HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING

Reference: Factors influencing the employment of young people

MELBOURNE

Wednesday, 25 September 1996

OFFICIAL HANSARD REPORT

CANBERRA

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING

Members

Mr Charles (Chair)

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

Matter referred for inquiry into and report on:

Factors influencing the employment of young people.

WITNESSES

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING

Factors influencing the employment of young people

MELBOURNE

Wednesday, 25 September 1996

Present

Mr Charles (Chair)

Mr Barresi	Mr Neville
Mr Bradford	Mr Pyne
Mr Brough	Mr Sawford
Mr Martin Ferguson	

The committee met at 9.10 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 and conducted public hearings in Canberra and Sydney and will conduct a public hearing in Adelaide tomorrow. The purpose of this inquiry is to consult widely and produce recommendations for government action that will help promote the employment prospects of young people.

I am keen to hear the views of all sections of the community about how we can better equip young people for employment. I am particularly keen to hear the views of people who are active in commerce and industry for they are the potential employers and the creators of 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 relevance of the education and training systems;

. the importance of developing better linkages between schools and the business sector;

. the need for a more flexible industrial relations system; and

. the effectiveness and efficiency of government programs to assist young people to find employment.

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

Today, the committee will take evidence from representatives of Construction Training Australia, WorkPlacement Inc., Diecraft Australia, the Victorian Parents' Council, the Forest and Forest Products Employment Skills Company, Gilmour's Comfort Shoes, the Australian Council of Education Centres, and the Finance and Administration Industry Training Advisory Board. To start today's hearing, I now call Mr Peter Wilson of Construction Training Australia.

WILSON, Mr Peter Alec, Chief Executive Officer, Construction Training Australia, 1st Floor, Construction Industry House, 80 Drummond Street, Carlton South, Victoria 3053

CHAIR—Thank you for coming today. Do you have any comments to make on the capacity in which you appear?

Mr Wilson—I appear as a representative of the National Building and Construction Industry Training Council, currently trading as Construction Training Australia. So the name of the organisation is familiar to most people these days as Construction Training Australia.

CHAIR—Would you like to make a brief opening statement before we start asking you a few questions about your submission?

Mr Wilson—Yes, Mr Chairman. Our brief submission was a consolidation of a range of views expressed within our network, that is, by the industry training advisory bodies within our network. It went to some fairly simple and probably predictable matters of education; that is, the output of primary and compulsory secondary education and the preparation of those educational arrangements to prepare people for the world of work.

It went to training as distinct from education and touched on the industry structure and culture of the construction industry and the relationship as a factor influencing employment of young people. It went to institutional training and young people's attitudes to further institutional training and pre-vocational training.

It also went to labour market programs and highlighted the need for very strong linkages between labour market programs and the main thrust of skills development and employment. It went to the question of marketing, an issue that we have seen as extremely important as we move in this country to embrace a more competency related approach to skills development, the use of skills and, therefore, the employability of young people. It also went to the question of mobility—a vexed question for the construction industry, with our project based activity.

It did not touch on, nor did we see a need to touch on, the major factor influencing employment, namely, employment opportunities that can only be created by a more viable business sector. So we stuck fundamentally to the issues that relate very much to our role in society.

There is much more but, fundamentally, I would be prepared to talk more about recognition of the changed culture in our society relative to young people in employment and the changed structure of business, with particular emphasis on the increasing small business nature. We know that is problematic but it is something for which we need comprehensive strategies.

There is a need for competence. The nature of business these days means an increased and huge demand for young people to hit the ground running, but certainly to be at least semi-competent. And you referred in your earlier remarks to the need for young people to be familiar with industry.

There is also a need for nationally cohesive and consistent strategies. There are difficulties in mounting

a major campaign but there is a need for a nationally cohesive approach to all of these issues and a change from the risks, dangers and fragmentation of what otherwise occurs is paramount in our mind.

CHAIR—I have always been fascinated by the fact that the construction industry, which you represent today, has a very strong role to play in training young people in the trades through apprenticeships. But the industry has done a very poor job in allowing young people to train as builders' labourers and employing young people in any labouring capacity as a start in the industry because of the requirement to pay full wages for anyone in that area. What are the opportunities? How might we address that sort of problem?

Mr Wilson—Mr Chairman, you ride one of my hobbyhorses. I commenced in the construction industry as a labourer when I was 17 years of age and I have been in the industry ever since. During part of that time I worked in the public sector, in fact here in Melbourne, for what was then the Melbourne and Metropolitan Board of Works. We were able, with the Australian Workers Union, to create a traineeship arrangement in the public sector which took young people into employment at 16½ to 17 years of age for a two-year program of training and skills development. In my view, it worked very successfully.

When I commenced the task, I carried with me many of those ideas on the need to address those issues from both perspectives, the absolute lack of training in the non-trades area of a construction industry and the opportunities that could and should be created for young people, because I had done it myself.

However, I found considerable reluctance in those days, particularly articulated through the Builders' Labourers Federation's concern that without proper control and proper examples such an approach could impact very much on the conditions of employment that had been fought quite hard for. Over those many years I have worked on finding means of overcoming those attitudinal problems and creating opportunities. Two fundamentals remain in my mind which, regrettably, I have not been able to fix for the construction industry.

In fact, in the construction industry awards there is very little provision for training arrangements, and that continued to prove to be an enormous barrier, including in the days of the Australian traineeship system, the Kirby culture as it was so-called. We made every possible effort to design traineeships for implementation, particularly targeted at the non-trades area of our industry, but we were not able to see those put in place. In my view there was insufficient attention paid to the industrial issues at that time by the Commonwealth government who were the strongest advocates of the Australian traineeship system and, collectively, through the ACTU and its affiliates.

I have regretted that and I have spoken many times both to the ACTU and to the government representatives about those issues. I find that nothing much has changed. We are now on about round three of attempts to develop programs for non-traditional areas of training for young people. Again, and I am not ignoring the industrial reform agenda of the present government, but to be frank about it, I still see the awards, the unions and the industrial reform process as having to address this question of insufficient recognition and provision in the industrial arena to provide an infrastructure to support the employment of young people in non-traditional areas.

The second point is the financial aspect, the real financial inability of small businesses, irrespective of

their philosophical approach to young people or to training—and I do not think that has changed very much—to be involved as a single business in assisting the employment of, or taking into employment, young people. That has not been resolved. For our industry we proposed some 15 years ago an industry training fund which would provide additional resources to enable that to occur in an equitable way. We have only been successful in achieving such arrangements in three states. There is still a long way to go on that matter as well.

CHAIR—What sort of potential is there if you could use MAATS and you could solve the industrial issues to bring up traineeships? I have to say to you that you started in that area as a youngster, and so did I. I had a job as a carpenter's helper. Do not ask me what I got paid. It was not very good pay but I learned a heck of a lot. I was 15 or 16. I got my start that way. There are many young people who deserve a similar start. What sorts of numbers are we talking about? What kind of potential is there in Australia? Understanding that the construction industry is an up/down industry, that employment conditions are never stable, what sorts of potential is there would you estimate to engage young people?

Mr Wilson—We have created notional targets of a six per cent replacement rate for the 350,000 of our on-site work force that should be in those types of programs, whether they be apprenticeships or traineeships, and taking into account that there will always be some who come through the industry simply by job-learnt competencies. That will always occur.

In addressing the whole range of issues that relate to entry level training in our industry—and there are some 30 that we have identified, documented and developed strategies for—we have identified targets not only for new entrants into our industry but also, and very importantly because it will assist ultimately the productivity, we have targeted the existing work force to create a syphoning effect, as it is sometimes termed. We have addressed that.

But that is the magnitude—six per cent, we believe, as a replacement figure for our existing work force—and we are very well below that. Our apprenticeship, as you referenced earlier, has always been inadequate, for a variety of reasons—not only the cyclical nature of activity in our industry, but the change in the structure of our industry as well. The downturn in the public sector employment is an implication that nobody has yet investigated. I have put an approach to the Australian National Training Authority on that issue.

Even at the best of times, apprenticeships represented only some three per cent replacement rate of only 40 per cent of our on-site work force, which is the trades. The other 60 per cent—the people that you see on construction sites as you drive and walk around the streets—are not tradespeople. The tradespeople are generally inside, doing the fit-out and finish, installing services, and you do not see them. But the vast majority of those highly skilled people that create these structures are non-tradespeople, for whom there is no formal training still. I say that after all the effort that I have put into it.

CHAIR—On the first page of your report to us, you talk about young people having deficient basic employment skills, literacy, self-discipline, punctuality, and all of that sort of stuff. You say the gap is widening. Firstly, would you like to expand on that statement? Secondly, do you have any evidence about the widening gap?

Mr Wilson—The evidence I have is through submissions from the state bodies within our network. Clearly, the national body is not as close to these issues as they are. Their experience comes from their efforts to increase the numbers of traineeships and apprenticeships. I think there now is considerable experience of efforts to combine labour market programs which address the disadvantaged in the labour market and, at the same time, trying to address the skills development needs of an industry like the construction industry, where, realistically—it has been said by others and it was first coined, in my experience, by the construction union in America—there is no place on a construction site for a totally unskilled person.

That creates enormous difficulties. When you are seeking trainees and seeking to attract young people, you may well be seeking to attract the cream of the crop—people who are reasonably articulate because of the necessity for autonomous working, virtually, in our industry; people who can grasp fairly readily what safety signs say, what safety instructions mean and so on. I just provide you with that background.

The experience of those state bodies which led to those comments in our paper has been one of being confronted with probably some of the most disadvantaged in the labour market and endeavouring to create skilled workers from that group of entrants. Nevertheless, it has been a real experience. I can assure you that I have at least three states, which have had some extensive experience in addressing the issues, making exactly the same remarks—that there clearly is a need to improve the basic education of young people for them to be more attractive to employment and more capable of taking on the skills development that is required these days.

As we all know, there is an increased demand for a pre-vocational competence. Measured against that demand, until the pre-vocational education does see an increase, in terms of both compulsory and post-compulsory secondary education, there will always be, in my view, a gap between the abilities of young people after compulsory secondary education and the highly increasing demands of industry for people to be competent in literacy, numeracy and so on. I do not think it is a denigration of the young people, Chairman; nor do I think it is a denigration of the system. It is a remark based on those factors.

Mr BROUGH—In relation to your comments on education, are there, do you believe, false expectations being put to kids and young people and, therefore, they are not looking towards the construction industry in the way you would like to see them look at it? Many people suggest to us that we need more vocational training in the schools. Is that going to really assist in your particular industry and be of direct help? The other point they make is that, with a lot of training that is done, specialised training is not on the job and therefore is of very little value. You are basically saying that in your industry—not referring to the trades, but the bulk of workers—they need to have some form of training before they get there. What form would you see that taking, and who would you see administering it?

Mr Wilson—There are a number of factors, obviously. There are false expectations in the minds of young people about employment. One of the things that surely the committee must address in the immediate future—and this to me is indicative of the problem—is that in the press, as recently as yesterday, we see again a competition commencing between universities and the TAFE sector for students. Those remarks by the universities yesterday about the increased employability of people with postgraduate qualifications are clearly a reference to that being a superior path to the vocational training that might be available in the VET sector.

That tends, I am sure, to confuse and disenchant young people we have been trying to encourage into a vocational training pathway. They will be very discouraged because they do not have the basic academic approach that is necessary to commence an undergraduate degree program. Those are things that impact on both the expectations and the preparedness of young people. That is something that needs to be addressed.

I was very concerned at those remarks yesterday that, here we go again. Goodness me, if HECS is going to apply in the TAFE sector, then let us be fair dinkum about it. Let us get it all out on the table and let us say that we will have one approach to vocational education and training in Australia and there will be a requirement for some user-pays. But let us not create a competition between the two. It will impact badly on young people who are trying to decide where to go.

In terms of pre-vocational training, yes, I see and we see, as I remarked earlier, the real necessity, if we are going to take young people in, for a whole range of factors. Let me put it this way: employers will find it much easier to take young people into employment if they can take them in with some prepared skills and as part of a comprehensive program that has credibility for them. So pre-vocational training will become increasingly important to the employment of young people, for example, as we increase technology in industry. There is no doubt in my mind about that.

Off-the-job training, generally, has changed. We have assisted major changes in the nature of vocational training so that there is a greater simulation of the world of work and what we term 'live work' in training. If you look particularly at any of our TAFE colleges, TAFE has been remarkable in its support of the construction industry in moving into competency based training and live work. Whilst you cannot duplicate the vagaries of weather, different sites and different personnel and everything else, you can at least prepare people for work by putting them through a work related live work experience in training. I am sorry, the last part of your question escapes me.

Mr BROUGH—That is fine, you have pretty much covered it.

Mr MARTIN FERGUSON—What is the basis of your industry training fund and why have you only got it up in three states?

Mr Wilson—I need to go back a little bit in history. We realised quite some years ago as an industry that if we were going to improve our ability to train, we had to overcome the same sorts of difficulties that have led to the creation of redundancy trust funds, portable long service leave and so on. We have a very project oriented, discontinuous employment environment that can best be addressed by collective effort.

I mentioned earlier the question of equity—overcoming the risk and reality of poaching of skilled people when only, for instance, one company or one firm trains and the others do not. To inject some equity into it and to provide some funds to assist the industry collectively, we searched the world to see what the best approach to that was. In the UK and in America, in particular, we found that there were national training funds that enabled this.

We then looked at 14 different mechanisms for an equitable collection and disbursement of funds, with the support of Deloitte, Haskins and Sells at that time and supported by the Commonwealth government, and

came to the conclusion that a way forward for the construction industry in Australia was to attach a levy on building permits. That had been criticised as being hardly an industry levy; it is more a levy on clients but, after all, that was correct.

It remained the most viable means of a collection mechanism to provide the funds that we required. The difficulty for us ultimately was in getting national agreement to a national approach—a familiar problem in Australia. So we resorted to an approach based on an agreement within the industry about these key factors and an approach based on state-by-state legislation.

Again, I am sure you would appreciate the complexity of that approach and the difficulty in times of political change where clearly an existing government or an opposition is not best placed to support what might be perceived by many as an additional taxation, so it has not been easy. We have achieved it in Tasmania, Western Australia and South Australia. I believe we are close to achieving a fund in the ACT. I believe we are reasonably close to achieving an outcome in Queensland. It is enormously difficult. Whilst one can always appreciate the Commonwealth government's reluctance, we have appealed many times for Commonwealth support, in consultation with the relevant ministries at state level, to assist that implementation.

Mr MARTIN FERGUSON—Is it fair to say that in the last decade training and industry has had a huge setback with the fact that Commonwealth, state and local government, with the winding back of direct employment such as public works departments, railways et cetera, has walked away from training in the industry and the fact that there has been a change in the structure of the industry, with many mums and dads turning themselves into small companies for the purposes of operating in the industry, which effectively means both in the public sector and public sector that our training opportunities in this industry have declined?

Mr Wilson—Yes, I do not think there is any doubt about that. I am sure that my earlier remarks would indicate my support for those views. I think, if I may say, that the change in the culture of our community over the last 10 years and the structural change that you referred to in particular is very true of our industry, as it is of any others. The compensatory mechanisms to me, for all the other reasons that I have mentioned, need to be nationally consistent.

They need to be of the type of group arrangements that we see so capably being handled by Group Training Australia associations. Personally—politics aside—I believe that the previous government was on the right track to achieving some solutions to those difficulties through comprehensively addressing national industry advisory arrangements. Regrettably, yet again, this is under review, prior to it settling down and implementing some approach and direct support through NETTFORCE, for example, as a major strategy, but again, not going far enough with that, not allowing that to really be properly integrated with other strategies. In fact, it was created and remains in my view as an isolated strategy.

There should be a totally integrated approach between industry advisory arrangements, strategic planning and organisation of the NETTFORCE arrangements with group training companies. I believe that, if we were able to do that and at the same time to prevent a resurgence of the fragmented approach through labour market programs that we have experienced in the past, if we were able to bring all of that together, then I think we would have a comprehensive strategy for addressing the issues. But unless we do that we will not and we find too much competition.

Mr NEVILLE—I am not surprised, but I am alarmed by your comment about literacy and self-discipline. Do you think that would be overcome to some extent if students were stranded from grade 10 into an academic and a vocational sector in their education with the appropriate emphasis on things like maths and community, maths and construction, things like that and the same for literacy? Do you have a view on that?

Mr Wilson—Yes.

Mr NEVILLE—Should that be done by the school or should TAFE come onto the school campus?

Mr Wilson—I agree, but probably at earlier than year 10, I would say. Certainly much earlier in terms of career guidance and opportunities to make informed choices. Young people prior to year 10, I think, are quite capable of comprehending what that is about and should be assisted in understanding their abilities. That is not in any way supporting any notions of a class approach. I am sure you do not mean that.

Mr NEVILLE—No, I do not mean that at all.

Mr Wilson—There should be greater assistance available for the preparation of those young people in total, including an awareness of what industry is all about; where their abilities best lead them; and what are the next steps that are necessary for them. Regrettably in our industry, and again because of the fragmented approaches, we have not been able to establish a comprehensive approach to career guidance.

We would want to do that amongst a lot of other strategies. We want to change the cultural image of the construction industry. We want to make the industry more attractive but we also have to have a communication mechanism, even into primary schools, which enables young people to understand what the construction industry is, what the opportunities are; what are the pathways that are available and therefore what are the education and training pathways to a career in industry. It is not there at the moment, I agree with you.

