post Office, Sydney, New South Wales 2000

KARIM, Ms Rosalie Anne, Project Director, Tourism Training Australia, PO Box Q309, QVB Post Office, Sydney, New South Wales 2000

SPENCE, Mr Phillip, Director, Projects, Tourism Training Australia, L5/362 Kent Street, Sydney, New South Wales 2000

CHAIR—I remind you, before we carry on with the formalities, that this inquiry is about the factors affecting the employment of young people. We are not really concentrating on unemployment. We are trying to figure out how we can lift young Australians and how we can convince employers to hire more of them to give our youth a better start in life. Would you like to make a brief opening statement before we get into our series of questions?

Mr Galvin—Yes, I would, thank you, Mr Chairman. Before I explain the role of Tourism Training Australia, may I just add that we made an expeditious reply to our original letter and I will tender the report later for *Hansard*. It addresses many of the issues that I think will be raised during the session. Tourism Training Australia is a national industry training advisory board which was set up in the late 1980s to undertake a number of roles with industry. I use the phrase 'with industry' because we are the industry spokesgroup for tourism and hospitality training in Australia.

We manage the development and implementation of training systems for tourism and hospitality. We promote training, traineeships and apprenticeships. We provide recognition of prior learning in areas of tourism and hospitality. We advise government departments—for example, ANTA and DEETYA, as it is these days—on training needs for the industry and training directions. We develop training policies and products in those areas for tourism and hospitality. We promote and provide national forums for tourism and hospitality training. We liaise with both public and private providers of tourism and hospitality training across the nation. That is a very polite way of explaining our undertakings with our industry, as the industry.

You will be aware, of course, as a very brief overview, that tourism and hospitality, as somebody explained to me from the media on Saturday, would help save Australia in the current decade and it will, as a future sunrise industry. We will explain a little later that, shortly, tourism, as tourism ITAB, will bring down to the government a major report entitled *2020* which will project the real needs of training and, particularly, of employment in tourism and hospitality. In fact, in a few words, we project that the industry will employ approximately 250,000 additional positions in this current decade. We will use the years, particularly 1999, as a benchmark as opposed to 2000, and we will do that for the very good reason that we do not want to be misunderstood in the Olympic year. We will explain that a little bit later. We provide all those services as the industry spokesgroup. I now ask Rosalie Karim and Phillip Spence to add to that.

Ms Karim—My role within Tourism Training Australia is as Project Director. We undertake on behalf of the industry nationally a number of large scale projects which both look at promoting training initiatives and

also putting in place an infrastructure for training and, thereby, for employment across the industry. This includes the development of traineeship structures and apprenticeship frameworks, and we do that right across the board.

As Bill mentioned, we are the national ITAB but we also operate across all states and territories and have offices in each state and territory. They work with industry at the local level to ascertain what industry's needs are primarily in regard to training and development, and then we, in turn, at a national level, bring those needs together.

We also develop on an annual basis a national vocational education and training plan which is primarily there to focus on employment and training issues as well. One of the major projects that we have been working on for quite some time is the development of national competency standards for our industry. We have in place competency standards right from entry level through to general management level across the industry. In fact, we are the first industry to have those standards endorsed and in place, and we are now working on the development of standards in what we call tourism related areas.

We have a number of projects in the area of indigenous training at the current time. We are developing competency standards in related areas such as eco-tourism where there are high growth employment opportunities, particularly in states like Queensland and Tasmania, and also in areas where there are increasing opportunities for possibly apprenticeships such as patisserie and Asian cookery. That is just an overview.

Mr Spence—In the area that I look after, as one of the project officers managing projects, we particularly care for traineeships under the NETTFORCE scheme. As the ITAB we decided to be one of the leaders in the industry training company role. We thought of it as a great opportunity to develop traineeships so we have participated fully in that scheme.

Of course, to facilitate that we have developed traineeships over the last two years which have been primarily off the job but, in the last half year, we have concentrated on doing resources and modules to have them delivered on the job. We have taken the traineeships from being off the job to now being on the job and, of course, we have been able to facilitate that because we have in place within Tourism Training Australia a system called ACCESS, which is the recognition of prior learning. It is an ACCESS system which gives the opportunity for individuals on the job to be assessed. That is our quality control system with the industry. We also have quality control within the industry providers and we do that with the Australian Hospitality Review Panel and the Australian Tourism Training Review Panel.

Mr Galvin—Finally, may I just add that our industry might regard this meeting as impeccable timing. Our industry may well be seen as one of great success, as you indicated before with the McDonald's representatives, and they are certainly a part of the tourism and hospitality family in Australia. But the industry is starting to move out of a recession period. International tourism, inbound tourism, is on the move significantly and I indicated those views to you before.

Many industry representatives might indicate to you that confidence has slowly been restored into the business community but, at the end of the day, we all have to understand that more than 82 per cent of our industry is small business. It is not at the top end of town, it is not the five-star, major hotel. There is a very

significant and important role being played in that area but 82 per cent of our industry is small business. It is that area that we may address later.

CHAIR—In your submission you wrote about unrealistic job expectations, inflexibility, lack of confidence and of humility. My youngest daughter is currently taking a degree in hotel management. What are you doing to convince her that she is going to need to start at the bottom and that she needs a bit of humility, some confidence, and she needs to be flexible?

Mr Galvin—I will ask Rosalie in a second to introduce that, but we actually were the group that historically introduced the first degree program in this country, and that was at the University of New South Wales, and at that stage we were very keen to point out that if young people undertaking and completing degrees in this area were to survive in tourism and hospitality they would need to come to the marketplace equipped with two products. One was that set of practical portable skills and the other was that they would start at a very low level, so that they would not attempt to enter the industry at a higher level, shall we say, where many of their expectations had been brought from other arenas.

CHAIR—Lots of people have told us that employee attitude is a very important factor when they go to interview. McDonald's pointed out that it is right up at the top of the list. Do we have a huge problem in Australia with young people's attitudes and understanding of work? If we do, what do we do about it?