Mr NEVILLE—Once you get them on site, does your industry have a view as, say, the housing construction industry has of bringing competency based training education even to the extent of a classroom onto the site or onto a group of sites, where they see in the classroom what they are going to do that day? Is that part of your agenda? Or do you just talk about competency based training in the broad?

Mr Wilson—Oh, no. When I say that I represent the construction industry, I mean that I represent the totality of the construction industry. Housing is, of course, part of that.

Mr NEVILLE—They are pretty well organised, are they not, in that regard?

Mr Wilson—They have been well supported to achieve that type of organisation, and that has been supported by all of the industry, not just by a sectorised sort of housing approach. We need skilled people in the construction industry. A strategy which lends itself greatly to that is where you have got residential development, a multitude of experiences and an opportunity to site a training arrangement within a multi-housing development site. That is a remarkably better opportunity than you would ever have on a CBD site. So, housing, if you like, is an unique opportunity for the construction industry to do that.

I remark again on the change in the public sector. These are compensatory strategies, in my view, for the downturn in the opportunities to have other things happen, and the public sector is a glaring area where the opportunities have decreased.

So I support what housing has done. I agree with it. The construction industry has been behind it. We have been behind it. We have been able, through our work, to assist in resourcing it. I see that as a very valuable opportunity, handled properly. It is done best by a group arrangement, of course. So you are seeing the group arrangement, if you like, personified by an arrangement on a housing development or residential development area.

Mr NEVILLE—I have just two other short questions. You mentioned before that at an earlier time, over a period of a couple of years, you have tried to run a traineeship system. For what percentage of the time were the young people in actual training, as distinct from on the job? Also, was there a junior wage attached to that?

Mr Wilson—Yes. What I was talking about was in the late 1970s, in the public sector, a construction traineeship scheme which was supported at that time by the Australian Workers Union.

Mr NEVILLE—That is the one, yes.

Mr Wilson—The formalised part of the program was one day a week.

Mr NEVILLE—About 20 per cent?

Mr Wilson—Yes. Again, there clearly is an overlap and major changes that occur between on-site and off-site. So it is better to say, yes, one day a week in training; but that may well have been in productive work, and on most occasions was. I remarked earlier about my concerns about the industrial underpinning that is very necessary. That arrangement was very ably supported by the AWU construction and maintenance award, which was, and remains, the only award relative to the construction industry that has a reference to unapprenticed juniors. So it had a pseudo apprentice arrangement for other than those engaged in traditional trades.

We were able to add to that, in my more recent work, by having included in the award, by the union, a reference to the Australian traineeship system at that time. That was in the mid-1980s. That remains in that award. It is still the only award, despite the work. I have been a witness for the industry and a witness for the federal commission in the award restructuring processes as we have gone down the road of endeavouring to create a competency based skills structure in the industrial awards. Despite that very laborious work, which still has not seen full fruition, I reminded both the commission and the parties that once we had achieved that basic structure we still needed to address the training issues, which are not addressed in the awards.

Mr BARRESI—You mentioned marketing and said that perhaps there is a barrier to understanding some of the changes taking place in regard to the modern Australian apprenticeship training scheme, particularly with smaller organisations. What role will your organisation be playing in terms of advocating the new training systems that are being implemented, particularly the apprenticeship system as well as the school-

to-work program announced by Dr David Kemp?

Mr Wilson—We include in our national VET plan whatever references are essential to clearly draw in the correlation between the industry's needs and government initiatives in these types of areas. Our current, in draft form, VET plan for the next two years already has quite specific references to MAATS and we will pick up any additional motivation or incentive or approach that the government can take in respect of school-to-work transition. I can give you that assurance. Our record speaks for itself in that regard.

I do understand, of course, and I am sure the committee is aware, that there is a bit of a reluctance to embrace MAATS, given that not all of the aspects of it are clear to everybody—including the unions, who raised some expected concerns about the issues of fragmented approaches to vocational training. Clearly, Mr Chairman, we do not have the time to pursue that; I just alert you to that because it was raised with me only the other day in the context of the draft plan that I am talking about.

I am not sure where that leads us but I know there are some concerns in the community at the present time about those issues—for example, that an entirely enterprise based approach to vocational training might lead to a supermarket shelf type approach, which ultimately will not serve the best interests of young people or industry because it may destroy the efforts that have been made to date to create a nationally consistent broad based approach to skills development to give young people the best employment opportunity possible. Those are the sorts of underlying concerns. But directly in response to your question: my organisation has already picked up and will continue to pick up and emphasise those things.

Just to remark on my earlier comments about marketing, in one of our VET plans two years ago we emphasised very strongly to ANTA, which was then a relatively new authority, that the community is very lacking in its understanding of these issues of which we speak: competency based approaches, vocational training, post-compulsory, pre-vocational and so on. If we are to have a demand rather than a push—as we continue to push all of this into the community and into industry, if we are to create a demand—it has got to be a home based demand, and parents and young people have to understand that this is available, it is important and it does provide very, very good opportunities for future employment. That is the sort of thing we have appealed for and we will continue to appeal for that through the Australian National Training Authority.

CHAIR—Thank you very much for appearing before the committee. I would make one brief comment. You talked about industry training funds. In 1994 we visited Western Australia and took evidence on group training schemes, to produce a report—*A best kept secret*. We did hear quite a bit of discontent from people who thought the system was being rorted, and that it was, in fact, deflecting training funds from priority areas to non-priority areas and distorting the whole training system. I just thought you ought to be aware of that, as well.

Mr Wilson—I am well aware of that. I have met both the minister and the chairman of that fund in WA on some of those issues.

CHAIR—This was on-the-ground stuff.

Mr Wilson—I know. I appreciate that. Thank you.

CHAIR—Thank you very much. Good on you, Peter.

[9.55 a.m.]

MYER, Mr Rupert Hordern, Melbourne Region Chair, WorkPlacement Inc., Marland House, Suite 4, 9th Floor, 570 Bourke Street, Melbourne, Victoria 3000

PALMER, Ms Kirsten Ann, Melbourne Region Director, WorkPlacement Inc., Marland House, Suite 4, 9th Floor, 570 Bourke Street, Melbourne, Victoria 3000

WILLIAMS, Mr Kenneth Irvan, Chief Executive Officer, WorkPlacement Inc., Marland House, Suite 4, 9th Floor, 570 Bourke Street, Melbourne, Victoria 3000

CHAIR—I welcome WorkPlacement Incorporated to appear before the committee. I will not go through the introductions again, but I would like to point out to you, as I have tried to point out to all the people that have been kind enough to appear before us and talk to us, that this is an inquiry about employment, not about unemployment. We understand, certainly in the discussions, that unemployment issues have impact, but essentially, what we are looking for are those things that will help us to expand people's opportunities to gain work, first of all, and will expand employers' desires or opportunities to take them on.

Thank you for coming today and thank you for your submission. Would you like to make a brief opening statement before my colleagues and I start asking you questions?

Mr Williams—Thank you very much for the opportunity to expand on our submission. I will give you a very brief overview of WorkPlacement. Kirsten will then give you an overview of the research study that we have submitted, and the Rupert will talk about the perspective of employers.

WorkPlacement has been going for about three years. It is a not-for-profit organisation; it is not associated with any employer organisation. It has a national board and it has been set up as a business response to disadvantaged young people. Fundamentally, the focus is always on disadvantaged young people getting a foothold into the employment situation to give them an equal footing.

It started with a concerned group of business people with Jan Carter from the Brotherhood of St Laurence. It consisted of the late John Bell, Eric Mayer as the CEO of National Mutual, Rupert Myer, Andrew Fairley and a group of other people who were concerned about getting young people who are disadvantaged into the employment situation. It has an emphasis of working directly with employers and giving a second chance to young people.

Currently we are based in Melbourne, Shepparton, Sydney and Brisbane, so it is seen as a national organisation. Over the three years we have placed about 1,000 young people and created, or worked with business in identifying, a large number of employment opportunities. We receive some government funding. Quite a bit of funding comes from fundraising and donations and the other funding comes from grants and specific purpose trust grants and so on.

We are seeking at present to become accredited with case management and to head towards increasing our amount of government funding through the employment placement enterprise arrangements that have been

set in place. During our work we have undertaken a research study which we thought could be of interest to the committee and I will ask Kirsten to summarise that area.

Ms Palmer—I guess what you really are looking for is what employers are wanting, and that is what we are about because at the moment we basically act as a free employment service or free employment agency, if you like, to employers to encourage them to take on socially disadvantaged young people as opposed to young people who perhaps have degrees and relevant work experience. We are not talking about disabilities here, and that is important to note.

What we found is that employers overwhelmingly have said, when they were asked, that what they really wanted in young people when they were recruiting was, firstly, a willingness to learn; secondly, punctuality; and thirdly, trustworthiness. At the same time, young people felt that employers were after motivation, good work in particular and trustworthiness. There is obviously a disparity there between this idea of work skills as opposed to work attitudes, and that has certainly backed up our anecdotal experience of talking to hundreds and hundreds of employers and young people over the period of three years.

We found that, with the successful placements we had, employers felt that they were successful due to the work ethic of the young person, punctuality and the on-the-job training that the young person had. External training did not even rate a mention as far as the employers were concerned when it came to success of placements. Young people felt that when they succeeded in a job it was because they had the self-confidence to do that. We found with a large proportion of our placements, when they do fall over, it is because the young person lacks the confidence. It comes down to self-esteem, I guess, as the bottom line.

Mr Williams—Could Rupert now speak from an employer's perspective?

Mr Myer—I would like to make two observations at this stage from the point of view of WorkPlacement. The first is that our organisation has found, and is continuing to find, that it is easier to recruit employers to take on disadvantaged young kids than it is to locate young people who are work ready for those positions. That is the first point there. Related to that is the fact that, when employers are ready to take on young kids, they want to do it yesterday. They do not want to wait for another three months or put their names down for some graduates of programs in a number of months time.

The second point is that one of the developing activities of WorkPlacement has been the development of a post-placement support service for employers; that is, getting out and teaching employers how to be good mentors for the disadvantaged young kids who are placed within their firms. Now that differs slightly from other post-placement support which is actually directed specifically at the young kids involved. Our experience has been that in fact there is a very important role in getting employers knowledgeable about how to treat those sorts of kids in the workplace. They are two observations at this point, Chairman.

CHAIR—Thank you for that. Some people have talked to us—and some principals have talked to me personally here in Victoria—about a group of young people in perhaps years 9 and 10, perhaps as early as year 8, who, for whatever reason, seem to drop out of the system and disappear. We think we find them again in the gaols, in the courts, on the streets and in the statistics. A number of places are working to create, if you will, student-at-risk type programs in order to try to prevent as many clients as you currently have. Do you

have any views on prevention rather than cure, and would you like to share those thoughts with us?

Mr Williams—I think, from my point of view, education type programs are fundamentally important. Any kind of support services that would hold young people into the system would be an advantage. But I do not think that we can imply that schools therefore have to do all of that. I think there have to be other support systems, and how you integrate all those is pretty important—family support services, services for the homeless young people, et cetera. They are very important.

Even with all of those happening, we would still think you would need specially targeted programs for some of the disadvantaged young people to get them into a job ready approach, to deal with their attitudes and so on, and we cannot rely on just schools to do that. There has to be a whole range of other support services.

Mr PYNE—I am interested in your comment, Rupert, about the fact that you can find employers but you find it harder to find the disadvantaged young people. This leads me to the question: what sorts of young people are you dealing with? How disadvantaged are they that you cannot find them?

Ms Palmer—I will answer that, if I may. We are talking about anybody who is six months plus unemployed when we advertise a vacancy amongst case managers. We do not actually have a client load of young people ourselves so we act as an agency or a brokerage, if you like. When we advertise a job, it is for anybody who is six months plus unemployed and eligible for case management. That is anybody from a minimum level of disadvantage through to somebody perhaps who is more disadvantaged, with a background of abuse or homelessness and so on.

What we are finding is that when employers actually come to interview a large number of these young people, they are finding that the attitudes still are not right. Even if they have the job skills or they have done their computer course or whatever it is that is relevant—if the employers ask for that; nine times out of 10 they do not—the attitude is still wrong. That is the big problem; that is the stumbling block—getting them work ready and getting enough work ready young people through the system.

Mr PYNE—When you talk about getting them job ready and giving them the skills and they go and have these interviews with the employers and their attitude still is not right, what are you doing from the time that you get them to the time that you get them to the employer interview to change that attitude?

Ms Palmer—We do not work with the young people; that is not what we are paid for. We are paid to help the employer side of it. What the case managers are doing and where funding has traditionally spent most of its time and money has been on skills training—computer training or specific work skills. But what employers are really saying they want is the attitude. What they are wanting is the preparedness to work more than lip-service—being able to take personal responsibility. It is all very 'touchy-feely' but that is the bottom line. If the kid does not have the right attitude to start with, you cannot teach them anything about work skills.

Mr PYNE—When you say that you can find plenty of employers but not the people to fill the positions, it is because you work from the employer side of the equation. So it is natural that you would therefore have more employers and you would then seek somebody else to find the people to fill those positions.

Mr Williams—Some of our services, in Shepparton for example, do actually run job preparation programs, and that emphasis is on life skills and in working with attitudes and they can be anything up to 13 weeks. Some of it involves camping. Some of it involves the traditional learning: how to go for a job and confidence building experiences, building up the self-esteem. We are heading towards developing those programs in Melbourne, for example, because we believe that it is important to provide the full range of support services from finding the jobs, matching to get job placement and, where necessary, running job readiness type courses which are highly focused on attitude, life skills, confidence and self-esteem.

Mr PYNE—This is the last question I will ask but I am sure there are other people who want to ask questions. From the employer side, if you had to prioritise the importance of attitude, skills or wages, would you say that attitude was the most important thing that employers were looking for?

Ms Palmer—Absolutely. It does not matter how much money you throw at training, if the person is not a 'ready slate', if you like, they are not going to be able to take on board any knowledge.

Mr Myer—I think that the report which has been part of our submission actually shows that quite carefully. We commissioned that report to be undertaken on the first couple of years of WorkPlacement, and it has come back with those sorts of findings after, I guess, three or four months of study.

Mr BROUGH—You said that you are working with employers to change their attitudes towards young people. What is their attitude towards young people in the first instance?

Ms Palmer—Generally speaking, employers realise that there is a problem out there with large numbers of unemployed youth and they are quite concerned about that. When it comes to actually recruiting them, many of them have had bad experiences in the past.

Mr BROUGH—So is it the recruiting side of things? Is it the fact that they have got to take so much time and make so much effort in recruiting someone, and they are not prepared to take that time? Is that a big stumbling block?

Ms Palmer—It is partly the recruitment and it is partly what happens after the person is there, and that is where they have been burned. Even if they have found the right person, keeping them in the job is quite an issue for young people. You probably realise that DEETYA shows that, statistically, only about 50 per cent of young people remain in their first job for more than three months, which is appalling. We have actually increased that significantly—we have about 75 per cent success rate at that point—but it is in the post-placement support and making sure that there is a better match, that is, that the attitude of the young person matches the employer expectation.

Mr BROUGH—So you are trying to match people up with jobs, so that if you get a small business person who has got only one or two in there and the person is very quiet and whatever, you will try and match a similar style of person into the business. But you are not keeping people on your books, did you say, as unemployed people?

Ms Palmer—No.

Mr BROUGH—Are people coming to you voluntarily from the CES, or how is that actually operating?

Ms Palmer—In the Melbourne region, the way it works is that we go out and we see employers, we list vacancies, we take a brief, as if we were a recruitment—

Mr BROUGH—You are listing the vacancy where?

Ms Palmer—We list the vacancies in our office. Then what happens is that we come back and we prepare a recruitment bulletin. It then goes to DEETYA areas for senior case managers and we also send it out via faxstream to case managers in private organisations and the state-funded organisations. Technically, every relevant case manager in Victoria will get that job vacancy. They can then apply on behalf of the young people for the vacancy.

We do some phone screening via the case manager; we do not interview the young people so we rely on what the case manager can tell us about the young person. We then set up the interviews for the employer. Instead of having to deal with perhaps 10 or 20 people from the CES regarding a vacancy, they deal with us just once and they get five candidates, usually, for each vacancy.

Mr BROUGH—So you have not seen the unemployed person before they actually go to the employer?

Ms Palmer—No.

Mr Williams—That is in Melbourne. In Shepparton they do, and in Sydney and Brisbane. We will be changing our pattern there. There is a variety of approaches.

Mr BROUGH—You have had 815 disadvantaged people placed. If you are having that sort of success rate and we go back to the fact that attitude is the No. 1 criterion for a business person, but you are not getting to see them, how are you ascertaining their suitability? I am missing the loop on how you are managing to get these people with the right attitude. Is it a case that you have selected these five and that two out of the five might end up having the right attitude, and therefore the other three go back into the pile?

Ms Palmer—We have developed relationships with the case managers over a period and that is the key, if we can trust what the case manager tells us. We are looking for behavioural indications: have they been turning up on time for their appointments; how long have you known them; how long have they been in the system; have they been going for interviews, and for what kinds of jobs; what kinds of training have they been doing in the meantime? If we find that a case manager is not telling us the truth, we are obviously going to be sceptical next time they ring us about a young person, so they know that to access our vacancies and get their outcome funding they need to make sure they are telling us the right things.

The post-placement support is the other key to our success. Because we support the employer in how to deal with specific issues as they arise with attitude after placement, we get them twice, if you like. We screen

them but then we are able to support the employer later. Rather than just supporting the young person with a phone call, saying 'Hi, how is it going?' and the young person saying, 'Fine, great,' we really get into it and we will support the employer in a number of ways, including three-way meetings, induction meetings, a whole lot of tips on how to deal with certain behaviours that are destructive.

Mr BROUGH—You have had 815 people in three years, but what does it cost?

Mr Williams—It depends on how you cost that out, but I think it is working out to be of the order of $500 to $1,000 per placement for the job finding, matching and placement. Heavy job preparation, like in the Shepparton program, would work out closer to $3,000 to $5,000. The current estimates for the new EPEs—employment placement enterprises—is that for dealing with disadvantaged young people it will cost something of that order. Currently the case management system operates in a diverse way and we are not actually undertaking the case management role. In the new scheme of things, as it is being currently organised, we have applied to become case managers. In that case we would then do some of the work that current case managers are doing.

Mr Myer—It may not be apparent from what has been said that part of what we are doing is having people on the road going out recruiting employers—that is, going round visiting their premises, talking to them about taking on disadvantaged young kids. There is a matching process involved in then turning that visit into a specific job description that gets faxstreamed out to the case managers.

Mr BARRESI—This is a follow-on from what you just said, Rupert. You mentioned on your first page that you are enlisting employers to provide more full-time work. That gives me the feeling you are actually in job creation, as opposed to job placement. How are you actually doing that?

Ms Palmer—I am pretty good at selling! No.

Mr BARRESI—From what you are saying, you are actually matching an employer's needs with the available young people who are out there, in terms of their skills. But from that line, you are actually into job creation.

Ms Palmer—Job creation, yes, but I would not say that we are talking about creating hundreds of extra jobs. What we are asking employers to do, instead of using just casual rates or just temporary or just probationary periods, is to think about making it a permanent commitment. We are able to actually create extra vacancies when we are talking about traineeships. Because the wages, obviously, are lower and the subsidies higher, it is easier for an employer to fill up a casual position, for instance, with two trainees for the same cost as having a casual for six months. So if we do any job creation, that is where it is. I guess it is just in how the message is put across.

Mr BARRESI—Just to follow up, what particular industry groups are you dealing with? Are you having more success with certain employer groups than others?

Ms Palmer—We have a very high success rate with the fast food industry, in particular, because they tend to be after high energy young people—the difficulty is finding young people who are prepared to go into

that industry, and again that comes down to attitude—and also anywhere else that has large numbers of entry level positions, such as manufacturing. Probably the majority of companies we deal with would be manufacturers, but we get quite a proportion of clerical jobs as well.

Mr MARTIN FERGUSON—You are, in essence, a not for profit organisation who wants to become an EPE?

Ms Palmer—That is right.

Mr MARTIN FERGUSON—From your experience over a few years, is it fair to say that, unless an EPE for young people is prepared to invest in some skills development, including a program to assist in changing their attitude to work, we are throwing our money away? Will people not be prepared to employ young people unless we have actually got them job ready with respect to all those aspects?

Ms Palmer—Yes. That is why I think a lot of money has been wasted—because it is the wrong end. You have got to work on the person first. That is an issue for government; I understand that. But the bottom line is that you have got to make the person ready to accept that sort of skills training.

Mr MARTIN FERGUSON—So if you were structuring a course, your first investment would be the concept of being able to work in a team, their attitude, their confidence?

Ms Palmer—Yes.

Mr MARTIN FERGUSON—Having got them through that period, you then go to the specific skills required for a workplace?

Ms Palmer—For entry level type jobs it is more about specific job oriented attitudes, such as punctuality—I mean, that comes way down the track—plus willingness to learn and learning styles in the workplace. Most employers are pretty keen to do training on the job when they are talking about entry level jobs. They are not expecting somebody with three years experience in MIG welding, for instance.

Mr MARTIN FERGUSON—For someone who is not long-term seriously disadvantaged, who has only dropped out of school early and been unemployed, particularly for a few years, what period of training would be needed to address that attitudinal issue? How many weeks for that initial preparation?

Mr Williams—Fundamentally, in that attitude and life skills area, we would see it on about three different levels. Some only need a day or two of very focused targeted type experiential opportunity, others perhaps a week and some up to three weeks. Anything over that I do not think will be necessary for the kind of group we are dealing with. If they are significantly disadvantaged with high drug problems, extreme family type situations, you might need a lot longer, but we are probably talking a couple of days to three weeks.

Mr MARTIN FERGUSON—You could follow it up with, for example, a particular course that would gain them access to fast food employment?

Mr Williams—Job preparation for that, yes.

Mr MARTIN FERGUSON—How many weeks would that normally mean?

Mr Williams—For fast food, if we were adding a component—I am not sure on that.

Ms Palmer—I think we would be focusing on customer service generically in that case. Again it comes down to attitudes. An employer can teach you how to cook the hamburger, but you have got to have the right attitude to serve the customer and that is the issue.

Mr MARTIN FERGUSON—Thank you.

Mr NEVILLE—Do you plan to become an EPE under the new system? You are only at the employer end of the spectrum, are you not? Do you plan to widen your activities?

Mr Williams—Yes. We are at the broader end of the spectrum in Shepparton. We run the full range of activities there. We are heading that way in Brisbane and we will be heading that way in Melbourne and Sydney.

Mr NEVILLE—Do you plan to have a JPET component?

Mr Williams—Yes, we are exploring that. We are considering that in the first week of October and it is our intention to develop a program around—

Mr NEVILLE—And that is to pick up those extreme ones you were talking about?

Mr Williams—Yes.

Mr NEVILLE—How are you funded at present?

Mr Williams—We receive some funding from the federal government.

Mr NEVILLE—Under which program?

Mr Williams—Under the ETFO program which, I always forget what it stands for—

Ms Palmer—It is the Employment and Training Field Officer program. We run alongside the ACCI program, the employer one.

Mr Williams—We receive some funding from state government for particular focused programs and the rest of the money comes from trusts, grants and fundraising—corporate lunches and so on.

Mr NEVILLE—In your forward business planning, do you think the funds you will receive as an EPE will be sufficient to keep you afloat or will you require additional funding?

Mr Williams—We will still need some additional funding but we want to reverse the proportion of funding between government funding and other sources and receive the majority of funding from government sources. We will top that up with additional fundraising and trust money. At present we have a pool of money which is called a corpus which will be used to focus on disadvantaged young people, getting them a foot into the market.

Mr NEVILLE—Going back to Martin's question, is there a need, not so much for a labour market program in the traditional sense of the word, but for a pre-vocational labour market program for the sort of people you are talking about—perhaps at three levels: a week, a fortnight and a month?

Ms Palmer—Focusing on what?

Mr NEVILLE—Life skills and attitude. Who should deliver that?

Ms Palmer—Anybody who understands the issues. We would like to run that. I think that people who have an affinity with young people are obviously going to be better placed to provide that. You might be able to put it as part of the school curriculum but it is not going to be relevant for many young people who are going on to further education.

CHAIR—I am interested in your experience. Some secondary schools are out chasing employers for part-time work associated with their technical or vocational education courses in years 11 and 12. Group training companies are out chasing employers for trainees and apprentices. You are out chasing employers. Are there too many groups chasing the same supply?

Mr Williams—I am not too sure of the numbers but good luck to anybody out there fighting for the needs of young people in the current climate where things are so difficult for young people to get a foot in the market. I do not see a lot of waste occurring through that at present, and the new EPE approach might help rationalise some of that. It is good if schools are in there fighting for the needs of their young people.

Ms Palmer—As a person who has been doing a lot of that marketing to employers over the last few years, I have not seen a lot of overlap. I have not had to compete with many other organisations at all. We would rather work alongside them anyway, if we did find it. But, on the whole, no. We find that we are a bit more successful at getting to the right people in companies. Maybe that is a reason.

Mr Myer—I would support that by saying that we have not often been sent away because we have been the second or third group there asking for jobs and so forth. So if there is competition perhaps there is a sufficient number of different employers out there to be approached on different bases by different groups.

CHAIR—Some people have told us that industry should become more involved at some point in the life cycle of people to try to explain career paths today and what people do in their industry.

We had evidence of the teacher in a classroom who holds up a photo of an abattoir and says to the kids, 'If you do not study hard so that you go to university, you are condemned to work in this horrible place.' They do not tell them they might earn up to $1,000 a week, they forget that because, I suspect, they do not

even understand.

Some people say that we need to get industry more involved, somehow, in instilling in young people at a much earlier age some idea of what work might be about, the changing nature of work and career paths. Have you developed a view on that in your contact with employers and would you share that with us?

Ms Palmer—I have a very strong view on it myself. I have a background in executive recruitment and staff recruitment prior to coming here. I am also a crisis telephone counsellor and newly qualified as a psychologist. My experience through all of that is that most people have no idea what other people do for a living and that is a huge issue.

Most people leaving university have no idea what people do for a living, and it is not until they get the first two or three years' experience, hopefully in a number of industries, that they start to get a concept of what people do. That is a huge issue and that should really be done at school through proactive approaches by careers teachers plus organisations such as ourselves. We can educate schools.

CHAIR—Some people say that is too late.

Ms Palmer—At school?

CHAIR—In years 11 and 12 when we are talking about vocational education, some people say that it is too late. In fact, ACM told us that they are developing a view that somehow it needs to occur in the very early years.

Mr Williams—We have a huge structural problem: the number of jobs is decreasing; the number of entry level jobs is significantly decreasing; and we have a huge of number of young people coming out. In the past, careers advice and development was built into some of the education system but that is the first thing that has gone in the cutbacks. Although it was a problem in the past, it is a greater problem now that there is not that kind of advice and support.

A lot of the groups we deal with are talking about how we can get into schools at an earlier stage to help young people know what is available. The schools in general, and I am not an expert in this area, have cut back in those areas. The first thing that has gone in education cutbacks has been all the support services and there are not as many career counsellors/developers in schools. So there is a huge gap and it is a big problem.

The number of jobs is decreasing, expectations of young people are not matching that and a number of entry level jobs have gone. Somehow that message has to get through. I do not have a particular answer to that. We would like to support it, we would love to get in there and help through our experience and it does need to be at an earlier age; but it is not our expertise in the education system.

CHAIR—Fair enough. I thought that you might have some view about how to structurally fix that problem.

Mr BROUGH—You are saying that we really need to focus on attitude and do some training there but because of these entry level jobs, the actual training for specific tasks is almost a waste of time—they want to do that on the job. If we can build an attitude into people and have them understand the requirements, we will go a long way towards assisting them to get their first job. Is that it in a nutshell?

Ms Palmer—Basically. If they can demonstrate a willingness to learn—hopefully, to learn quickly, but at least a willingness to learn—the employer is quite prepared to invest time and money in that person.

Mr BROUGH—It is a major change in focus from all of the programs that have been going on for many years. We are really saying that that has been misdirected, not all of it but at the level that we are talking about here.

Ms Palmer—Yes.

Mr Williams—If it has not been supplemented with the other life skills attitude training then it has not been as effective as it could have been.

Mr BROUGH—There is no reason why you could not extend what you are doing. You are specifically looking at disadvantaged people but there is no reason why that could not be extended across the board. One of the problems is that people do not know how to look for a job and they really need that third person as an advocate as to why you should put them on because that is a skill they do not have either.

Mr Williams—Yes.

Mr BROUGH—Is that a skill that it is worth trying to teach them? Or are we better off having people such as yourselves in place to do that for them because it is not a skill they are necessarily going to have to continue on with?

Mr Williams—I am not sure I understood that correctly.

Mr BROUGH—It was not very well put, actually. There has been a suggestion that we have to be able to teach young people how to get work because they do not know how to actually go and look for work in the first place.

Mr Williams—In the good old days that happened through a lot of the school programs that career counsellors ran through mock interviews, how to prepare your CV, et cetera, as part of that career development. A lot of that has been cut out.

Mr BROUGH—That did not happen in Queensland. We had career counsellors—one per half a dozen schools. So when I heard you mention that earlier I found that rather interesting. Maybe it was done in Victoria more than in Queensland.

Mr Williams—It is not my expertise but I can remember in some schools there were school counsellors who would run in groups all the things you just talked about: how to go for work; how to get your

attitude right.

Mr BROUGH—So you are saying that we should do that to some degree but there is no point in having specific courses on how to find work. We are better off having groups such as yourself with greater expertise and professionalism in getting that first step.

Ms Palmer—You need both. Some young people are quite capable, if given the basic skills in job search, to go and find their own job. That is what outplacement training is about, which is one of the things I used to do. If you give some people the skills to go and find their own jobs, they will. Some people, particularly young people, will always need some advocacy because no matter how much preparation you give them, self-confidence in approaching employers is still a bit scary and they will still find that somewhat difficult. But you can still improve their chances by giving them job search skills training.

Mr BARRESI—You mentioned earlier that when you have an employer or job vacancy and you ring the CES and speak to the case managers, they give you two or three people and the one that seems to fit gets the job. You have obviously developed some knowledge and opinions about the role of case managers, what makes a good case manager and what does not. Can you share some of that with us? It has been pretty well recognised that individual case management is the way to go but that some are more successful than others.

Ms Palmer—That is right, case management is the way to go. It is the best thing that has happened and increasing that is terrific. A real, honest knowledge of what employers are on about and what is important to employers is really important. You need case managers who have a rapport and an affinity for the issues facing job seekers and sensitivity to that—some counselling skills to work with that—but also a knowledge of what is practical in the workplace and what it takes to get a job. It is a very rare mix. Those who are most successful are those who have experience in the recruitment industry because they have to have the people skills and the commercial knowledge. It is hard to get that for the money you pay a case manager, but that is the bottom line.

CHAIR—Thank you very much, both for your submission and for coming to talk to us today; it has been most enlightening. We expect to bring down a report next May or June, and we will certainly make sure that you get a copy of the report. Thank you once again.

[10.44 a.m.]

BARKER, Mr David, Human Resources Manager, Diecraft Australia, 6-20 Radford Road, Reservoir, Victoria 3073

CHAIR—I would like to thank Diecraft Australia for appearing before the committee today. David, we have talked to you earlier. I would simply remind you of something that I say to all the people that come before us. This inquiry is about employment of young people. It is not about unemployment. We are interested in unemployment issues, but essentially we are trying to figure out a way to make young people more employable and to find ways to create more jobs for them in industry, business and commerce in Australia.

First of all, would you state the capacity in which you are appearing before the committee today.

Mr Barker—I am the human resources manager of Diecraft Australia. I am appearing before this committee, I guess, to present a bit of a case study of a manufacturing company which has a specific target market for labour towards the higher skilled end of the market.

CHAIR—Would you like to make an opening statement before we ask you our punishing questions on your submission?

Mr Barker—Yes. Diecraft Australia is a division of Tupperware, a worldwide organisation. In the manufacturing process that we employ, we tend to be at the higher end of the market, in terms of its being a high technology, business driven company. We export the majority of our product—about 80 per cent of what we produce. Our manufacturing process is dominated by computer controlled machinery. We employ highly skilled toolmakers and machinists. Our turnover is about $20 million. We employ about 130 Australians. So we are probably in the small to medium sized manufacturing category.

We have very specific skills needs, again at the higher end of the market. Our typical process of developing those skills is through an apprenticeship program. The apprenticeship program is the entry level position for employment in our company.

The context in which we operate—or in which, I guess, decision makers operate when they are considering the employment of young people—is something which, I think, needs consideration. It is a fairly highly regulated environment. I would probably be a fairly typical example of a person who is making a decision to employ a young person. In making that decision, I have to consider a range of other regulations and legislation, such as occupational health and safety, Workcover and industrial relations. There are various codes of practice in occupational health and safety.

It is a fairly complicated web of regulations in which we operate. Those regulations are good in their own right; but, when combined, they form quite a complicated web. So along comes a program to encourage the employment of young people, and in that context it can be understandable why, unless the program exactly meets your needs, there could be some reluctance in taking it up.

In a previous submission, there was a question raised about whether there were too many providers of

employment programs. I am in a situation where I am constantly asked by either recruitment agencies or employment assistance type programs whether I would be interested in putting on people. It tends to get to a nuisance level. I just make that comment.

Our main point of entry for young people is the apprentice program. We have a mixed success rate in bringing young people into our organisation. Looking back over the last three or four years of our recruitment of young people, we have had a success rate of about 60 per cent in terms of retaining young people who we have selected.

That I consider to be not a strong result. In trying to understand the reasons why 40 per cent of young people who we have employed have not succeeded, I accept that there is a certain level of responsibility that the company has to take in whether the apprentice programs that we were running were fully successful. But I would say that for the most part it is not the program that has been the problem, it has been the state of mind, or the attitude, if you like, of young people that we employ. I am sure that through questioning later on I can expand on that point.

I certainly am not blaming young people for that. I think it is a case of the education process or the various influences that they have been under to come to that point creating that problem. It is not the young person's fault; it is the structures around them that need to be improved.

I will make one final comment about where our company is in relation to employing young people. We are a high technology company. The trend, certainly in our industry, is to reduce the number of jobs and to push them into a more technology focused context. In the future we will be looking for young people who are more highly skilled and more readily able to add value to the business. That is certainly a trend that will be occurring in our business. Our type of business, as a high value adding organisation, a high technology producer, certainly should be the direction for manufacturing in Australia. Our company makes an interesting case study of where manufacturing is headed and therefore our input should provide some insight as to what the trends could be in the future.