Mr Galvin—The short answer is yes. The answer to the question is the following, and again Philip and Rosalie might care to comment. Eight or nine to 12 months ago when we were starting to move out of the recessionary period our industry indicated that we would need to significantly increase employment, particularly in the areas of food and beverage, commercial cookery and the like. The problem we have now faced—and it is something we are about to undertake with the federal and state governments, our submissions are now being placed and are moving forward for some basic resources—is the problem we faced in 1986 and 1987. In 1986 and 1987 tourism and hospitality, albeit generic areas, I think was placed 56th on a list of 60 occupations in Australia. I forget what 60 was but I know commercial cookery was 57 and I know food and beverage was 58, or thereabouts.

We then realised that we had a problem with the bicentennial year approaching and with the current governments, state and federal, of the day we sought to change that, and we as an industry did that very well. You would probably remember that all of a sudden to work in tourism and hospitality, and especially to become a chef, became the flavour of the month and we had an enormous number of young people wanting to enter the industry. If you compare the enrolments of major providers, TAFE for example, you would have seen the proof of the pudding in that area.

All of a sudden, now it is 1996, we have a different generation who do not quite understand there are opportunities in tourism and hospitality and do not understand it is a flexible career path and all those areas that you would expect in a training system. We have to do something about that as an industry, and we are and we will, but it is something on which we are going to have to significantly bring the whole industry together. Rosalie?

Ms Karim—In talking about attitudes and, particularly from our submission, employer perceptions

about attitudes too and the fact that perceptions can go both ways, I certainly think that that is very much being very positively addressed through a number of the school-to-work programs, through the increasing numbers of employment based programs in the schools. For our industry, employers are telling us that those who are exiting from vocational training in the schools do have a very positive attitude, they know what the industry is all about. So things are changing with that focus at a younger and lower level, certainly in that area there.

In terms of training beyond the school sector, but possibly still in the vocational training area, some time past a lot of the focus had been on providing training at what we used to call the associate diploma, diploma levels—that terminology has obviously changed—but we are certainly seeing now more and more programs being offered through both TAFE and private providers at the entry level.

So people are, when they graduate or exit from their training, able to enter into a position that directly equates with the skills that they have obtained, which may not have been quite so easy had they been enrolling in a higher level program where the bulk of students were some time past. So the actual focus of providers is starting to change in a positive way.

We also find, as Mr Galvin mentioned, that certainly in the university programs—and there are fairly substantial numbers of university programs for our industry across the country—the vast majority are having employment as a requirement of graduation, that students do have to spend sufficient time in the work force and that certainly the ones that we come into contact with are being told the reality of the workplace. So things are certainly changing in a positive way. But, again, going back to what I first said, a lot it is perception and we really need to work on those perceptions—and we are.

CHAIR—McDonald's told us that they do not have any substantial problems with the unfair dismissal laws because, firstly, they operate within the state jurisdiction and, secondly, because they have had in place for a very long time a very formalised system of advice to employees if they are doing the wrong thing—and, indeed, if they are doing the right thing. But you comment that the unfair dismissal laws are a great disincentive to employment in your industry. Could you explain away the dichotomy?

Mr Spence—I do not think that we really made the point that they are a great problem. What we did say is that there is a perception in the industry that they are a concern. There has been a lot of publicity saying that the unfair dismissal laws are a problem, particularly when you are looking at the small end of town. You are not looking at the four and five stars, who have very sophisticated IR procedures and personnel procedures in place and they do advise their staff accordingly.

We are looking at the small business people and they are the people who are wary of any system that is likely to add to their costs. Remember, we are always talking costs, bottom line, and that is what they are concerned about. It is that perception that has been a big factor that is very hard to overcome.

I take note of what was said in the previous interview with the people here, where we had the opportunity to hear some of the aspects of that IR, and I agree with that. If you have got those procedures in place, people are aware of it and it is a counselling process. So, once again, it is the lower end of the market and that is 82 per cent of the market that we really have to address.

Mr MAREK—You mentioned TAFE there before and training providers. Do you find, particularly in your industry, TAFE of a significant benefit?

Mr Galvin—Yes.

Ms Karim—Yes.

Mr MAREK—It always has come into its own in a lot of things, particularly with TAFE and the tourism industry. But have you found it very expensive compared to using training providers?

Mr Galvin—It is a two-pronged question. The majority of students undertaking public sector education, TAFE—your example—travel very inexpensively. The majority of students attending TAFE across Australia, whether they are undertaking an introductory program, an apprenticeship program, an advanced certificate or associate diploma, across the board, when compared to other sectors, travel very inexpensively. TAFE, of course, provides the greatest number of trade operation personnel in Australia.

I refer you to the completed report of the Industry Commission into the tourism industry and training. I understand the government is about to bring that report down. I believe that, in the sound, statistical base part of that report, you will very quickly discover something you probably already know and that is that the majority of personnel trained in tourism and hospitality in Australia are undertaking public sector education, particularly at TAFE.

To answer your question on the other hand, if we were talking about entering the private marketplace and competing in that area, in some areas some have said to us that TAFE is more expensive than the private providers. But we also, I believe, have to understand and remember that it is only in the last year—or two or three, perhaps, at the outside—that there has been an increase in private providers. They certainly were not there five years ago and beyond that. So I think we have to have historical significance understood about where the industry is coming from.

Mr MAREK—With TAFE, it is good at certain things but then I think it is a little inflexible in others. You mentioned RPL before and then you mentioned ACCESS. Who did your RPLs? Who did your competency testing?

Mr Galvin—I will ask Rosalie and Phillip to comment in a second but, specifically, just let me explain that as the national Industry Training Advisory Board, we set in place a number of years ago with industry, and we own with industry, three major schemes which are the forerunners to the state bodies now in operation: the Australian Hospitality Review Panel that accredits all programs in hospitality; the Australian Tourism Training Review Panel, ATTRP; and we set in place several years ago ACCESS. In modern-day language, it is a recognition of prior learning. So we own those schemes which, as industry based schemes, we operate throughout the country.