CHAIR—Thank you for that. On Monday we had McDonald's Australia appear before the committee. They told us that when they started a new store they went to a variety of suppliers of labour in order to find an initial intake, to interview lots of people. The kinds of things they were looking for included the reason why a young person wanted to work. They did not like the young person telling them, 'Because Mother said I should.' They looked for an attitude to work in the first place, the way they presented, their desire to learn and whether or not they participated in sport or extracurricular activities in the school up to the time that they presented for whatever kind of employment it was. I have to say that they could not care less about skills. They preferred, actually, young people who had no skills, who had no prior work experience.

You represent a different end of the market, in that you are talking about wanting people who are going to be there for the long haul to develop demonstrable skills, and skills that are very difficult to learn, take a long time, require a lot of concentration and dedication. What do you look for? When you interview young people for a new intake, what qualities are you looking for?

Mr Barker—Probably the most significant quality that we need is an orientation to the business, to the

tool making industry, and that is probably the hardest thing to find. We are also looking for things like mathematical aptitude and a certain level of comprehension—being able to understand instructions or just a general comprehension level—but the factor that seems to be the most influential in whether the person is going to continue is orientation to the trade.

That orientation is coming from a continually shrinking pool, and it seems the only way that they get that orientation is either that they have a close relative—a father, an uncle, an older brother or someone—who has already entered the trade or a similar trade, or they have undertaken a pre-apprenticeship training course such as a certificate of occupational studies run by companies like the ACM, or some similar program. We have employed other people who have not had that orientation to the trade, and they have come into our company, worked for six months and then realised, 'I don't like tool making. I did not realise what tool making was.' So that affects us.

Another factor that we would look for is some sort of evidence of having some basic form of mechanical aptitude, such as whether they have any hobbies that are related to working with their hands. It could be woodwork; it could be building a billycart; it could be anything like that but it is something that is showing that they have a bit of their own initiative to work with their hands and have some basic hand-eye coordination.

CHAIR—Do you test them?

Mr Barker—We do not test them on mental aptitude. We do run them through a basic mechanical aptitude test, which is provided by the company or the Australian Chamber of Manufactures training centre. Once we get down to the stage of actually selecting people, we often find that we have a pretty good idea before it goes to testing as to who we are going to be employing, and I guess the testing might just be a process whereby we eliminate some candidates in the final selection decision. But we do not use that as a principal tool to select people.

Mr PYNE—Do you work with schools in trying to identify potential people who have an orientation to the tool making industry? Do you have a program of going into schools and selling your industry's wares, and a program by which career counsellors identify people and then pass them on to the ACM or whoever?

Mr Barker—We attempted to do that in 1992-93. We approached 25 different schools in our local area and wrote to the careers counsellors in each of those schools. We described who we were and what we wanted to do, saying that we wanted to come and, if they were interested, give a talk to students about where we were at, what we were offering and what an apprenticeship meant. Of those 25 schools that we wrote to, we did not get one reply.

Mr PYNE—That is bizarre.

Mr Barker—Consequently, we changed our approach and said, 'We are not going to focus on schools; we are going to go one step up and look at companies that already have people approaching them for apprenticeships.' So we started using group training companies as a recruitment tool. When we are looking for apprentices, we get the group training companies to do the advertising for us because they already have a

network established which is getting in contact with apprentices through the local region, the northern region.

Mr PYNE—So you do not identify your own people so much any more; you have them identified for you and then you pick them up, interview them and decide whether you want to take them on?

Mr Barker—Yes.

Mr PYNE—If you could do it the other way, would you prefer to identify your own people?

Mr Barker—We still have the final decision on who we employ.

Mr PYNE—But I mean identify them in the first instance.

Mr Barker—Yes, we would prefer to. Obviously, we would prefer to either run an advertisement or have a strategic contact with three or four schools where we go and make a presentation and from that we get five or six potential candidates who are fairly closely orientated to what we are after. That would be a time efficient way of doing it. If I were to go four or five different schools and make that presentation and then get some candidates from that, that would be as time efficient as running an advertisement and screening applicants. I might receive 20 applications for a position and go through and screen those. I would much rather be spending that effort actually going into the schools and having a direct contact with the kids and being able to sell our company.

Mr PYNE—I know it is very early to say it, but perhaps under the modern Australian apprenticeship and traineeship scheme, MAATS—which is easier to say—do you think that the attitude in the schools might alter, and that they might start realising that apprenticeships are quite a reasonable thing to be doing for a long-term trade? Do you think that it might be worth pursuing those schools again, in the light of the changing emphasis from the government?

Mr Barker—I would be keen to get back and become involved in the schools if I was confident that they had taken those programs on. The limited exposure that I have had with our local schools since then has been principally with two secondary colleges. In one of those colleges, the teacher was very positive and keen and focused. I would be keen to work with that sort of teacher again because I think that he had a genuine interest in trying to orientate the students towards a career.

In the other school, the teacher did not have those stronger qualities and I think that he—this is going to sound fairly harsh—was probably doing more a disservice to his students than a service. I am not quite sure where that is coming from. I think that, again, listening to previous submissions, it comes down to the support that these poor teachers are given in being able to provide reasonable advice to their students about careers. But I would certainly want to get back into the schools and have a direct link.

Mr MARTIN FERGUSON—You partly addressed one of the issues that I was going to raise; it was a question about how you went about recruitment. The other issue I have got in my mind is the question of the tool makers trade. Last year we had to bring tool makers into South Australia from overseas because, again, there was a shortage. I talked to other employers who, for example, had plenty of applicants for

apprenticeships in the carpentry or painting industries and in some of the metal trades. Do you think that we have a specific problem with the tool makers trade?

Mr Barker—I think it does suffer a lack of profile, and that does need to be addressed. The newly formed TIFA organisation, the Tooling Industry Forum of Australia, which is being developed out of Victoria will start, I think, to make some inroads into that, but it could certainly do with a kick along. One of the surveys that was done recently—not by TIFA, but by metal trades—has certainly shown that there has been a significant drop in the profile of this particular trade. So I think that if there is some way of being able to provide targeted information to careers teachers which highlights the tool making trade—because tool making is often seen in the trades as one of the higher trades, and should be one of the more highly sought after trades—then that would be a good investment.

Mr BARRESI—This is a follow-on from Martin's question, in part, and it also relates to what you have written down in your submission on future employment and business trends, and the fact that your industry is becoming more high tech and less reliant on the tool making industry. What are you doing in regard to developing and structuring new types of apprenticeships and traineeships for this new world order that you are entering?

Secondly, as you say, we have fewer requirements for lower skills employees; young people tend to have lower skill levels. If you are moving to high-tech types of occupations, will that not make it more marketable, in terms of getting people to enter into your business?

Mr Barker—Will that not make it more marketable?

Mr BARRESI—Yes; in other words, more attractive for those kids in schools to come along, because they know they are developing higher level skills.

Mr Barker—The structure of our training for apprentices is that they spend their first year in the Australian Chambers of Manufactures training centre. The reason for that is that we would prefer that the basic mechanical skills are provided to them before they come into our factory environment, and that is from a safety viewpoint and also from an efficiency of training viewpoint. So they come to us with some basic skills, being able to drill, mill, grind and having certain hand tool skills. They will then go through a rotation program through our factory. We have various processes in our factory, and we get the apprentices to focus for two to three months at a time on a specific process and then go on to the next process, and develop skills in each of the different processes.

But overseeing their whole development is their focus on an end target of eventually finishing up in one of the processes, and they use that department as a home base. They go from that department to other departments, and then come back to the home base department; and so they get a broad range of skills. Within that program, they develop computer skills. They go into our engineering department and learn some CAD skills, computer-aided designing, and some basic CAM skills, computer-aided manufacturing. They would also go into our quality assurance area and learn some metrology skills, and they would also be exposed to our safety program. At the conclusion of the four year apprenticeship, they are for the most part able to be placed on to a process such as a milling centre, and they would be close to being fully competent to operate that

process unsupervised. That is in our machining stream.

We also have a stream which focuses on tool making, which has perhaps a higher orientation towards hand skills and doing some final assembly of our plastic injection moulding tools. That requires a lot more time to develop the skills, and so they generally need to be fairly closely supervised for another two or three years before they can be left to assemble a tool unsupervised. So to learn the whole of our most advanced process could take, from the time that they sign on to their apprenticeship to the time that they are fully competent, up to seven years. It is a fairly long lead-time to develop their training. What was the second part of your question?

Mr BARRESI—Actually, what I was more referring to is the point of view that you are moving into skills which rely on high-tech, and I would have thought that move in itself, would have been an attractive proposition for kids in schools. Perhaps the traditional perception of a toolmaker is really redundant, but they are not aware of it. So, there could very well be a marketing exercise here for industries such as yours.

Mr Barker—Yes; I would agree with that. Even in the last five or six years, our factory environment is a lot more attractive than it used to be. It is clean, well lit and modern, with a lot of computer applications, and it is an opportunity for young people to not only work with concepts but also actually produce a tangible product, and that is appealing to a lot of people. We have certainly got a trade that is marketable and that is attractive. I guess that the resources of Diecraft, being a small to medium sized company, mean that we are unable to provide perhaps the level of marketing of the industry that is required. It probably needs to come from an industry body, such as TIFA. I know in South Australia there is something equivalent to it or similar to it. I am not sure if it is specifically in toolmaking, but it is certainly in manufacturing. Certainly, a problem that we face is marketing the industry, and that could be boosted along by having a higher profile of the industry, and that could certainly be supported by government funding through a body such as TIFA.

Mr BROUGH—David, you obviously advertise at the moment in the papers, and whatever else, for the young people in the first instance. So you are getting people along who really do not understand what your business is about—that is one of the problems—or they do not have an appreciation of it. Therefore you have that 40 per cent drop-out rate. Is that a fair assessment in the first instance?

Mr Barker—Either we advertise in the paper or the group training company advertises on our behalf. On the question about their orientation, I think the problem there is perhaps more to do with their attitude. They will say that, yes, they want to do a job where they are working with their hands, rather than, in some cases, that they have not done so well in other subjects. It is a case of what the alternatives are for them. That sometimes can affect the attitude of people coming to a job interview, that they are going down this path by default, rather than actively pursuing and selecting this kind of career path. For the most part, they do not know what they want to do. This is part of the problem, that there is not sufficient orientation for them before they actually come to us. They do not really know what they want to do.

Mr BROUGH—If I can take that a step further, one of the submissions that we had was from an organisation which unemployed people go to. I sat through an interview the other day where this chap said he wanted to be a gardener because that is what he had done. It was very much like what you described—he wanted to be a gardener because he did not really think he could do anything else. During the 45-minute

interview process it came out that he really wanted to do more welding type things. That is what he wanted to do, but he did not really think he could.

If there was such an organisation operating down here and you put a job application with them and said what you were after, and they understood your business, looked through their books and came up with people who had the aptitude and the attitude you were looking for, would that encourage you to employ more people? Would that make your job easier and wouldn't that also take away a lot of the need for you to promote yourselves in the workplace which obviously is very expensive? You would get a greater interest in toolmaking, being a very specialised industry.

Mr Barker—Yes, I think that would be a step in the right direction. My concern would be, though, that an organisation such as that would not be able to sufficiently promote my business compared to all the hundreds of other businesses that are around. I guess there are 19 different industry groups and within each industry group there is a whole heap of subdivisions of industry groupings. I do not know that it is possible for a broker such as that to really be up to speed with all of the relevant skills.

Perhaps a model that is regionally based, where a broker is aware of all the organisations in their particular regional area, might break it down a bit and make it a bit more viable. A company such as Diecraft could certainly provide them with promotional material, videos, brochures and the like, so that if a person did come along and say, 'I think I want to be a toolmaker, but what does it need?' we could certainly provide some information about that.

Mr MARTIN FERGUSON—That is the role of a good training company, isn't it?

Mr BROUGH—I was not really coming from that angle, but more from the point where a person comes and does not want to be a toolmaker. They put the idea into their head by asking, 'Have you considered—?' You don't go to school and say, 'I am going to be a toolmaker.' You might be going to be a doctor or whatever else—the mainstream sorts of jobs—and they are putting that idea into your head after they have discussed your needs with you and can give you that job description. So you would probably find you would get more people displaying an interest in it and, therefore, you would have a wider range of people from which to choose should you have a job come up. It is not so much them going out and promoting it, but putting the idea of these sorts of industries in their heads when they are going through their processes.

Mr Barker—That could work. I think—

Mr BROUGH—It is still only the first step, I understand that, but I was just wondering whether that would assist you and perhaps encourage you to look at employing more young people because it would take some of the steps out of the process?

Mr Barker—It would not encourage me to employ more young people because I am working to a headcount budget. It is just the nature of the business. I am not going to put on more young people just because there are more suitable young people available. If I have two vacancies I will get those two vacancies filled. It is just a matter of how much effort I have to put into it.

Mr SAWFORD—I just follow on from the previous question from Martin Ferguson in terms of toolmakers. I have got three neighbours who are ex-toolmakers; they came from GMH. Now certainly they are in their early fifties. One is a taxi driver, one is running his own handyman business and the other one is enjoying the life of Riley because he came from staff and has not been a practising toolmaker for a long time and got such a good package. Over a barbecue, one of the points they made was simply to say that the incentives for toolmakers, from their perception, was very poor. What do toolmakers at, say, age 30 get at your place?

Mr Barker—Salary wise?

Mr SAWFORD—Yes.

Mr Barker—Our better ones would probably be earning around—

Mr SAWFORD—Without overtime.

Mr Barker—I cannot say without overtime, because it is overtime that makes it attractive.

Mr SAWFORD—Just give us an average.

Mr Barker—Probably $45,000 to $47,000.

Mr MARTIN FERGUSON—How many hours on average per week is that?

Mr Barker—That would be 45 to 50.

Mr SAWFORD—And what about the age cohort? You employ 130 people. What is the age cohort—how many people have you got under 20?

Mr Barker—Just to finish off on that question, you asked about people aged 30. People with a little more experience, perhaps aged in their mid- to late-thirties, would be earning more. They would be up around the $55,000 to $60,000 range. People under 20 are basically our apprentices. Our work force profile has a fairly bell-shaped distribution. We have got a few younger people, a few older people and the majority are in the middle. There would probably be six people under 20.

Mr MARTIN FERGUSON—You employ roughly 130 people. How many apprentices will you put on next year?

Mr Barker—We would normally put on two per year.

Mr NEVILLE—Just following that line, on page 2 of your submission, in the last two paragraphs you talk about managing day-to-day human resources and you say:

. . . to implement pro-active Human Resources initiatives to gain the maximum sustainable competitive advantage through

our employees. This includes recruiting new employees, such as young people.

What are the other factors you are talking about there? You do not actually spell them out, you just allude to them.

Mr Barker—The context of that comment was that, not only do I have the regulatory framework to be conscious of—that is the environment I am operating in—but then I have actually got to do my job which is to optimise the efforts of human resources in the company. So I have got to be focused on performance issues—how do we encourage and motivate performance, employer relations—

Mr NEVILLE—Okay, you are coming to my point now. You talked about aptitude earlier in your submission. We had another submission today saying that one of the most essential things was attitude. Is that what you are alluding to there?

Mr Barker—Yes.

Mr NEVILLE—You have got to try to keep the attitude right all the time, the motivation?

Mr Barker—Certainly that is one important element, yes.

Mr NEVILLE—Let us take that down to the school level and your experience of all those schools ignoring your representations. Do you think that schools should be streaming students from grade 9 or 10 into an academic and a vocational area? Do you think we should be giving teachers something like a sabbatical where they work at the coalface? I am talking about vocational teachers where they work in a factory, at the coalface, or at least in the personnel department of an organisation. What is your view of that?

Mr Barker—In terms of streaming, certainly students should be streamed at around year 9 onwards. I think the model of the dual VCE arrangements where students can do part VCE subjects and part TAFE subjects is attractive because it is testing their orientation. Once they have finished the VCE or year 11 or wherever they decide to stop doing formal schooling, they will have a good idea of whether they want to go on with a trade.

Mr NEVILLE—How do you rev up the teachers then?

Mr Barker—I think a sabbatical is a good idea. The problem that we are coming across is that the careers teachers cannot give good careers advice, so anything that gets them exposed to industry would be good. Having them work in a personnel department, yes, that would be good. They would probably get most benefit if they were to do a rotation program through a whole series of companies, perhaps for a week or two at a time in each company, so they can get a feel for each company or each sort of industry rather than spending a full year in the one company.

Mr NEVILLE—Would you be prepared to take a teacher on like that?

Mr Barker—On that basis, yes. I guess in that sort of environment, if they were there for two weeks,

they would basically be in an observing capacity; I would not be expecting them to do too much value-adding type work. It certainly would be something that a lot of companies would be interested in doing because they realise there is that problem of getting the right links to schools; and careers teachers would be a good starting point.

CHAIR—David, thank you very much. Just before I close I will, under licence, give myself leave to make a comment. That is that my experience with my own kids is that the kids do not read newspapers—they do not read the ads. So if you are trying to recruit through the newspapers for young people, then probably you are missing the market. If we had better careers teachers and they advise the kids that they ought to be looking in the newspapers, perhaps it would work better. Thanks very much for coming. We appreciate your written submission and we appreciate your input today and we appreciated the opportunity to see you at ACM earlier this year.

Mr Barker—Thanks very much.

[11.26 a.m.]

ROBERTS, Mr Christopher, Honorary Treasurer, Victorian Parents Council Inc., 20 Brunswick Street, Fitzroy, Victoria 3065

WALKER, Mrs Jennifer Katherine, Executive Officer, Victorian Parents Council Inc., 20 Brunswick Street, Fitzroy, Victoria 3065

CHAIR—I welcome the Victorian Parents Council Inc. Thank you for your submission and thank you for coming today to appear before the committee. As I recall, your organisation has appeared before this committee in earlier inquiries, and we thank you for that participation as well.

I would remind you, as I have reminded others who have appeared before us, that this inquiry is about employment prospects for young people, not specifically unemployment. We are trying to deal with those factors where we might help young people to become more employable and hopefully find somehow with industry more employment prospects for young people as well.

Before we start asking questions about your submission, would you like to make a brief opening statement?

Mr Roberts—Yes. Perhaps I should explain that the Victorian Parents Council is a group of parents. Our interests are not just schooling. We are very pleased that we have got the opportunity to talk to you today, because we see schooling as being part of the situation of employment, but the key thing is that it is a total package. Although education is a fundamental building block, it is the transition from school into employment that is particularly important and, we believe, that has relevance to this inquiry.

We have talked with other parents and parents' representatives and have tried to summarise it into four observations. The first one is that our feedback is that business prefers part-time experienced staff. The reasons for this, we think, are fairly obvious. If the person has part-time employment it is easier to raise or lower the number of hours working, depending on his success. If someone is experienced in an industry, they obviously have a track record. Sadly, both of those militate against young school leavers and young people entering the work force for the first time.

Our second observation is that academic performance is really only the start. Employers accept school evaluation of academic performance, but academic performance is only a part of a person's ability to enter and productively operate in the work force. The other things are the much harder things to measure—things like attitude and assessing someone's potential. We have all been through job interviews, on either side of the table, and it is quite hard to assess someone's potential in a very short interview. If you are interviewing someone and they are nervous, how do you assess their people skills or leadership potential? It is very difficult. All of these types of things are very hard to measure. We believe industry needs some help and guidance in how to measure those things.

We feel that employers are sceptical. We have used that word very carefully. They are sceptical about key competencies. In many cases I do not think they even know much about the key competency program,

and, when they do, there is a tendency to be a little sceptical about it. What is required is quite clearly an education program for employers.

Our final observation is that employers are themselves often poor employers, particularly with smaller companies. They often have poor staff selection skills. Often they lack consideration of applicants. Applying for any job, but particularly your first job, is not an easy task. I really feel sorry for lots of kids when they are going out into quite overbearing circumstances. Unfortunately, there are numerous examples of exploitation, which can take the form of young people working for very long hours for relatively low pay, right through to sexual harassment. The solution for that is possibly that applicants need to be quite clear of what are their rights and their responsibilities—and their obligations, because it is a two-way exercise.

We have three recommendations. We believe that schools should be encouraged to prepare students better for the quite difficult process of transition to the work force. This can be done in very simple ways, like helping kids with CVs. In my role in the bank I see CVs that are dreadful. The people arrive, you talk to them and you find that in fact they do have skills that are directly applicable to banking, they are exactly what we want. You thumb through the CV and think, 'Where was that?'

There are also people who come along to job interviews, particularly, and have great difficulty expressing themselves and applying the skills that we need to see in banking, and in other industries as well, to show that they have really got those skills. Part of that is that often people need assistance with their self-esteem, their confidence. It is hard talking to potential employers.

We believe that a direct government involvement would be very, very helpful. This involvement could be continuation of the types of financial schemes that are available now to assist employers in taking on unskilled people who will be less productive initially. Also, we see it extending a bit beyond that and going into what I will call the contractual side, because again there are stories from our parents, who have told us about it, of children going onto, say, a six-month scheme and at the end of the six months they are out. There are often a number of reasons for that but sometimes it is unfair on the children. They are trying hard and they just have not succeeded, or there are other reasons. We would like to see a government involvement in helping extend that transition period through something like job contracts or something like that.

Finally, we believe that there is a need to enhance employers' staff selection skills. That is easier said than done. There are obviously a number of measures being made at the moment to try and do that. There are employment agencies who try and take the problem away; there are laws which, hopefully, limit any exploitation, whatever nature that may take. But we believe that there is still a long way to go and that there is a real role for those selection skills to be enhanced.

CHAIR—Thank you for that. I noted that in your submission you suggested that the key competency portfolios, inclusive of both school and extra curricular activities, would enhance the employment opportunities of future employees. There have been a couple of other respondents who have commented on the key competencies and on portfolios. You might or might not be aware that there has been a recent paper put out on how schools might incorporate those key competencies in portfolios, and carry those through. If you are familiar with that at all, do you believe, as parents involved with the school system, that this sort of procedure, while it has some attractions, might be become too bureaucratic?

Mrs Walker—Part of the trouble with the key competencies, I think, is that people in small business, who employ a lot of the school leavers, are not aware of the key competencies. I know that there have been attempts to make them familiar. They were an industry idea; I think they were a very good idea; but I do not think that the small business people, frankly, know what key competencies mean.

Even though it is all written down and the eight are spelt out for them, they have to read that. When you are in small business, you usually are extremely busy, you have long hours, your employment skills are pretty rapid—they are not always the best, either—and I do not know that they are going to absorb all that. It is very important that they become familiar with what is meant by key competencies, because they are in the schools now and they need to be understood.

But I do think that portfolios should be started early, maybe even as early as year 9, and then weeded out—students should learn how to use a portfolio, to take in and out what is relevant to the job for which they are applying—and schools should be able to report on the key competencies and the other skills that they know those students have. So portfolios have a value in that they give a much broader picture of the applicant.

Our understanding is that most employers will take and accept the school's assessment of the academic level. They do not seem to query that. It is the other things that they want to know—the flexibility, the attitude, the ability to respond, leadership. All those things can be shown through extra-curricular things as much as they are throughout the school life.

Mr Roberts—I think the answer has to be yes, I think it would become bureaucratic. But I think offsetting that is the fact that now basically children have a number—their TEC score or their higher education score or whatever. A portfolio which expands and allows the child's other skills—everyone is not going to be academic—to be presented in a meaningful way will be a very positive step.

CHAIR—Considering that there are something like 800,000 small to medium sized businesses in Australia; considering the fact that one of your strongest recommendations is that we enhance the job selection skills of employers—and you were just talking about that, about their not understanding the profiling process or the key competencies; and also considering the fact that small business has a high failure rate, which implies, at least to me, that many small business people have started business without perhaps the management skills, the accounting skills, the financial skills or understanding that might have helped them do a better job, how on earth do we implement your suggestion that employers become better at job selection?

Mr Roberts—I would say that that is one of the key management skills needed for long-term success. It is not going to happen overnight. It is not easy, but unless a start is made—and I think it does a bureaucratic push to start it—people will tend to concentrate on the financing side of small business and the basic business of that business. Really, as you quite correctly point out, it is often management skills that are the problem. The key management skill is staff selection.

CHAIR—My question really is: how do we do it? Do we write a recommendation saying, 'We, the House of Representatives Standing Committee on Employment, Education and Training, recommend that all small business owners do a better job of staff selection'?

Mrs Walker—No, but being a small business person myself I think there is much more realisation today by small business people, when they are starting out, that they really need to know a great deal more about it before they go into it. There are courses available which show you the budgeting side, stock control. These sorts of things are now available and perhaps that could be extended to include a knowledge of employment skill, of the necessity of perhaps when you weed out.

I certainly would not have read through the portfolio of everybody that applied. I would pick the three that I believed would most possibly be the employee for me but then I would be prepared to sit and read a concise portfolio before I saw them. We have to get that across and that is where maybe government has to put a little money. It has put money into jobstart and all the rest of it. It is no good doing that if the people who are going to employ these youngsters do not know how to go about it satisfactorily. Maybe we could look into seeing that that is incorporated in courses.

It interested me that, as I think I noted in there, the tax department had sent out a pamphlet about key competencies. This came through to me from a small business owner, who said, 'This is great. What are they? I had heard about them. This is terrific.' Maybe something like that that goes out again next year could have a little bit more detail and be a little bit snappier about, 'This affects you in your business. This is what is meant by key competencies. Look for it when you employ somebody.' Something even as simple as that would at least be a start, because in fact it did go out to every business.

Mr BROUGH—I would make an observation there that employers are stressing the importance of literacy and numeracy. We all know that. Are they saying that it is of a sufficiently high standard? Are they making any observations on that in general?

Mrs Walker—I am afraid that was in some cases a negative: we did have from some small business people, again—and largely we dealt with small business people—that they really cannot employ people who are not literate or numerate. You cannot put somebody in charge of machinery who cannot read what to do if something goes wrong and you have got to throw a switch. In those emergencies they probably will not remember what they have been told before. That sort of reading level must be there. They said that in many cases the literacy and numeracy was not good enough.

Mr BROUGH—Under the heading 'Observation One' you refer to people who come to a business once they have a bit of life experience. You say:

Whether entering the work-force from school or from a tertiary institution, young people will require a period of on the job training.

Can you expand on that?

Mrs Walker—What we are hearing from a lot of business people is that, even if they come with a university degree or a TAFE diploma or straight from school, they think, of course, that they can walk into the job and do it straightaway, but they cannot. They have to have supervision and training on the job, whatever level they come in at. If they have come from university, they need familiarisation as to how a business operates. Many do not know those sorts of facts.

If they come in straight from school, in many cases they have to be supervised. That means that some

other person, who is supervising, is not able to do their full workload. In other words, they are stressing the business. It is expensive for them. It is valuable if the person that you train up is good; but very often youngsters come in, they get the experience and they move on to another job or they go overseas. Some of them have found this a bit dispiriting. That is a generalisation, possibly. Nonetheless, they do require time. That is why some of them say that they would rather take on temporary staff who have experience, because they can go straight into the job and work. In small business—depending on the size of the business—you can work out whether you have got enough work to continue on and so on.

Mr BROUGH—The classic case is the McDonald's on-the-job training. They often like to take the young people on because, while they have been at school, they have done six months part-time there. Is it because they have a better appreciation of the working of a workplace and that sort of thing? If that is the case, is there a 'try before you buy' mentality that we could build in somehow so that when people have, for argument's sake, been unemployed for six months, a business can take them on in some subsidised method for a period of one month? Then, if the business does not put the person on, that experience that they are building up is going to be of some use to them. Or would that really not be of any great value?

Mr Roberts—I think McDonald's is a very good example. For a kid to take on the responsibility of a management role at McDonald's, say, they are demonstrating a number of things. They are demonstrating that they can continue their schooling at whatever level they are able to attain; they are indicating that they able to take responsibility and direct other people; they are indicating that they able to stay at things for quite a while. All those qualities are ones that would be attractive to an employer.

I am not sure what the benefit would be from taking someone on for a month to show them what a business is like. For the person themselves there would be possibly little chance to really improve their skills or even their self-esteem. For the employer it would be difficult to judge a person in a one month period, particularly as you move into the more technical areas. I am not talking about the academic areas, but most businesses now are becoming more and more technological. I would have a problem with a month's period.

If you said we were going to take them on for a year, we would work out some way of doing that. If, during that year, the company itself was committed to the young person taking on more and more responsibility and more and more diversity and not just be moving from department to department, I think that would be quite attractive and would fulfil both aims. But a month is possibly a bit short.

Mr SAWFORD—I do not know whether you were here when we had a previous witness, who was an employer, saying that he had written to 25 schools and did not get a response. What is your reaction to that?

Mrs Walker—I am not overly surprised. I think that probably in schools they are working pretty hard, and to sit down and write back would be difficult. But I also think that it shows up perhaps a wider necessity, which is that we need better information on careers other than through university and TAFE colleges. We need a change so that the community understands that somebody who does an apprenticeship and becomes a cabinet-maker has a gift and a standing in the community which is equal to that of the executive officer of a large corporation; they have something unique. We need to get that across very much. I think it would be helpful for careers people to be encouraged to look at areas outside universities and TAFE colleges.

Mr Roberts—Like Jenny, I am not surprised. I would suspect that schools would not, at this stage, be orientated as much as possible to the needs of industry. There are very rigid curricula laid down. There is, in Victoria, the target of an end of year 12 exam. I think the whole school, probably quite correctly, is targeted towards that. Individually, and through our parent representatives, we are trying to encourage the schools to become more orientated towards the outside world, if you like, and particularly towards that transition period. I would think that an unsolicited letter arriving could easily be lost, basically, which is not a good comment.

Mr SAWFORD—I have got to say that I am horrified. Mal mentioned literacy and numeracy. What is your reaction to complaints—and this committee has had previous investigations into this area of literacy and numeracy—that, basically, state governments are relinquishing the responsibility to young kids in providing the resources necessary to overcome, maybe, a 20 per cent literacy downgrade in this country?

Mrs Walker—I think that I would need convincing that literacy is worse than it was 20 years ago. I think that there were jobs out there for people who, perhaps, did not have good standards of literacy and numeracy and now, those jobs are no longer there. Therefore, it has become much more apparent. That is one point. Secondly, we do not think now that this is an acceptable thing. We believe that everybody who goes into a school should be able to come out literate and numerate. There will obviously always be some who just are not able to acquire those skills. But the vast majority should be literate and numerate and the problem should be nowhere near the level it is.

I wonder whether there are, though, other reasons than resources, whether the community is not asking a great deal more of schools now than it has done in the past, and that it is asking, perhaps, too much. It is the early years of schooling, the first three years, that are so important with literacy and numeracy. Maybe, we should be concentrating more on literacy and numeracy at those levels—

CHAIR—In the morning?

Mrs Walker—Maybe, in the morning, or after their sleep in the afternoon, perhaps, if they would go back to that—but I do not think they would. But I think that is very important—

CHAIR—It was a joke.

Mrs Walker—No.

Mr SAWFORD—Do you believe that business can overcome Australia's endemic unemployment problem? In fact, the industrialised world has an endemic unemployment problem and probably the real figures are around the 12 per cent to 15 per cent mark. It does not matter which country you use: whether the United States, which claims 6.9 per cent, where you see thousands of young people everywhere on the streets, or the United Kingdom, or Australia.

If you take away some of the perceived restrictions on employment and some of what, in their terms, are the constraining factors, do you think that business alone would solve the unemployment problem, or is this basically a responsibility of government?

Mr Roberts—I think that there will always be a core of unemployable people. They are unemployable because of unfortunate skill deficiencies, or because of the attitude—they do not want to be employed. I would see that there is no way that business could entice those people into effective positions. You then have got a gap of people who generally want to work. The last speaker was talking about his neighbour, a skilled fitter and turner who is currently a taxi driver.

I will be a traditionalist and say that I believe that industry is the potential employer of people like that. I think that any non-industrial type of employment is more, if you like, a created job. The bottom line is that industry has to be the powerhouse to economic survival and economic growth. The difficulty I have got is when you say' to remove constraints', because if you—

Mr SAWFORD—Perceived constraints.

Mr Roberts—Perceived or real constraints, I think that we have got to be very careful when we talk about fundamental restructuring like that. But the bottom line is that, if it is not industry, who is it?

Mr SAWFORD—Can I just follow this up very quickly? Basically we are focusing on young people but, if you look at job creation in general, if you spend $1 billion on rail in this country, you will get 24,000 jobs. There is a study that will prove that. The Germans have done a study that says the same thing. If you spend the same $1 billion on roads, you will get 10,000 jobs; if you spend the same $1 billion on some other activities, you will get 4,000. In other words, the jobs that you get in terms of return depends on what they are. Do you think government ought to be paying far greater attention to investment it does put into infrastructure in this country so it gets a maximum return of employment?

Mr Roberts—With your figures I would want an additional figure. What were the other benefits from those three investment areas that you mentioned?

Mr SAWFORD—I can give you some.

Mr Roberts—No, I can do that, it was more just a rhetorical comment. I think the government has to decide what the priorities are: is employment of people more important that the standard of living, say? In situations like that, it could boil down to the fact that your rail example would employ a lot of people but would do very little to the overall GNP, whereas the road system, which directly employs fewer people, in other areas is a bigger employer and improves the overall standard of living of Australians.

Mr SAWFORD—I am going to finish with this because you have made a point and I am not going to get it go. When you talk of roads, we have invested $30 billion in roads in the last 20 years in this country; add to that another $10 billion a year in road trauma; add to that another $10 billion a year in compensation payments. It is a very expensive subsidy.

Mr BARRESI—You mentioned on your first page that, with young employees who are employed under traineeships, no sooner are they in a position to be treated as trained employees than they are found to be unsuitable. I found that very hard to resolve because we have heard so many submissions so far talk about the cost of employment and the cost of training. Do you have evidence it is actually taking place, and how

extensive is it? I would have thought it a disincentive, once a person has gone through their traineeship, to simply say, 'You are no longer suitable.' Is it more than just simply anecdotal that you can relate?

Mrs Walker—Even though it is anecdotal, there are young people who have rung us and told us that they have gone into a position where the company has been subsidised. In fact, one rang me only a couple of weeks ago and said, 'I don't think we are going to survive.' Now there was an interesting point because he said that when he was interviewed—he has done computer programming, I do not think he would mind me telling you the job—his employer asked very few questions at the interview about what his skills were and where he wanted to go. But he took the job and when he got there, the man in this particular instance was trying to run his own business.

It was not clear that he really wanted this lad to sell and repair the computers for him, not to do the computer programming. He says he would have kept him on until the end of the time where he would have had that subsidised help where the kid was doing everything he could. The kid was pretty cynical about it but he parted company earlier. He said that he thought it was better if he went into a job more suited to himself and they did part company. Now that built upon several other calls that we have had from young people who are a bit cynical about whether they are actually going to get a job at the end of it all with that employer, and that was really that comment.