Ms Karim—ACCESS, as we said, is our workplace assessment scheme for the industry, and it was established about four years ago now. It is there to primarily allow people who are in the work force to gain credit or recognition for the skills that they have acquired on the job or in other alternative settings as well.

We have in place trained assessors who are in the workplace. They are not necessarily in the workplace of the individuals being assessed but they are trained assessors per se that can come into any workplace right across the country. We provide training for those assessors on an ongoing basis.

We have recently just extended ACCESS through to supervisory and management level, so people now can have their high-level skills recognised, and will certainly shortly be able to exit with a qualification that has been entirely gained in the workplace.

Mr MAREK—I have been through RPLs myself. But what actually happened with what I saw was that you had to have a recognised body to do RPL, otherwise it might be recognised in Queensland but it will not be recognised in Victoria. So whoever is doing the RPLs has to be recognised across Australia.

Ms Karim—That is right.

Mr MAREK—Is ACCESS or the group you use recognised across Australia?

Ms Karim—Yes, it is. For example, if somebody has been assessed through ACCESS and has a statement that they are competent in a particular unit of competency, and they then decide that they want to undertake training in a TAFE or with a private provider and they take that piece of paper along, they are given full credit for that particular unit, which translates into a module or a subject at the TAFE.

Mr MAREK—Where do your trainers come from?

Ms Karim—The trainers come from industry. Also, we do have TAFE teachers who are also assessors in their own right who have gone through the ACCESS training program.

Mr MAREK—So you actually do use TAFE people to do your accreditations for your RPL?

Mr Galvin—Some.

Ms Karim—If we looked right across, there would be far fewer TAFE people involved in workplace assessment than there would be supervisors on the job involved in workplace assessment.

Mr Galvin—I think your very perceptive point is made, and I think another answer might be that we are an industry based group and own an industry training system; in this case the one we are discussing is ACCESS. We are a national group, therefore we have national consistency across the nation, in all states and all territories. I think that is the point that I would make fairly strongly.

Mr MAREK—And then to throw the last one up, the gold one, the education system: do you consider that the education system in Australia today could probably use a bit of an overhaul or would you like to see a review of the system? The way it is, do you think it is failing Australians in numeracy and literacy?

Mr Galvin—We have no specific comment about the general education system but we would make specific comments on the question along the following lines. I said earlier that the group had impeccable

timing as a standing committee, and I meant that particularly in a sense that, for all those reasons I outlined in the beginning, now we have moved into a whole new area that the federal government has termed MAATS—modern Australian apprenticeship and traineeship system—and our industry would embrace that very well, as we embraced traineeships under NETTFORCE; we are the industry training company for Australia under NETTFORCE. So we tend to embrace wholesale and wholesome schemes fairly quickly for the benefit of the industry as opposed to waiting down the track, for the most obvious reasons.

As MAATS moves from the station, we as an industry will want to be on the front carriage of that train for the most obvious benefit of industry. So we will seek and we will, one way or the other, introduce pilot areas under MAATS, particularly under modern apprenticeships. I found it interesting to learn before about part-time traineeships. We have started to move into that area. To answer your question more directly, we particularly will want to ensure that our industry takes note and tries to fully support joint high school training with industry.

With great respect, globally this is not something that is new. It has been in operation in the United Kingdom, France, particularly Germany, for a very long number of years. The professional view here would be to take that experience now and meld it into a joint high school/industry focus training.

Mr PYNE—MAATS will suit you down to the ground, won't it? In terms of some of the objectives of MAATS, when you were saying before about patisseries and things like that, that is exactly the sort of thing the government is looking for, innovative and creative apprenticeships.

Ms Karim—That is right. New opportunities.

Mr Galvin—Precisely, and the begging question is: why did we need to wait this long? We did not. Two or three years ago we were introducing new traineeships and we were moving to the part-time traineeship area and we were modifying some of the apprenticeship programs.

Mr Spence—All of that, and of course I think that when you talk about the educational system, remember with these panels that we have, the AHRP and the ATTRP, we have been working on our quality control within those panels. We do that by looking at those three important elements, which are the curriculum, the actual teachers and the location. They are the criteria that we use for ensuring that the provider is of the quality that industry requires.

Mr BRADFORD—On the question of the education system, Rosalie was much more forthcoming in the comments you made in this second submission to the committee about the education system. You say:

Many young people have poor interpersonal skills, poor literacy and numeracy skills, well versed on 'rights' but responsibilities not so well understood.

I take it that is your position, that that is a criticism of the education system.

Ms Karim—Yes. It is direct input that has come from employers and I think primarily there we are talking about the lower end of the scale, that their perception is that across their doors many people are

coming who do in fact have lower levels of literacy than what may well be expected, and that that is an issue that certainly needs to be addressed in both the education system and in pre-employment training as well.

Mr PETER BALDWIN—Yet long-term studies of literacy over periods of decades do not reveal a long-term decline in literacy. I wonder how you reconcile that perception with the objective data which does not support the claim that literacy standards have deteriorated. Sorry, was I butting in?

CHAIR—If you have got long-term studies, and I could participate in this committee over six years and never be able to find them—

Mr BRADFORD—I would be happy to pose the same question because I think—

Mr PETER BALDWIN—I will give you an article by a bloke called Leo Maglen from Monash University.

Mr BRADFORD—I think those criticisms have become cliches. I was on the committee that did the study on literacy. We seem to be hearing this all the time. I am starting to worry that it has become a cliche. We really ought to try and get a handle on what the situation actually is. I will put the same point to you that Peter Baldwin put to you. Where are we at with that question now? Is it still true?

Ms Karim—Again, from the feedback that we certainly have from perhaps those who are long-term unemployed who are looking for work, that is an issue. Certainly, for some disadvantaged areas, for example, Aboriginal and Torres Strait Islanders, that is still an issue that employers see as one that does need to be addressed. We have made great inroads in the area of creating employment opportunities for Aboriginal and Torres Strait Islanders, in particular, and that is just one of the many factors that we are looking at or working with.

Mr BRADFORD—With the ATSI situation, I think we accept that there are some particular problems there. I do not have any doubt about that. I just think that that is something that is consistently raised with us and I think the challenge is to really get to the bottom of that question.

I do not know whether you have referred to it, but are you aware that there is an inquiry into the working holiday arrangements that has been carried out by the Joint Standing Committee on Migration?

Mr Galvin—Yes, we understand that is under way and that is being addressed by the Tourism Council of Australia, of which we are a member.

Mr BRADFORD—My experience is that we have really missed the boat somewhere with tourism training and we have not caught up. It seems to me that a lot of jobs in the industry have been taken by people from overseas. There might be a demand for them, particularly, say, the tour guides was one that was a problem on the Gold Coast and in North Queensland. I could not quite understand why we were not ensuring that kids were being taught Japanese and given opportunities to learn Japanese culture a lot sooner than they were.

Have we caught up in that area yet? We are looking for reasons why kids are not being employed in the tourism industry, and it seems to me that they are missing out on some of the most basic skills, which are communications skills with our tourists, who are predominantly coming from Asia.

Mr Galvin—I would like to give you a number of answers, if I might, and Phillip might like to reply. I have not had the advantage of seeing those statistics that you talked about earlier and how they were translated. That is point one. Point two, we need to understand that the greatest number of inbound tourists are not coming from Japan, they are coming from other countries in Asia.

Mr BRADFORD—Japan is by far our biggest source of Asian tourism.

Mr Galvin—It has been. You will find in some parts of Queensland that probably is still the case. But in the other major ports of this country, where the majority of inbound tourists move and spend great deals of money and therefore create employment, it certainly has not been Japan. It particularly has been other Asian countries and the Tourism Council of Australia would bear that out with you.

Mr BRADFORD—Which source of tourism in Asia is bigger than Japan?

Mr Galvin—The emerging countries: Indonesia.

Mr BRADFORD—I know they are emerging, but the Japanese are still the biggest by a long way, aren't they?

Mr Galvin—In Northern Queensland, particularly, but the largest percentage of Asian tourists entering Australia via Sydney, Melbourne, et cetera come from countries other than Japan. They certainly did come from Japan, but we have seen a decline in that area and we have seen a significant increase from those other countries I have just talked about.

I just indicate a number of other points. You talked about tour operators. That is one particular area but a significant number of people are not employed in tour operation compared to those in hospitality and other career paths in tourism. The largest number of people employed in the generic industry are in hospitality, followed by tourism.

Some time ago we became aware of that salient point that you have raised. In the areas of hospitality, we introduced a number of very short introductory programs to make people aware of two areas: how the culture of people from Japan was equal to but different from that of Australia, and what were the basic guest related phrases to be taught, as opposed to expecting young people to spend a significant number of years mastering the Japanese language. That was the industry stand at the time. However, now the industry would indicate to you that the other Asian languages are quite predominant in their thinking for requirements in the workplace.

Again, we just need to remember that the majority of people—and I use that term generically—employed in the industry are in hospitality and then in tourism. Then you can break down the sectors, in this case, of tour guiding.

Mr PETER BALDWIN—What comment would you make on the overall training reform agenda which has gone on over the course of the present decade? Obviously, there have been a series of initiatives, which it sounds like you have been closely involved in, including this transitional program which started under the AVTS to redevelop courses and curricula to enable them to be developed at the workplace and a shift to a competency basis. That has continued to revolve and develop. There is a fair amount of continuity and overlap between what the previous government was doing and the present government. There are some differences of emphasis, but the main themes and the main thrusts are fairly common. What overall assessment and comment would you make of that? Do you think there are any weaknesses in the way the approach is being adopted or any different angles that we need to be focussing on?

Mr Galvin—We are only talking in respect of tourism and hospitality as an industry. I will ask Rosalie Karim to talk in a second about competency based training and competency standards. That is terribly important. We are fortunately, because of strong industry support, streets ahead in that area. You are right. We have also helped develop a national framework in training. In some of those areas we have talked about before, we own some of those products or systems as part of the national framework of training.

Ms Karim—In terms of the training reform agenda, for our industry there have been many positive inroads made in training. Now we see training that is provided, certainly in an off-the-job situation, that directly meets the needs of industry. They have been involved in determining what the standards are. They have been involved in determining how the curricula should look, whether it be delivered on the job or off the job. So it has been very much an industry led system. Our greatest challenge and continuing challenge is taking all of those developments out there to industry, right across the country at the small business level and explaining really what is in it for them.

Last year we ran a series of breakfasts and small seminars in a lot of the major cities across the country just to go through with a lot of the people who had not been kept up to date—so we are not talking about the providers, but just the business operators—what competency based meant; what was in it for them; what traineeships were up and running; how they should go and find out more about them; how we could help them.

We are continuing those, starting in another month's time, but in the regional and rural areas. I am going up to Longreach and Mt Isa and a whole range of other areas where there are a lot of opportunities for employment and training. With the operators there, we certainly believe it is our responsibility with our tourist and training network to explain to them, at a level that they understand, what is in it for them, and how they can be part of it all and how that is going to improve the operation of their business at that local level.

Mr MOSSFIELD—This is probably a point that we have at least touched on. I wanted to know the impact that visitors to Australia were having who were on working holidays and whether that would have an impact on preventing our own people getting jobs in the industry? I have seen a group of Japanese being driven to a site at the Domain. They get out and they get their photo taken by a Japanese photographer, then they get back in the car and it seems as though there is no local employment in that particular exercise. I am sure there are plenty of other examples like that. Have you got any views on that?