Mr BARRESI—I still find that line hard to stack up against the argument that the cost of employment is a criterion in the employment decision. An employer is willing to throw out an employee simply because they have finished a traineeship—considering the investment involved in a traineeship. The previous submission said that it costs somewhere around $24,000 for his company to put someone through the apprenticeship for the first year.

Mrs Walker—These were not apprenticeships as such—

Mr BARRESI—But it is a traineeship.

Mrs Walker—They were, I think, a jobstart thing where they got three months. It was definitely a three-month period.

Mr BARRESI—So it was not a traineeship, it was jobstart. Secondly, how has your organisation come up with these observations? Once again, is it anecdotal or have you actually done some sort of research?

Mrs Walker—There were several areas in that. I worked with the National Industry Education Forum on their portfolios thing which made me more aware of this. As you understand it, we are a parent body, but many of our parents are in fact in small business. So we did ask questions of them, and in some cases where they were bigger corporations, of how they operated, what were the things they looked for and what were their attitudes when they were selecting. We were looking at the beginning, as it were, of a career. We were trying to look at their attitudes towards employment in the beginning.

Mr BARRESI—How many replies did you have from the parents?

Mrs Walker—I could not give you an exact number, but probably 30 people were actually talked to in some depth. Then we brought it up at areas where there were groups of parents, but how many of them had hands-on experience, I have no knowledge. They certainly had ideas and comments to make, and in some places quoted their own business. But they were just meetings and forums, not in-depth interviews.

Mr PYNE—Who is responsible for attitude? We talked about attitude being one of the most important things that employers look for in a new employee and the fact that employees fail, especially young people, because of attitude. Some people say it is their schools' fault. As the Victorian Parents Council, who do you blame for the attitude of young people?

Mrs Walker—I would say it is probably their entire upbringing from their parents—their parental background and their family background—as much as it is from the schools. As I have mentioned, one of the attitudes already is this focus on perhaps university and TAFE rather than other areas. That is an attitude that is probably fostered by schools and parents. There are parents out there who see their children as the doctors and the QCs of the future, because that is where the high paid jobs are. I think that is a mistake and I think the whole community has a point there. I suppose personal attitudes of rights and obligations come from your peer group as well as from your family background. I think it is the whole of the upbringing.

Mr Roberts—You need to look at where children are influenced. Obviously they are influenced by their schooling because they are there are for a number years. But now there are so many other influences, particularly peer group influences, and from television and radio and areas like that. In my era, we looked at being like our fathers. My children would be appalled at that concept. They look at being like their peers.

Mr PYNE—I am not so certain about that. I do not think it is rude to say that I am of another generation from yours. When I grew up, I did not look to my peers to be like them. I still look to my parents. I think that we have to accept that parents have got a very big responsibility and that, putting it off to schools, putting it off to government, putting it off to industry, is really a cop-out. Parents and the children themselves have got a lot of the responsibility to bear.

Mrs Walker—I think you are absolutely right, but we also have to be very careful that nowadays as parents we also have the business of children's rights and parents' rights, and sometimes we really wonder where we are going. Parenting is not easy at the best of times but it has become rather more difficult, I think. I am not condoning what is going on but I think we need more encouragement to parents to understand what and how they can best prepare their children, and that is one of the things that this council is trying to do.

Mr MARTIN FERGUSON—My question is on the issue Chris started to put on the table. You earlier made a reference to the importance of working as a cabinet-maker. Is it not fair to say that one of our real problems is parental attitudes, and that they have not adjusted to the fact that the structure of work in Australia has changed and that, where the jobs are, they themselves do not believe that those job opportunities are sufficiently good enough for their own children? Have you given any thought to how we can go about promoting a change in attitude amongst parents as to where the real jobs are, rather than what they would desire their children to work as, based on where the jobs were previously?

Mrs Walker—I wish we knew a simple answer to that, because one of the things that we ourselves are

trying to do as a parent group is to get through to parents. Maybe we could think about that and actually come up with some ideas along that line, because we would be delighted to think that we there would be help out there to change this viewpoint.

Mr MARTIN FERGUSON—It is a major problem.

Mrs Walker—I think it is a very major problem.

Mr MARTIN FERGUSON—You raised the question of a reluctance by employers with respect to young people because of a lack of understanding of the nature of work by young people, and an unwillingness to put the time and effort into directing and training them in the initial stages. Is that partly related to the fact that in days gone by, for example, when we were at school, you always had a factory job, if you wanted it, at age 15 or so, which gave you that initial introduction to work? Secondly, do you think the highly competitive nature of Australia at the moment, with the need to survive, means there is an unwillingness by employers to actually take the time out because they think they have not got enough time to actually spend in training and encouraging young people?

Mrs Walker—I think it is probably, to a certain extent, a mixture of both things. I have been a small business person myself. You are working 80 hours yourself, and so are most of the people with you. Because of the expense, the on-costs, the effort of actually doing it and the time, you really and truly do not do it. You leave it to the last possible moment to do it. You also have to try and work out whether, in fact, your economic situation is going to improve or not. So, yes, I think that is part of it.

Mr Roberts—It is a difficult area. To go back to your first question for a moment, the problem you have got with parents is, I think, that nowadays people are realising that incomes are all coming closer together, yet I would think parents would still try and encourage their children to become a doctor rather than a plumber, for example. How you change that perception I really do not know. I think there is an education side of it. As Jenny says, if we can assist through our parent discussion groups, we are more than happy to. Basically, that is it.

CHAIR—There is one thing on which we would like you to give us your ideas. You represent the private school sector, not the public school sector. Some people who have come before the committee have recommended that we go back to tech schools, that we go back to streaming young people at some point in the education cycle, to help solve some of these problems that you have just been talking about. Could you give us your opinion of such views and tell us how you think we could best go about, in this modern age, introducing technical and vocational subjects into the school curriculum in order to achieve outcomes that are best for the young people?

Mrs Walker—I am personally against streaming, and I think that many parents would be, because particularly boys are very much later in maturing. I think that, the wider education you can give them, the more successful the outcome will be in the long run. If you tend to stream them early, then they do not get that potential to develop. As I say, boys in particular are later maturing. I think you are seen then to be marking people as only capable in one area once you start to stream, and it does not work like that. As they get older and they get more mature, things change. It is like kids who do not complete their last two years.

They go back later to university and they wipe the socks off other kids who have gone right through and done the whole thing, very often, because they then have the motivation and the desire and they have matured. So, I am not sure that streaming is the answer.

Mr Roberts—I think the other problem with streamlining is that business is changing so rapidly that, if you start trying to streamline people, by the time they have come out of the education process, you might find you have been streamlining them into an area that is now of lesser importance. A more flippant answer is that I am 51 and I have nearly decided what career I want to go into.

Mr SAWFORD—I would still pursue the question of a vocational training secondary school. I do not believe in streaming either. I think streaming is nonsense. Some of the most brilliant people in the world have come from a technical background, whether they be artisans, musicians, craftsmen or whatever. I go back to my original question. I cannot believe that a school principal did not reply to an employer. I just cannot believe that. I think that is a dereliction of duty.

You have defended that point of view and have said that schools are so busy, et cetera. I cannot believe that that would occur. Obviously, it has. I do not doubt the witness. But in terms of vocational training schools, where you are probably likely to have teachers more in tune with current industry needs—they may even come from industry—are you still as strong? If you remove the streaming part to Bob's question, what is your view then?

Mrs Walker—Possibly because of my age, I have no difficulty with it, but I think that if you are going to do that, you first have to change community attitudes. I think that is what defeated them in the past. That is why they were then subsumed. People said, 'No, we won't have any, this labels people.' What we have to do is get the community to understand that there is not a label by going to a technical school. I believe that that would have to be first step forward. I think the re-education of the community would have to come first.

But no, I agree with you. I think that technical schools that concentrate on a particular area, if the youngsters know that that is the area they want to go into, would be great. It would give them a very good grounding. But I also think that there are a number of schools who are absorbing more vocational programs into their schools. The difficulty is, if it gets too top-heavy and there is too much variety within a school, I have a concern long term as to how that is going to work out.

Many of our parents would not have an objection. But I think that to get those filled with the students, you would have to alter the community attitude.

CHAIR—Thank you very much for appearing before the committee. We hope to bring down a report next May or June and we certainly will make sure that you receive a copy of it. Thank you once again.

[1.22 p.m.]

MURRAY, Mr Nicholas John, Executive Officer, Forest and Forest Products Employment Skills Company Ltd, PO Box 307, Nunawading, Victoria 3131

CHAIR—I welcome to the committee the Forest and Forest Products Employment Skills Company Ltd. Thank you very much for your submission and thank you for coming to talk to us today.

One of the things that I have told everyone that has appeared before the committee is that the inquiry is really about the employment of young people, not unemployment. We are trying to deal with those things that will make young people more employable and those things which might supply more opportunities for young people to be employed in industry, business and commerce. We appreciate your submission, but would you like to make a brief opening statement before we start to ask you questions about what you have written to us?

Mr Murray—Yes. The brief submission we put in was more, I suppose, a flagging of our interest rather than a comprehensive submission of all of the issues. Consequently it was quite brief because of the time available to us.

All of the issues that are contained in that brief document remain as issues. However, there are a number of other issues which are pertinent to this inquiry. The interests of the Forest and Forest Products Employment Skills Company primarily relate to our experience in the forest and forest products industry. The definition of the industry from our perspective begins at growing the resource, maintaining the resource, right through harvesting, primary and secondary processing, panel product manufacture, merchandising, timber engineered products and pulp and paper manufacture, so it is the beginning and end—all sectors of the industry.

We are both a national industry training advisory body and an industry training company in the NETTFORCE. Consequently, we have a number of responsibilities. One is to try to facilitate employment of all people, not just young people, through the NETTFORCE contractual obligation we have and, secondly, to serve or to facilitate skills development for existing employees.

The primary focus in respect of employment of young people has been in the area of the development and facilitation of structured entry level training in the form of traineeships. However, our challenge has been also that we are not necessarily in the employment business but we are in the skills development business. It is our view, certainly the view of the people represented on our board, which is probably the most representative of any forest and forest products industry organisation in Australia, in terms of the corporate representation and employee representation on that organisation, that the primary responsibility we have, or the primary objective we have, is to try and assist in the development and maintenance of a strong and viable industry.

Through a strong and viable industry we then create opportunities for employment rather than trying to focus on establishing jobs which are not sustainable. To that end I think it is our perspective that we cannot create something out of nothing; if there are not jobs there then there is not much point trying to create them, particularly if they are not going to be sustainable because that deludes young people but it also is, in effect, a waste of public funding.

The industry's perspective is that through a strong and viable industry we will then be able to create opportunities for young people as well as retain the employment of existing employees. If we had to make a choice I suspect that industry would choose to retain those people it currently has rather than to attempt to create jobs for people who would replace existing employees.

However, we have been substantially successful in creating new employment opportunities. To date this year around 600 people have been placed in our industry through the direct involvement of us as an industry training company. You would also recognise that there have been substantial job losses in our industry arising through the lack of resource security for our industry but also as a consequence of an economic downturn. This is an affliction affecting all Australian industry, but our industry in particular.

One of the issues which has confronted our industry is that when the building industry sneezes the analogy is that our industry catches pneumonia, and that has been the case in terms of employment, and through the current RFA process there will be some further substantial job losses. Be that as it may, in terms of positives, the employment opportunities for young people in our industry are directly related to their ability to be productive in our industry at an early stage. Through the development of traineeships we have established a means by which people can become immediately productive and also work much more safely than would otherwise be the case through traditional forms of recruitment to our industry.

We have developed seven traineeships, and their focus has been to deliver quality outcomes rather than subsidised and cheap employment, because employers find that if they take people on they have some difficulty in fulfilling their duty of care. We are an industry which is characterised by high levels of lost time in accidents and injuries and consequently there is a real concern amongst employers that people have to be capable to work safely and productively. Consequently, there is a degree of enthusiasm for traineeships.

There are a number of concerns expressed by employers in respect of the concept of traineeships. They particularly relate to the concept of having to provide generic as well as skill specific training. Some people do not see value in the generic skills development on the basis that they see that is the responsibility of schools and it does not necessarily provide them with an outcome on the bottom line. Others have a different perspective and would see generic education and training as being fundamental to their ability to train people in the things that they want to do. So there is a bit of a contrast within our industry as to the value of generic training. The more enlightened employers and larger corporate entities highly value generic training, whereas some of the smaller operators do not.

There is a significant challenge for us in redressing the tyranny of distance and the isolation of many people who work in our industry, for them to participate in structured training. The current funding of living away from home allowance of $70 a week is entirely inadequate in supporting people to attend structured training off the job. None of us, I think, can buy a week's accommodation and travel for $70 to a major capital city.

The other issue is that the remote location of much of our industry and the centralised nature of our training infrastructure requires additional time, cost and difficulty for people to participate in that. Consequently, employers look at that responsibility and say, 'Look, it is all too hard. We will just grab somebody off the street and we will hook them in through traditional employment arrangements.'

Another issue which to some extent has disappeared as a consequence of the budget is that there has been a substantial degree of confusion with industry between competing labour market programs, and that has had a number of effects on us. One is that it has devalued the concept of structured entry level training, because in some instances labour market programs were geared more to the needs of the provider than industry or the individuals. In other areas they have been high quality, but again have not been consistent or have not been delivered in accordance with industry competency standards which industry has prescribed as the minimum performance requirements they want people to perform. We have had a substantial degree of confusion. I think that has been alleviated to some extent as a consequence of the last budget.

Another issue has been the limited assistance available to facilitate on-the-job delivery as opposed to off-the-job delivery of structured training. To address the issue of geographic isolation and the centralisation of providers, we have attempted to facilitate more on-the-job delivery of structured training, which will encourage employers to take on young people.

There is limited assistance available there and I think that is an issue which needs to be redressed. One of the other challenges, too, is the state based bureaucracies which provide substantial impediments to us being able to immediately fulfil employer expectations. State bureaucracies have tended to be an impediment to getting training places actually delivered in many cases, and we have had substantial challenges in trying to overcome that.

The other major issue in respect of training for our industry which has an impact on our ability to place trainees and deliver training, is that training authorities at a state level have not yet recognised the differential cost between delivering training for this industry, and delivering training for, say, the business services, or clerical industry. There is a fundamental difference in the cost of delivering training for somebody as a clerical trainee, as against a harvesting trainee. The cost of a computer workstation is significantly different from the cost of a skidder, or an excavator, or a loader. The operating costs of delivery of that training are fundamentally different, as are the ratios between trainers and trainees, if it is to be done effectively and safely.

Again, to that end, we have had some success in knocking over those barriers, particularly in Victoria. We have been successful there and, in Queensland, there has been some success. But in other states, we are still challenged with that.

From a positive perspective, we have been able to provide industry with an increasing appreciation that trainees are the way to travel, and that structured entry level training is a far better way of recruiting young people, or any people, to our industry than the traditional method. We have been able to achieve some cultural change in encouraging industry to value training. We have been able to move towards greater delivery of on-the-job training using workplace trainers, although there is a need, again, to have more workplace trainers in place to facilitate that.

We are absolutely convinced that the other significant development is this strong move and strong government support for school-to-work transition. It is providing young people in our industry with advanced standing in terms of traineeships and vocational training which absolutely enhances their employment opportunities within our industry. We are very actively involved in facilitating programs from that area in rural

New South Wales, Queensland, South Australia, Tasmania, and now Victoria. I think that that is going to redress this concern that employers have for having to provide time off the job for generic training. If that can be done in school and, if we can also provide people with some vocational skills, there is a significantly increased chance that they will pick up employment in our industry, particularly when industry goes into recruitment mode, rather than putting people off. That has been a very positive initiative. I will leave it there.

CHAIR—Thank you very much for that, Nicholas. In your submission, you say that vocational preparation during the final years of school has been inadequate and that this, combined with a significant literacy and numeracy deficiency has inhibited the employment of young people. Would you like to expand on both those issues? There are not the same. Tell us a bit about what you would like to see in terms of vocational training in the secondary years, and what you see as literacy and numeracy deficiencies.

Mr Murray—In a substantial research project we undertook two years ago, we found that 30 per cent of people in our industry commonly using tools in their workplace—such as pay slips, or calculations they would be required to do in the normal course of their work—had inadequate literacy and numeracy skills to perform their current work, let alone perform higher levels of work or take advantage of changing technology.

Mr NEVILLE—What was that percentage?

Mr Murray—Thirty per cent. I am happy to make a copy of that report available to the inquiry. It is a substantial impediment to our industry when trying to take advantage of new technology, introducing new technology, and value adding. We are involved in trying to redress that, of course, through a range of initiatives.

In terms of the perspective of our industry, the public perception of our industry is that it is an industry which has traditionally attracted people who are not high academic achievers, and that is a part of the industry culture. However, the industry need is increasingly for people who are more academically competent and increasingly will need to be computer literate, be able to understand fluid dynamics and aerodynamics, all of those sorts of things. But we still have to overcome the cultural perspective that it is an industry which is characterised by people who are not academically competent.

The issue there is that vocational preparation during the final years of school, in our view, has been geared more towards preparing people for university entrance as opposed to providing vocational opportunities. It is pleasing to see that there is a strong level of government support to redress that position through the Australian student traineeship foundation and their facilitation of school based vocational training. We see that as a real opportunity for our industry to have better prepared young people who can enter the industry.