Mr Galvin—Again, I will ask Phillip in a minute, but, as somebody recently explained to me in the

industry—and he is a major operator across Australia—a great number of positions had to be created in this and all sectors of inbound international tourism, and that is what you are really talking about, in a whole host of areas that were directly either related or directly serviced—in this case, those Japanese tourists. They were particularly across the hospitality board.

He explained to me that this particular organisation owned this particular five-star hotel, that they employed 680 Australian people in this operation, and that the hotel was serviced by a number of other industries to ensure that hotel's operation. But, of course, he explained that that was a result of inbound Japanese tourists. They had been serviced by the Japanese tour operator in that case, and they had been serviced by a Japanese bus driver in that case. But the net result had been a huge expansion of employment opportunities for Australian people and investments.

Before Phillip makes a reply, I think we have to understand that whilst we indicate that up to 600,000 people are employed, both directly and indirectly, in tourism and hospitality, we need to remember that large numbers of other industries are servicing our industry on a day-to-day basis in that arena.

Mr Spence—Just to follow on from that point, we have to keep in mind that certainly there will be a percentage of people who will be specialists in servicing the tourism market. With the people who you have referred to as tour guides and photographers, I believe there has been publicity about that in the last three or four years. But it is like everything else. I believe it is a longitudinal thing. We go through a stage where we have a certain percentage of people who are brought into service, very much like when we go over to an overseas country and we win a project over there, it is part of our responsibility going into a Third World country to ensure that we train and we bring the people up to the standard where they understand the language and the knowledge and the skills of the people who are coming in. I believe that is what will happen in Australia in a longitudinal sense. Sure, in the short term we may have a loss, a short-term loss, but I believe longitudinally it will be to our advantage.

Mr BRADFORD—I still think you are underestimating the importance of that whole issue. I frankly think that that is the answer we have had from your industry for years, but there are jobs young Australians are missing out on because they are going to overseas nationals. I think there is a point where we have got to say that something is wrong when young Australians are not getting all of the jobs in our own tourism industry. I think you ought to take that on board.

The other area—and perhaps it would have been useful to hear from the Tourism Council directly because of the potential that tourism has to create jobs for young people, and I believe it is our best opportunity for our young people in the immediate term—is, how can we do better? We are getting only five per cent of the Japanese tourism market worldwide. If we could double our number of Japanese tourists, we would create thousands and thousands of jobs for young people. So I hope somebody is giving some thought from the tourism industry side—I know the Tourism Council is doing a good job, but if we can get more tourists here from Asia, Japan or anywhere else in Asia, we are going to create jobs for young people.

Mr Galvin—I take your advice and I thank you for that. The industry per se would make a general comment through the Australian Tourist Commission, which undertakes a great deal of marketing—with the industry, of course. We would look globally at that question and indicate that four million international

inbound tourists would enter Australia this year, 1996, and, as I indicated earlier, we expect between seven and eight million by 1999. We, as a country, as an industry, have also taken the view that there are a number of other untapped markets, and not just in Asia, of course, as we indicated, but in other parts of the world which we need to continue to explore.

Mr BRADFORD—Is the government doing enough to support it?

Mr Galvin—The government is doing a great deal but so is the industry; it is industry driven. The industry understands its marketplace extremely well. But there has always been strong support from government in terms of the ATC and comparable bodies in states and territories and, of course, from industry itself, which markets itself quite well in other destinations. That might be the big end of town—the Hilton organisation, for example, might promote itself through a range of 96 Hilton hotels across the world. So I think it is a combination of all of that, and more, in terms of promoting tourism on a global scale.

I would just indicate finally that in tourism training, I think we are one of the few ITABs that also offer what I would call an economy for scale educational product service. We provide fairly economical educational products for the good reasons of promoting and significantly increasing training in the marketplace. Some six or seven months ago we placed our first home page on the Internet and included a product service. I understand we have been quite delighted with the progress from other parts of the world. So I am just indicating to you that, whilst all this is happening, we are part of the global stage of tourism and hospitality and I guess we need to remember that, for what it is worth.

Mr PETER BALDWIN—Can I ask one final question?

CHAIR—Yes.

Mr PETER BALDWIN—I am just curious about one aspect in the tertiary level. There are degrees in hospitality studies and there are also TAFE courses. Some market research done recently shows that a lot of young people in some of these vocational areas have great difficulty differentiating between the sorts of things being offered by universities on the one hand and TAFE colleges on the other hand. How would you describe the division of labour between those two types of tertiary institutions and your area? What is distinctive about a university degree in hospitality studies and TAFE qualifications?

Mr Galvin—I will ask my colleagues, Rosalie Karim and Phillip Spence, to make a comment. The industry might indicate to you that we regard the TAFE program as extremely practically orientated, with portable practical skills and focusing on those skills, particularly at the apprenticeship, advanced certificate and perhaps even associate diploma levels across the board—I am talking about tourism and hospitality—as opposed to university programs, which would not be as focused in on those practical skills. If you have a look at the breakdown of some of that curricula, you will see that the disciplines addressed just bear that out for all the very right reasons and very strong reasons.

Mr PETER BALDWIN—In some fields of study, looking at the prospectuses offered by universities and TAFE colleges, it is very hard for students to pick the difference. In principle, you would expect the TAFE courses to have more of that practical focus. Is that indeed the case?

Ms Karim—Yes, we would certainly see that now with the adoption of national curricula, both in the hospitality and the tourism sides, because right across the country the TAFEs are offering programs that directly meet the standards required by industry. Those curricula have been developed and managed by Tourism Training Australia, with input from TAFEs right across the board, and written by them. We would certainly say yes. They are addressing both those skill elements directly.