In terms of the employment of young people and how that has been impeded as a consequence of literacy and numeracy deficiency, I think that is a product of the industry culture and our inability to attract young people who are academically competent. They go and work in industries which are perceived to be more attractive and consequently we perpetuate the status quo in our industry.

CHAIR—Your industry is sometimes criticised for having a very high degree of waste and not utilising all of your product efficiently or to the most economic benefit for Australia to provide more valued

added product. I recall the failure of the scrimber plant in South Australia as being an issue which very much disappointed me. Can you tell me what your association is doing to help support your industry or encourage them to develop in further research and development that would enhance employment skills?

Mr Murray—The organisation I work for is primarily a skills formation agency, not a research and development agency. However, we have submitted to all recent inquiries into the industry, such as Industry Commission into value adding, the wood and paper industry strategy and a range of others that do not immediately spring to mind, the need for skills formation to support any technological development in this industry. So the Forest Industries Research and Development Corporation is one of the most significant research and development agency, as is the CSIRO, plus the initiatives that industry itself undertakes.

Through our industry planning process we keep abreast of those initiatives and actively seek from the proponents or the designers of those initiatives advice as to the skills development needs that they have. For example, there is a development coming on stream in Tasmania, a company called Hokushin Starwood, which will commence recruitment next year. We have already been in touch with them. They will recruit 90 people as trainees over a two-year period. My understanding is that they do not start production for 18 months but they will recruit about 45 people next year and they will participate in structured training in anticipation of the production commencing in that mill.

So our strategy is to be aware of all current initiatives and to go directly to those organisations and say, 'Look, we can contribute to your capacity to start through providing structured entry level training prior to start-up.' We are on the front foot in that respect. Another good example of that was Dominance Industries, an American company which started at Wangaratta. They recruited some people through traineeships, others through normal recruitment. There is a significant contrast between the productivity of those two groups of people and we have got written advice of that. Consequently, we are now putting Hokushin Starwood in contact with Dominance next week to try and enlighten them as to the benefits of that process.

CHAIR—Could you provide us with a copy of that evidence, in your own good time, please.

Mr SAWFORD—You mentioned in your introductory comments, Nicholas, that in your own industry there are some people who think that a generic education is more worthwhile, and others who go down the vocational line. At what age and in what way would you expose school students to structured vocational education?

Mr Murray—I think that there are two forms. There is the subtle form of vocational education and training, and there is a cruder form. I think that, in order to change the public perception of our industry, we have a real need to try and provide a more positive industry image at all levels of the education system, as well as with the general public. That is a form of vocational education and training which is far more subtle and less specific than what I think you are alluding to. The New Zealand industry has done that very well. They have invested around $1 million to produce a particularly good product which provides a different public perception, or a means by which the public can be educated to a more positive industry image.

But, from a vocational training perspective, I think that probably year 10, but specifically years 11 and 12, the last two years of secondary education, are probably appropriate. We recognise that many people who

are unsuited to academic pursuits leave school before the completion of year 11 or year 12 in country communities. Although that, to some extent, is changing. There are some requirements through the federal timber industry award that people are unable to perform a range of work functions unless they are at the age of 18. That is primarily for occupational health and safety reasons. So probably, years 11 and 12 would be the appropriate levels to focus on.

We can deliver a whole range of generic skills, such as communications skills, and numeracy and literacy skills. We can also deliver a whole lot of education in relation to, say, wood properties and those sorts of things which are more difficult to deliver at the workplace. So there are real opportunities to enhance the opportunities for young people to be employed in our industry at years 11 and 12.

Mr SAWFORD—What is your view about vocational training in secondary schools that starts off at years 7 or 8, depending on the state?

Mr Murray—I have got no difficulty with that, providing that it is of a generic nature rather than an industry specific nature, so we do not start streaming kids into a particular vocation at an early age.

Mr SAWFORD—No, I am not talking about streaming.

Mr Murray—But in some of the communities that our industry is active in, the only employment opportunities they have are within our industry in many cases. But I have got no difficulty with that concept; I think it would be valuable.

Mr SAWFORD—You mentioned in your submission that the bureaucratic processes in terms of the requirements for accreditation and training varied among all the states with the result that training packages that are suitable for young people are delayed. What sort of things would you institute to reduce that delay, or even eradicate it?

Mr Murray—I would get rid of the states.

Mr SAWFORD—We agree on that, but that is a little bit impossible at the moment.

Mr Murray—But the reality is that the national framework for recognition of training is not working effectively and has been an impediment to the process. State bureaucracies wanting to retain through states' rights, I suppose, their right to have us tick another box, or jump another hurdle, have been an impediment. To redress that, it would be advantageous if there could be some agreement—which I think we are possibly moving to—through the ministerial council for consistent processes and procedures.

Mr SAWFORD—Does industry need to play a stronger role in that matter?

Mr Murray—If industry were able to exhibit more influence, we would be happy. I think, maybe, through some of the current initiatives, we are shaping up towards providing the industry with a stronger voice. However, I think that one of the weaknesses is that under, let us say, the MAATS concept, the concept of regional or local approval processes is going to exacerbate that situation, rather than enhance it.

CHAIR—Why is that?

Mr Murray—Our industry is characterised by a relatively small number of corporate players and then a large number of very small enterprises. Traditionally we tried to be all things to all people and found we were having some difficulty in progressing initiatives. What we have now focused on is trying to identify champions who will assist us in progressing initiatives, such as CSR or Boral or Auspine, Westfi, Bunnings. If we focus on those and get substantial achievements and people in place in those organisations where they value the concept of training, where they value and understand the concept of training young people, then I think we can address those initiatives through a much wider audience, the smaller enterprises.

Those organisations transcend state boundaries and they transcend local communities. They are dynamic in local communities and they are very prominent in local communities but they transcend those communities. What they are saying to us is they are looking for some degree of simple, straightforward system which is consistent within all of their organisations. So CSR do not want one system in Kyogle, one system in Oberon, one system in Mount Gambier and one system at Bacchus Marsh by virtue of them being in different locations in different states. What they are saying to us is, 'Give us a concept. We'll run with it, but make it simple,' as are other organisations. So the concept of having local or regional products is going to exacerbate that situation rather than enhance it, I think. It is bad enough dealing with, in our case, seven state and territory bureaucracies. I think it is going to be made worse by having a more devolved structure.

Mr BROUGH—With the move away from smaller enterprises, as you said, to the Borals et cetera of this world, is that going to have an impact on the employment opportunities for young people?

Mr Murray—We are not moving away from them. What we are doing is focusing on those enterprises where we can maximise the outcomes in the shortest period of time, on the basis that we think that will then encourage other enterprises operating in those communities, smaller enterprises or contractors or subcontractors to those people such as those people involved in growing wood or in harvesting wood or in adding value to wood, it will encourage them to participate in the same sort of programs. So, if we get more achievements in a short period of time, the net effect will be that we will get a greater number of achievements, not just in the larger enterprises through whom we are focusing our attention at the moment but also through small enterprises as well.

For example, yesterday I was dealing with a company in Victoria which has now established a syndicate of all of its harvesting contractors. We focus our attention on the principal organisation and they transfer that concept into all of their harvesting contractors. So by focusing on one organisation we can achieve an outcome through about 30 organisations, and I think that will be far more positive. It is a means of using limited resources in a more effective way.

CHAIR—Have you got any idea of the total number of people employed in the forest and forest products industry?

Mr Murray—Yes, I have got a very good idea—

CHAIR—Can you share that with us?

Mr Murray—Well, it does vary, depending upon whether we are seeking funds from government or paying a levy per head of population. But the reality is that there are around 75,000 people directly employed in our industry. I think a very significant issue related to that is that the ABS figures pertaining to our industry have been demonstrated through our industry training planning process to be absolutely inaccurate and of very little value. For example, in the 1991 census I think ABS has flagged only 314 log truck drivers for the whole of Australia, and we know with Australian Paper alone, in Central Gippsland, there are more than that number. We have had a real difficulty with the Australian National Training Authority convincing them of the magnitude of our industry and the training needs of our industry as a consequence of inadequate data. But there are about 75,000.

CHAIR—And how many young people?

Mr Murray—I do not have the age profile off the top of my head, but we certainly have that in the data that we have produced for our industry training plan.

CHAIR—How many trainees?

Mr Murray—Current trainees: in 1996, 600.

CHAIR—Six hundred out of 75,000?

Mr Murray—That is correct.

CHAIR—Wow.

Mr Murray—And I think that is a reflection of the—

CHAIR—Not good, is it?

Mr Murray—It is not good, and I think that is a reflection of two things. The first is the downsizing of the industry as a consequence of lack of resource security and a lack of preparedness of industry to invest in the absence of decent security. If we look at the wood and paper industry strategy which was agreed in December last year, really there has been no commitment to the implementation of that. All parties agreed to that—industry, the Greens, both sides of politics—but we still have no implementation of what is an agreed position of eight months ago. And that has a significant impact on people who would perceive our industry as a vocational option, I would suggest. There is plenty of documented evidence about employment in our industry, but I think a significant issue for our industry will be the ageing of the work force, and that will have an impact on the industry in forthcoming years. Again, our planning process is focused on that issue.

CHAIR—In that case we wish you luck in getting your agenda items up and improving that ratio, which is pretty discouraging.

Mr MARTIN FERGUSON—Six hundred trainees last year—how many the year before?

Mr Murray—Very few; probably in the range of 120, 130.

Mr MARTIN FERGUSON—It is related to the huge effort last year to actually get companies to take on trainees and the incentives.

Mr Murray—Yes. We have made an enormous effort. I think there are a couple of things we need to look at too. Relative to other industries, we have not focused on providing low wage—say, small business traineeships where they have been particularly successful in placing a substantial number of people. The implications of placing people in small businesses are a little different from placing people in our industry. Our first objective has been to retain jobs in the industry. That has been the industry's commitment. The second one then is to provide not subsidised low wage employment, which is not sustainable, but to provide structured training which provides sustainable employment and does not compromise occupational health and safety for people who are coming into the industry. That is the first issue.

The second issue has been that a real challenge was to change industry's culture which traditionally did not value training of any sort, to having structured entry level training. So there has been a substantial cultural change there.

Mr MARTIN FERGUSON—If we are to attract and retain young people in the industry and overcome what is an ageing work force, the key issue is really the question of resource security.

Mr Murray—I think that is the fundamental issue confronting our industry, yes.

Mr MARTIN FERGUSON—If that is resolved then we have got a greater opportunity of employing young people in this industry and training them. To be fair, historically it was not an industry that attracted people on the basis of a training opportunity, was it?

Mr Murray—No. Absolutely. One final point, and I am conscious of the time: our other challenge will be to provide employment for people who are displaced as a consequence of the current RFA process. They are probably not going to be young people, they are going to be people who have skills by virtue of having worked in our industry who are displaced from, say, an area or an enterprise which has been closed down as a consequence of a resource being locked up. I think industry will be more inclined to engage those people in the first instance and subsequently, if they cannot find people with existing skills, they will then employ young people.

CHAIR—Thank you very much for appearing before the committee. We appreciate your submission, we appreciate your talking to us today. We expect to bring down a report next April or May or June and at that time we will certainly send you a copy. Thanks once again.

Mr Murray—Thanks for that, and my understanding is that if there are any corrections in my presentation, I will get the opportunity to assist with some of those.

CHAIR—Absolutely. The only difficulty I have with these *Hansard* things is that I do not know who reads them; I have never sorted that out.

[1.58 p.m.]

GILMOUR, Mr John James Wiltshire, Managing Director, Gilmour's Pty Ltd, 1187 Glen Huntly Road, Glenhuntly, Victoria 3163

CHAIR—I welcome to the committee's inquiry Mr John Gilmour of Gilmour's Comfort Shoes Pty Ltd. Thank you for coming today, John. It is important that I tell you, as I have told all the other witnesses before this committee so far and will in the future, that this inquiry is an inquiry into the factors affecting the employment of young people. Firstly, we want to know what things we ultimately might recommend that would make young people more employable, and, secondly, what we might do to encourage industry, business and commerce to in fact offer more opportunities for young people for employment. It is really not about unemployment.

We have your submission, for which we thank you very much. Would you like to make a brief opening statement before my colleagues start to bombard you with questions?

Mr Gilmour—Thank you. I think that the problems of employment of young people, as I see them and as they are reflected in the thinking in my business, are that there are a number of structural matters, such as wage rates, payroll tax, pay as you earn tax being incrementally high on the employee as compared with the employer, and that the rate of growth of the economy is low. Those are structural, almost mathematical matters. The other matters that concern me, and I think probably are to be laid at the door of employers such as myself, are those of attitudes, that we are reluctant to employ people, we find it hard to employ people, either because of their attitudes or our own attitudes.

In my own case, we are now stretched extraordinarily beyond our capacity. We are desperate for staff and we are reluctant to put people on. We are trying to work as hard as we can with the existing team, under some pressure, because we do not like employing kids and knocking them back, and it is a soul destroying process to have kids come and present for a job and then to say they will not get them, and it is awful when you have 30 applying for one position and you have got to knock back 29. And that process alone is an inhibition on our actually going through the processes of recruiting, which is a serious issue. We are reluctant to do that.

We are also reluctant to put them on and to employ young people because it is hard to put them off. Not only is it legally hard, and those are the issues which I think the committee no doubt has been presented with, but it is also a hard process in a small team to say, 'Look, you don't cut it, we will put you back on the unemployment roll.' That is a hard thing to do, and it is a real issue for us.

It seems to me that if we could employ more easily and have people come and go more easily into the work force, there would be some advantage for youngsters. They could try their arm, as it were, more readily. In our business right now we employ about 30 people, and I employ three of my own children and one of their fiancees, because we are trying to employ family and the like, they are easy to come and go. We can say, 'Look, can you help us out for a bit?' So we are doing that. It would be good, I think, if we could as easily take in the children of other parents and try them and give them a chance. We can train them, they are modest skills involved. We are very fussy about the sort of people we want, because we are dealing with the public,

and a specialist area of the public requiring special care. But those are issues which are almost on the metaphysical edge to the business. There are the mathematical and legal issues, but there are those other issues which I do not know how to measure.

CHAIR—When you do decide to take on junior staff and you go through an interview process, could you tell us what it is precisely you look for? What qualities, skills or attributes in the young person that you are interviewing would influence your decision?

Mr Gilmour—We are in the difficult, hard to fit end of the business. Most of our customers have been to 20 or 30 other shoe shops before they have come to us, and we are the specialists in fitting. If you have an aunt who takes a double E or tripe E fitting, she comes to us. If you have a nephew who takes a size 17, he comes to us. We are in the hard end of the business. That means our customers are often a little browned off with shoe shops and so they have got to be dealt with with kid gloves. So we look for diplomacy in the staff; we look for good manners and diplomacy, a caring attitude and someone who will fit in well into a very tight, hard worked team. So they have got to have a pleasant sort of teamwork approach.

It is hard to measure what is successful. We have probably established a bit of a predisposition to employ women; women who have got young children. We accept that their first responsibility is to their family, but women who have got young children very often are very good at juggling a lot of interests at once. They can look after a family, kids, career interests, and so they are good under pressure when they have got four or five customers to look after, or if we have got a shop full of people and they are on a number system to be served. So women are good. We have a predisposition to employ women. We have a predisposition to employ people who are perhaps not born in Australia, because people who have made a conscious choice to establish in this country, with respect to yourself, sir, have sometimes got a greater commitment to the job and to making it work than the others. Those are our sorts of bias, but we look for someone who can smile and be pleasant.

CHAIR—Do you hire young people at all?

Mr Gilmour—We hire young people; we lose most of them. They use us as a stepping stone. We have a reverence for education, so we encourage them to educate themselves too, if they can. We give them time off or support their educational ambitions. No matter how hard I can try to induce them to stay, I have a lot of trouble, and that comes to another issue which I have raised, and that is a status associated with a simple task like selling shoes. It is regarded and perceived by youngsters as a low status occupation and not noble in itself. And so they want to go out and be managers or something else, and that is a pity. That is my fault, I guess, or my obligation to try to give them a career path. We look after our people, our professional people very well. We pay generally above the awards—

Mr SAWFORD—It is the Ted Bundy syndrome, isn't it?

Mr Gilmour—That is right. It is a real problem. Ted Bundy, or whatever his name is, is perceived as an animal and youngsters do not want to be cast with that role. It is a problem. We look after our people well. We had, I think, four people at the shoe fair in Las Vegas last month. We send them overseas regularly. We try and let them learn about the shoe trade internationally. We really look after our people well, but it still

does not wash with the youngsters. They think it is a retrograde step to go and sell shoes, and that is a problem.

CHAIR—Why would it be any less attractive than working behind the counter at McDonald's?

Mr Gilmour—I do not know. The first thing people think of when they are dealing with feet—I think dentists suffer the same thing: 'Who would want to look in people's mouths?' There, of course, the compensations are enormous. In looking after people's feet, the compensations are not quite so great.

Mr MARTIN FERGUSON—The dentists charge an arm and a leg to do it.

Mr Gilmour—That is right.

Mr BROUGH—It seems to me that a lot of jobs involve selling of some kind and it is a learnt skill or a taught skill, or whatever. We do not teach that in schools at all, not even the basic principles of it, yet most people come out and the first thing they have got to do is sell themselves to get a job and then they have got to sell a product, more often than not. Do you think that it is beneficial in involving some sort of generalised sales training or anything in that line in schools—and not as every subject and every class, obviously? What I am talking about is job specific as part of vocational training.