Very few universities have developed programs that also meet national standards, as they are detailed as units of competency. That is not necessarily a negative. If they did a mapping program of their curriculum, we may find that they are addressed. Some of the difficulty lies in the fact that the TAFE curricula is the same from TAFE to TAFE. They are following a national formula. A lot of the university programs are quite different. The TAFE area has been primarily focused on hospitality.

In the move across to tourism, many of the university programs are focused very much on tourism as against hospitality. They meet another need in the workplace and certainly develop other skills. We have a research program being carried on at the moment with a university, utilising some of their graduates to conduct research with employers, both university and TAFE and private provider graduates, into perceptions of the programs that they did; whether they met perceptions of employers towards the differing programs. We hope to have a fairly detailed report coming out at the very end of this year on that very subject.

CHAIR—Thank you for that. Did you have additional information?

Mr Galvin—Yes.

CHAIR—The committee will receive it. Thank you for coming and talking with us.

[4.17 p.m.]

FARRAR, Mr Graham, National Industrial Relations Manager, Hotel Motel & Accommodation Association Ltd, Level 3, 551 Pacific Highway, St Leonards, New South Wales 2065

CHAIR—I now welcome Mr Graham Farrar of the Hotel Motel and Accommodation Association of Australia Ltd. I thank you for coming. By way of very brief introduction, I do want to impress upon you that our inquiry is about employment, not about unemployment, and about looking for future opportunities for young people and offering the best advantage and maximum employment opportunity. Would you like to make a short opening statement before we ask you a broad range of questions?

Mr Farrar—As a matter of explanation, the Hotel Motel and Accommodation Association was formed in February this year, as the industry felt that it was a means of having a broader coverage as far as membership and industry issues are concerned. It was formed out of the Motor Inn Motel and Accommodation Association of which I am still the executive director. This organisation has been around for many years, predominantly representing the interests of the smaller end of the accommodation market. The general membership of the association covers the small country style operation and, whilst we do have some members from the top end of the market, predominantly, it is the smaller end that needs to be serviced and addressed by the organisation.

One issue that the committee has raised with other witnesses this afternoon has been the issue of unfair dismissal. Unfortunately, I have had first-hand experience of a lot of the problems that small businesses are encountering, both with the present legislation and, subject to what the Senate may do, the proposed changes to the unfair dismissal legislation. For instance, there have been cases where people have filed applications some 12 months out of time or 12 months after the termination. There are all sorts of inhibiting factors for small businesses that are reliant upon trying to make a profit and these factors are a problem for increased employment. A number of members have said to me, 'Well, I am not going to employ anybody else because of the impact that could have if I choose to terminate them and they take out an unfair dismissal claim.'

I do not believe that the system itself is totally the problem. It is the way it has been implemented. I believe this has quite considerable impact on youth employment, particularly with the smaller motels that are located in rural areas where they perhaps have the opportunity of employing younger people. However, when one looks at the cost associated with the employment, the supervision and the training, it is much easier to get somebody who is skilled or has had previous experience rather than give the young person an opportunity.

That is why I have indicated in our submission that there needs to be some consideration given to address the issue of giving the younger person greater skills. Our award is one of the few that recognises the entitlement of students while still at school to work experience within the accommodation industry and not to be treated as a potential employee. It is additionality; it is not in substitution. I believe that this type of opportunity can be developed in a number of areas. It can also give the student experience of the real live world. They may or may not choose to go down that path.

One of the major difficulties has been the expectation that has developed. You said earlier, Mr Chairman, that one of your daughters is being trained through one of the universities. This is fine. We need

those types of skilled people. We also need, and must have, the basic skills of people being able to come in, make a bed, clean a bathroom, et cetera. This is where there is a need for the expectation of younger people to be retrained. They all want to come in as general managers of the Sydney Hilton; they do not want to come in as a housemaid in the Hilton. Quite clearly, this is an attitudinal problem that has to be addressed and overcome. I believe it can be, and I believe it can be done quite reasonably.

We have got other inhibiting factors, particularly in New South Wales where people under the age of 18 are not allowed on licensed premises and cannot be employed on licensed premises. This is not so in other parts of Australia, where they are engaged specifically in an employment issue. I know liquor law reform is well outside your terms of reference, but it is obviously an inhibiting factor—one of a number.

You would recall that, when the traineeship exercise was launched by a former Prime Minister, the hospitality industry was singled out as one of those that would benefit most by the traineeships. Regrettably, it was one of the industries that got trainees last and that was because of the inhibiting factors of the union movement within the industry. So, yes, the hospitality industry can employ more young people, but we do not believe, at this stage, that the climate is totally right for people to go out and employ. As Bill Galvin said, 82 per cent of businesses are small businesses. They are more interested in trying to keep the bank manager satisfied and make a dollar at the end of the day than putting on an additional young person who has to be supervised and trained, et cetera.

CHAIR—One of the things that you addressed a bit in your submission was this issue of attitude. If there is a substantial portion of our young population, say the 15- to 19-year-old group, who might be employed part-time, casually or full-time, but who have attitudinal problems with respect to work, how do we go about addressing that? What do we do to fix the problem?

Mr Farrar—One of the problems is that the hospitality industry, in a lot of instances, is reliant upon transient type of employment. You can get a job as a waiter or a waitress whilst you are doing university or something else. This is an area that does need to be addressed and is not being adequately addressed at this point in time. There are a number of areas within the industry that are mundane, but they are quite critical.

As I said earlier, you have got to have a clean bed. Waiting is something that, whilst it has been within the training arrangements and a facility for qualifications, very few people have done. This is simply because of the attitude that says, 'You don't need it mate; you can soon pick it up, and you'll be right.' These are areas where the industry and some of the training organisations need to get more professional. I think it really gets back to the school situation—for example, the dress of the teachers. Nowadays, it is so casual: the teachers turn up in jeans and the students do likewise. In this type of situation, people say, 'Oh well, the government owes me a job—it owes me a living—so why should I bother?' I think this is one of the problems that we have at this point and I believe that it needs to be turned around to benefit the young people and also Australia.

CHAIR—How do we do that?

Mr Farrar—With considerable difficulty. There are ways and means. Small employers are not going to go out of their way and look for young employees. So, as was said earlier, the industry is going to them.

There is a need for institutions such as TAFE to become far more interactive with industry. This has been happening and at least TAFE is responding to industry needs. One of the problems that we have had in the past with a lot of the universities was providing the same attitude that TAFE was providing some 15 years ago: 'We know what you want, so we will give it to you.' A lot of the universities are starting to come around and say, 'Yes, industry, what really do you need and how can we deliver it?' Whereas before, TAFE had all the answers, they have now realised that industry has some answers itself.

Mr PYNE—You talked in your submission about the inappropriate attitude of employees or young people and we have covered that. You also talked in your submission about the inappropriate attitude of employers. Would you like to expand on that as well?

Mr Farrar—Yes, by all means, because it is obviously a two-sided situation. That can be looked at in some of the areas that I have already raised—small business, not realising what is available through government subsidies and traineeships, et cetera. The message has not been sold and that is one of the reasons why I suggested in the submission that industry associations have a very unique position within the overall framework to be able communicate with their membership and get the message across to them: 'Do you know that you can put somebody on and get this type of subsidy?' They do not have the time to go out and look for themselves. Unless they are drip-fed, they will not do it.

I know some proprietors are now looking at it on the basis of: 'I can get these trainees at a reasonable subsidy; I can provide a slightly better level of service.' Again, it is a matter of getting the person to recognise that situation and be prepared to say, 'Yes, I will make the commitment to train.' It is another reason why I have said that pre-employment training is very important because the person is then more beneficially able to be employed.

Mr PETER BALDWIN—What sort of pre-employment training do you have in mind? Are you talking about very specific kinds of skills or more generic ones?

Mr Farrar—There is a substantial need, and will be, for qualified cooks, for example. If you look at some of the statistics of people who go through and finish their apprenticeships, they leave the industry fairly rapidly or go out and start their own restaurant. When the Sydney Casino opened, there was major problem in Sydney for qualified cooks because, all of a sudden, that absorbed a lot of the people who were about and they were taken from other establishments. There has been put in place an overall scheme of the levels of employees that will be needed over the next five years, and this is being addressed by industry, through Tourism Training Australia, to meet the demands. These are some of the problems.

One of the major difficulties is that, whilst there may be one general manager at the Hilton, there are hundreds of housemaids. This is where people have to realise that they can develop. Probably the classic example is a person that started as a storeman in a fairly leading Sydney property many years ago and ended up as general manager. And people say there are no career paths within the industry. The lack of understanding is the major problem. There are career paths, but people have to be prepared to start at the bottom and work their way through.

CHAIR—I will follow up on that. Is it not your job—the industry's job—to let the young people know

that those career paths exist?

Mr Farrar—Yes, and we are. There is a lot being done, as we said, by Tourism Training. We have developed a lot of courses, a lot of material is now available, and that is not only for the employee, but also for the employer, because it is not much use having the employee all enthused and ready to go unless you can find somebody who is prepared to put up his hand and say, 'We are prepared to employ you.' And at this stage, the unfair dismissal legislation is having an adverse effect on employment and will continue to have, even with the amendments, subject to what other changes the Senate may make to them.

Mr MOSSFIELD—Just on the unfair dismissal, I do not really want to say too much, because most of it has been covered, but most of the training positions, apprenticeships and traineeships, are not really affected by the unfair dismissal—they are exempt, are they not?

Mr Farrar—They are.

Mr MOSSFIELD—I think your fair comment was that it is with the implementation of the unfair dismissal legislation, rather than in itself, that the industry has a problem?

Mr Farrar—The problem is predominantly with its implementation. There was a case recently where a person had been caught fighting, off the employer's premises. Two of them were involved, but obviously one of them was guilty and one was not. So the employer dismissed one of them. He went off to the unfair dismissal area, and it cost 26 weeks wages for the ex-employee. The difficulty that you have now got is that there are sections of the legal fraternity that are actively going out there and soliciting on the basis of saying, 'If you've been dismissed, you've got nothing to lose, so come and see me. If we can get something for you, you're that much further ahead.'

Mr MOSSFIELD—I think that is the big weakness, I would agree with that. I really wanted to ask you a question about the attitude of young people. You make some reference here to the fact that it appears too simple for young people to be able to get onto the dole and stay there and develop a particular mind-set towards employment. I think that is being a bit harsh. I think there might be a very small minority that are like that, but I go to schools, as I think we all do, and they really want to get a job. They are very keen to get a job. There may be a few that fall into the category of not wanting work, but I would have to suggest that it is a very small percentage. That is my view, anyhow.

Mr Farrar—One of the problems is that our membership is not only in metropolitan Sydney, it is also out in Bourke and all the rest of it. There are opportunities, there is no question about that, but the environment is not totally right to encourage the small employer to go out and take them on. This is where there is a need, which we see, both with Tourism Training Australia and ourselves, to say to them, 'There is somebody who will be skilled, they've had a certain amount of training within hospitality, so they are not going to be starting off green, so take them on from there.'

Mr BRADFORD—I suppose the problem might arise for kids who have been brought up in a family where neither parent has a job. Although it might have the opposite effect, I am not sure, it might motivate them to go out and improve themselves. I have lost my question now—I will come back to it.

CHAIR—Shall we come back to you?

Mr BRADFORD—Yes, it is getting a bit late in the day.

Mr PYNE—Firstly, on the unfair dismissal laws, Frank said and you said also, that obviously lawyers are out there touting for business, but of course they would not be able to do so if the laws were not as they are. Clearly, if the laws were changed, then they would not be able to do so. So you should vote with us in the Senate, Frank, and make your colleagues vote for us in the Senate.

Mr MOSSFIELD—I do not want to have a debate on the unfair dismissal law.

Mr Farrar—The problem on that is very simply that the employer is presumed wrong and guilty.

Mr PYNE—I am not opposed to the current unfair dismissal laws; I am just saying that it is not fair to blame the lawyers and to say that is one of the big problems. Obviously, if the law was not as it is, the lawyers would not be able to take advantage of it and so Frank should get his colleagues in the Senate to vote with us to pass the unfair dismissal law.

Mr Farrar—I make no comment on that one.

Mr BRADFORD—The comment you made about kids' expectations, I think, is a problem. It is anecdotal, but we need to get to the bottom of why their expectations are higher than they perhaps ought to be. Maybe the horse has bolted and we have got to look at it in other ways. Who does make the beds and clean the toilets?

Mr Farrar—Employees. I do not think it has bolted; I think it can be reversed. It gets back to the education system as it stands at the moment—for instance, people say, 'You do not want to go out and be a housemaid all your life; you want to go out and be the general manager.' There have got to be people prepared and available to do these jobs. Particularly in Sydney, there are certain ethnic groups that do better than others. In rural areas, you have predominantly Australians and predominantly married women. The situation will always continue: these jobs have got to be done. I believe the school system should be educating people to the fact that, if you start off as a housemaid, you could end up as whatever, because there are distinct career paths within the accommodation sector.

Mr BRADFORD—But I think it is your job to do that as well. I think you said that you were doing it. But it is your job as an industry to sell that story to young people through careers advisers and through the opportunities that are available to you. For instance, the message that it is a career that can go right up to being general manager of a Hilton or a Sheraton, which is a very good job and you can go all over the world, all that sort of stuff. But you start cleaning bathrooms. That is a job for you people, I think.

Mr Farrar—Yes, I think it is also a job for the government to assist in getting that message through, particularly through the educators, ensuring that expectations match what is available.

Mr BRADFORD—You mentioned that there was a shortage of chefs. That always seems to be the

case, because it reflects their very high wages most of the time—supply and demand.

Mr Farrar—Not according to your colleagues in the Senate inquiry recently. They suggested that they were being underpaid substantially, which is not the industry position.

Mr BRADFORD—I had a restaurant once. It was the worst mistake I have ever made. I have been in a lot of businesses. Chefs were a big worry and extremely expensive. But apprenticeships are available. Why aren't young people attracted to that: it is a good high-paid job?

Mr Farrar—With the industrial restructure over the last six or seven years everyone has been brought back to a single common denominator, and also with the skill levels, one of the problems is that there has been an anomaly created, particularly in both the hotels award and in our award, on the level of payments to apprentices. In fact, for the actual hours worked during a day, a fourth-year apprentice receives more per hour than the qualified cook, which is wrong. This is a disincentive and I am not suggesting that we should rush out and reduce all apprentices' wages. You have got other factors that have been operating in New South Wales, particularly through the group apprenticeship scheme, where they have utilised the restaurant employees award for their apprentices. That award again has had an industrial problem. It is $120 per week below where it ought to be, which made it far more attractive to put apprentices into restaurants. These are ancillary but they impact indirectly on the employment of young people.

Mr PYNE—In your submission, you talked about the importance of junior wages. Do you want comment on the importance of junior wages?

Mr Farrar—For an employer to employ a junior person, if they were to be required to pay adult wages for them, they just would not touch them, because they do not have the experience, they need much greater supervision and, the reality of it is, they have got to get experience. McDonald's is obviously a very good training ground for that because they have various procedures in place. People are trained and there is an expectation, but they are paid at the lower end of the market. Obviously, people working there see that as a means to another end. This is why I indicated that, if junior rates were to disappear, you would see a wholesale increase in young unemployed people. An employer just will not look at engaging somebody where training and additional supervision is involved. They will put on somebody with greater experience if the junior gets paid adult rates.

Mr BRADFORD—How many illegal immigrants are working in motel and hotel restaurants around the country?

Mr Farrar—I would have no idea. I do not believe there would be too many in motels.

Mr BRADFORD—So you do not think that is another inhibiting factor?

Mr Farrar—No, not at all.

Mr BRADFORD—I think you would find a few down here in Chinatown.

Mr Farrar—What is involved with the Chinese is obviously a different issue, but I do not think they would be replacing Australians anyway.

Mr BRADFORD—That might be right.

Mrs ELSON—I just want to make a observation. I have got a son who started making beds and ended up running the motel by the time he was 21, working through the industry. An observation that I have also made is that a lot of motel owners—because they will not take on juniors because of the unfair dismissal—now put themselves under stress. They work longer hours and do not give quality service. I know a number of people who say they will not go back to certain hotels and motels because of the service. We have found out that it is actually the owner who gave the service and not the employee and we have found out the long hours that they are working. These people are doing themselves a great disservice.

Mr Farrar—That raises a major issue on professionalism within the industry. There is a need to increase that professionalism, particularly as we are heading towards 2000 and particularly as more people are travelling outside the major capitals, which is obviously beneficial from an Australian point of view. It is another issue and, with that in mind, we were looking, at one stage, with TAFE, Tourism Training Australia and the New South Wales Tourist Commission to try to set up a working party that would interact at a local level between accommodation operators and the various TAFE colleges. We were trying to get students in there with some training to give management the opportunity of the student's expertise and to develop their own skills. But, because of the recession and because the industry, at one stage, was shedding jobs, that has been a by-product. People are just not able to provide employment because room rates have been depressed. This was caused initially by an oversupply of the five-star market in Sydney which spread, particularly from the international inbound tour operator. If we can get a room for $85 in Sydney, we are not going to pay $150 in Cairns, thank you very much. But that has now ceased.

CHAIR—Graham, thank you for your submission, and for appearing before the committee today. Your answers have been enlightening. I thank the committee secretariat for its work today, *Hansard* for being so patient with us and faithfully reporting our many words and my colleagues.

Resolved (on motion by Mrs Elson):

That 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 4.42 p.m.