Mr Gilmour—I am a bit scared of selling and making it a vocational training sort of function because then we get into the United States pattern and you get a bit of a hustle associated with it. We prefer to think of our people as shoe fitters, not as shoe sellers, and it is a fairly important principle in our place that the first loyalty should be to the customer's foot, not to the customer's pocket nor to the customer's sense of fashion nor even to the house—their loyalty is to the customer's feet. It will work in the long run, we think, if they look after the customer's feet. That is an interesting issue of how do we develop that. I am a bit scared of professional selling as such. As soon as you get it into a course, it gets a bit heavy. We would prefer to regard our people as fitters.

Mr BROUGH—The Ted Bundy effect. I want to go back to that, John. What are you doing to counter that in your community around you? We have heard this morning from one of the organisations that they have written to 25 schools as a way of trying to get the careers teachers to understand their business and they have failed. You have mentioned here that perhaps you should share some of the blame for not appropriately marketing your organisation careers. Have you turned that around? Have you got anything planned in that regard?

Mr Gilmour—No, I am not doing anything in a structured or disciplined way, but what we are doing and the people we have in the organisation, we really try to encourage them to develop a sense of professionalism and a sense of the destiny of what they are doing as an end in itself. I think it is an honourable pursuit. It is very hard, however, to do that, but that is what we are trying to do. We try to encourage them to think of themselves as part of the global industry, not sheltered behind the barriers of—

Mr MARTIN FERGUSON—This is within—

Mr Gilmour—Outside we are not doing much, no. I confess to that.

Mr BROUGH—Is there a traineeship that is available that you could develop?

Mr Gilmour—There are two traineeships that we are interested in. There is one put on by the industry, but it is only a short-term course or series of courses. There is another one that the Casey Institute of TAFE is working on for a surgical shoe fitting and making course, and I am involved in a small committee that is trying to develop that course. But it is a bit esoteric and I fancy that it is as much related to getting allocations of funds from government for heads as in trying to train people in the task.

Mr MARTIN FERGUSON—The young people you employ, what age are they, and have they left school or do you tend to employ them while they are at school?

Mr Gilmour—No, we do not employ them while—we have employed a few juniors at school and we have got one university student, one schoolgirl and several early school leavers associated with us—four or five of them. We have two large shops, one of which has a coffee shop in it, and so we are recruiting all the time for that. There seems to be a fairly high turnover of staff in the coffee shop, making sandwiches and coffee. But in the shoe business we employ mainly youngsters 18 to 20 or 16, 18, 20—we want them a bit mature, it is a serious job. The most successful recent young employees have been in their early twenties, but the most successful recently left us from full-time work and took up part time at the beginning of this year in order to study full time, and that suited us, but she abandoned her studies and now she is working about 30 hours a week, I think, still doing a little bit of study if she can.

Mr MARTIN FERGUSON—So the biggest problem for the purposes of employing young people in your industry is largely related to convincing them that there is actually a long-term career opportunity.

Mr Gilmour—Yes.

Mr BRADFORD—John, despite the fact that you think you are wasting our time, you at least came along to talk to us today, which I suppose is something. You said that the growth rate of the economy is disgracefully low, and yet the Australian economy has been growing at between three and four per cent in recent years, which is at the higher end of the OECD, so I think that could be disputed.

Mr Gilmour—I am the last one to say that I am an absolute authority in these matters, but it would seem to me that there are economies that have made a lot more jobs than ours and far more successfully. We are planning in our business for a boom in the next four or five years in this country. I think there will be. We have enormous resources. We have an articulate, educated, hardworking populace and for us to be content with two or three or four per cent growth rate seems to me to be a tragedy. The mothers of this country should be saying, 'We want six, seven, eight per cent growth because we want the kids employed,' and that is ultimately probably the most important thing.

Mr BRADFORD—Where do you get your shoes from that you sell?

Mr Gilmour—We buy shoes from everywhere we can. Increasingly, because we are specialist fitters,

we are finding ourselves buying shoes from the north-east corner of the United States, because that is about the last corner of the world that makes shoes in all the fractional fittings, from very narrow, 5A, through to 5 and 6E. It is in the colder north-east corner of the United States that we get those fittings. We buy shoes from Germany. We buy a lot of shoes from New Zealand because there is a factory there which we are very close to which was started by two chiropodists, and they have got a series of fittings that are good.

There is not much in the Australian manufacturing area that we buy. We buy a lot of shoes from the Clarkes organisation, but they are increasingly sourcing stuff offshore; we buy shoes from Dunlop, who are sourcing stuff offshore; we buy stuff from a couple of very good factories in Australia. Rivers in Ballarat and Slatters in South Australia are doing very well. But the Australian tradition of fitting is not to make sizes and widths, they just make sizes. The Americans still make the range of widths and the very extreme sizes that we need and so we tend to go to the American market.

Mr BRADFORD—You would prefer to buy Australian if you could—

Mr Gilmour—I don't care where they come from, as long as they fit.

Mr BRADFORD—Why do you not source your shoes in Australia instead of importing them?

Mr Gilmour—I would love to source my shoes in Australia, but show me an Australian manufacturer that makes the fittings. They do not do it; they do not make fittings.

Mr BRADFORD—Why don't they?

Mr Gilmour—Because there is no volume and there is a culture which says that every man is an 8½EE.

Mr BRADFORD—In recent years business profits have been increasing, apparently. If you are a concerned Australian, why do you not make the effort to employ young people? You are telling us the difficulties with it.

Mr Gilmour—I make the effort, sir, I do make the effort. It is an unsuccessful effort and it may not be a distinguished effort, but I certainly make the effort. We liaise regularly with the CES, we put ads in the papers. My wife spends a lot of her time processing applications for jobs or placing ads or liaising with the CES to try and get people, but by and large the young people we get see us only as a stepping stone and not as a career, and that is a problem. We want someone who is going to love the job and love doing the job, as our professional hard core of people do.

Mr BRADFORD—In a business your size, you cannot offer much of a career for a young person, can you? You have got two stores and only a couple of management positions, so you cannot reasonably expect that they are going to come to you at 17 and stay until they are 65.

Mr Gilmour—I think that is probably a reasonable comment, and so I am trying to become bigger for that reason. But I think there is justification even in the honourable pursuit of fitting shoes. In the United

States you find that there are shoe fitters of 50 and 60 who find real dignity in that job and there is a tradition of shoe fitting in the United States, particularly in that north-east corner, that is supported by old hands on the floor. I have done lots of other things in my career and I am delighted to be on the floor, but it is not a common view; it is seen as a low status occupation.

Mr BRADFORD—So you are selling shoe fitting as a possible career rather than shoe selling. In most of the department stores I suspect you go to buy a pair of shoes and the salesperson does not have a clue about fitting, in fact you would probably have to fit yourself. But you are able to offer professional advice—

Mr Gilmour—We think we are the best fitters in the country and I am trying to make my team think that way. We run sizes and widths. In most shoe shops they just run sizes and every man has got to fit into an E or an EE fitting, but we do AA, men's in AA, terribly narrow fittings, up to 17s. We go through to 4 and 5Es and 7 and 8Es in widths at the other end. It is the real specialist end of the business. I think it is an honourable pursuit but I cannot convince many young people—I cannot get people to do it. My best employees, my most successful employees, are generally older people who have been in the shoe business or married women who love the work and who like working with people.

Mr BROUGH—How long does it take you to train someone?

Mr Gilmour—We reckon, if they are bright, we can leave them with customers under supervision within a week or two, but we have their fittings checked and we watch them very closely for a few months. The best ones generally are mature eight to 10 months after coming to us, and some of them are very bright and work within a couple of months. It is quite an easy task, it is a simple task to do it, and we have senior people on the floor all the time who can check fittings and we can swing them to more senior or more experienced people if there is a problem.

Mr BROUGH—You said earlier that you would like it to be easier to put people on and put people off. This is not a loaded question about unfair dismissal laws; you obviously just want to have more flexibility to do that. Would you also look at putting people on for a relatively short period of time on some form of subsidy to give them an opportunity to look at your business and what is involved in it rather than looking at it from the Ted Bundy, from the outside in appreciation point of view? Would that encourage you to put on more young people or more people, full stop?

Mr Gilmour—It might encourage me. To be quite honest, I want to train the people. The matter of subsidy is not as important as finding the person who will fit into the job. I rather like to have control over how we employ and train. If I am taking the federal dollar for some training scheme, I am then accountable outside the house, and I like to control the standards of the fitting in the house.

I recognise it was not a loaded question about unfair dismissals and the like. We have had no problems in that area and I do not think it is likely that we will have any problems, but the whole of the system tends to say that once a person has got a job they are there and you cannot get them out, you cannot change it, you cannot bring people in and try them.

Mr BROUGH—I cannot quite get to grips with that. What exactly do you want to try and do there?

Mr Gilmour—I do not know. I have not got all the answers, but it would be easier—for instance, if they are family or friends of family, youngsters who are at school or studying or between jobs and they want a job, they will come to me and say, 'Someone would like a job, could you put her on for a while?' and we will try that. They know that it has got an end so that both parties can exit gracefully from the contract, as it were. That is easier for us to do. If we could extend that gracious exit and entry process to more people, I think we would find it easier to get people into the work force and give them a chance.

We are good trainers. It is good training for youngsters and I am delighted that each of my three sons has been involved in serving in the shoe shop, because they learn how to handle the public, they learn how to present themselves and to do the things of selling in the shop which are very good training. And it is good training and I think it would enhance the marketability of employees and youngsters if they had gone through that experience. I am sure it has in fact in many cases. The fact that so many youngsters whom we have employed have gone on to other things suggests in fact that we might be giving them that extra edge of training. But I would like to see it easier for us to take them on and easier for them to get out, from both sides—and I do not want to say I just want to put them on and then sack them, but they want to feel freer about coming in and going out too.

While jobs are so precious and we have institutionalised jobs and made them terribly precious, the most precious thing in this country seems to be to get a job. Then, if you have got a job, you cannot lose it, whereas it seems to me that, if you could come in and out of it more easily, it would overcome that problem.

Mr BROUGH—Can I just ask one final question? A couple of the submissions we have had have been about groups which are basically employment brokers: they will get people in, look at their suitability, suggest things that they otherwise have not heard about—shoe fitting might be one of them—and then when you ask them they will send you half a dozen people who they feel will fit the type of operation you have got. Would you see an advantage in utilising a service like that?

Mr Gilmour—I have a small businessman's distaste for middlemen. I have been approached by a few brokers and have been unimpressed by them. They seem, again, to like to get the meters running, either to be met by government dollars or by my dollars, and so I am scared. I do not know whether their motivations are what I want. I would rather choose my own people.

CHAIR—John, you said the wage structures for young people are too high. How much do you pay a 16-year-old?

Mr Gilmour—A 16-year-old under our award is $220 or so a week, which works out, with on-costs, to about $15,000 a year.

CHAIR—How much does an adult earn?

Mr Gilmour—An adult—our senior people are earning about $14 or $15 an hour, so that is between $450 and $600 a week, most of them.

CHAIR—Is that enough incentive to get the young people to want to stay?

Mr Gilmour—Probably not, and that may be the issue.

Mr BROUGH—It is a good starting wage but it is not necessarily a good finishing wage. Would that be a fair point?

Mr Gilmour—Yes, I think that is so; and I may have to review that. I can keep good people at $600 a week. We pay seven per cent super and holidays and all those sorts of things and the senior people get a trip overseas every two years to see a shoe fair. Any of our staff are subsidised to see any shoe fair anywhere in the world if they will go and see it. But it is not handsome rewards. It is an industry which people can get into easily, your competitors can get into easily. The structures of wages are not handsome, but I think it is not bad. From the perspective of average wages and perhaps parliamentary salaries, it may be very low, but I think for the average person $500 or $600 a week for a job in the suburbs that they can go to easily and is amenable is not too bad. I do not know.

Mr MARTIN FERGUSON—A good rate of pay for West Heidelberg. Let us be honest.

Mr Gilmour—We have a lady at West Heidelberg, incidentally, who has two university degrees, and she escaped the education department and is working with us at $13 to $14 an hour as a part timer and is delighted with the job.

Mr MARTIN FERGUSON—But $600 gross around West Heidelberg, Preston, Reservoir, is a reasonable rate of pay because, with factories, it is not a high income area.

Mr BRADFORD—What is the future of the retail shoe industry? It is highly concentrated as far as ownership is concerned. Kinney's must control most of it in Australia, do they, now?

Mr Gilmour—No, Kinney's are in a bit of strife, actually. The industry has been structured traditionally as small shoe shops and then the big department stores and discount stores. The trend is towards the end of the suburban family businesses, the development of niche players in sports and comfort, or specialised fittings like me, in high fashion or boutique business, and probably a trend towards category killers in some of these. We have got one home-grown example of that in Rebel sports and sporting footwear—very strong, doing very well.

There is a rationalisation process but the industry is strong. Footwear and clothing have claimed a diminishing proportion of household disposable income for the last 40 years in all Western countries. So it is only niche players who are going to prosper, or very aggressive and very successful operators who can change the structure of the industry or can compete. Our business is a very old family business the family could not sell. I took it on part time 20 or 30 years ago, and have put it heavily into the niche which we had fiddled around with, and we are currently growing at a rate of about 15 to 20 per cent a year.

Mr SAWFORD—Has this been consistent over a period of time, John?

Mr Gilmour—Yes. We do a very intense business for the two shops that we have got. We would probably be among the highest volume of small shops in the suburbs because we advertise very heavily, we

promote heavily and we have high value and intense use of the business. We cannot replicate our shops very easily and have lots of shops because it is very stock intensive, so there is a massive investment of stock in each of the two locations. If I could but replicate it more easily I would employ a lot more people, but the capital requirements and the management of it are very hard.

CHAIR—A number of people—in fact heaps of people—who have responded to the inquiry have complained about poor literacy and numeracy standards, outcomes, for young people. Have you any comment on your basis of experience of both interviewing and employing young people?

Mr Gilmour—I tend to think that the sorts of skills that we want in our business are those of wit and a sharp and fast mind, because then they can deal with the people and they can catch on to what we are doing. We do not rely very heavily on those sorts of other skills. The most specific skill external to handling people is a skill with computer keyboards; it is now terribly important that people use computers in our business. I do not think that is a very serious problem. In our own case we look for youngsters who have done well at primary school because we tend to think that that is a better measure of wit than secondary school, which is a measure of success in the system. So I tend to take more notice of primary school success than secondary.

I have certainly noticed a sharp decline in numeracy and literacy but at the same time the youngsters who come in are very good with computers; they understand computers and they can work on a keyboard, which is a skill that their parents often have not got but which I treasure. We want people who can understand those things. It is not as serious an issue to us. One of my most successful employees was a girl who came from Bulgaria who wanted to get a job. The CES supported her for the first three or four months because she had poor English, but she was bright. The factors that influenced me to employ her were that she had a very ready smile, she liked animals, she was keen to work and she seemed to have people skills akin to some of my other successful employees. We put her on, the government supported her for three months. She is now managing our West Heidelberg store and she will do well in a career position there. We are sending her to the Dusseldorf shoe fair next February to find out what is happening in the world in shoes. She is first class. She had very poor English skills when she joined us but she is now managing the shop and she is very good.

CHAIR—You said you think a lot do not have and you think it has deteriorated over time.

Mr Gilmour—My background is as a journalist. I was a newspaper man for many years and I was employing journos, and I can tell you most of them cannot spell. They certainly cannot spell as well as I can and they certainly cannot spell now as well as they used to. You have only got to read the newspapers. I could sub the newspapers; they would not have got past the subs in my day.

CHAIR—Is that because we are giving more education to more people compared to many years ago where kids would have left school at the end of primary school, or after one year of secondary school, and gone on to find jobs in factories or as labourers or whatever?

Mr Gilmour—That may be the case. I am not in a position to comment on those issues but I can certainly agree with the proposition you put.

Mr SAWFORD—I was very interested in your comment just a while ago where you had a look at

kids' records in primary schools and you thought perhaps it was a more accurate description of their wit and so on. I happen to agree with you. Do you think the secondary school system in Australia—not just Victoria, because it is pretty similar—its purpose needs to be seriously re-evaluated?

Mr Gilmour—That is far too broad a philosophic issue for me to get involved in, but I can tell you that in my business I will test the—I think kids who are bright in primary school are naturally bright, and I like naturally bright people. If they are naturally bright, I do not care much if they have not succeeded in secondary school or at university, as much as if they are naturally bright. If they are naturally bright, keen and honest, we can really use them. So many people who have succeeded at secondary and tertiary level, in my experience, have done so because they are very good at manipulating the system, or learning how to pass exams or get grades, not necessarily really bright. And sometimes, particularly for my sort of employees, people who are bright at primary school are bright and there may have come something later on that they have not worked in the system.

Sometimes the very bright ones are bored stiff in the secondary system, whereas they do not have the chance to get bored in the primary system. Primary schoolteachers, in my experience, are trained as teachers. They are not arts graduates who have decided to be a teacher, they are in fact trained as teachers, and I think they probably handle the teaching job better. That is a bias. But it is really beyond my brief to comment on those things, they are just the prejudices of a small employer.

CHAIR—Thank you very much both for your submission and for your coming to talk to us today. I have to say, though, on the costs of parliamentary inquiries directed at the obvious, that we did not really think that it was obvious how we would go about fixing our unemployment problem, so we thought we would look at what the factors were that affect employment opportunities for young people. Quite honestly, we are learning quite a lot, both in a structural sense and, I hope, a practical sense, so at the end of the day we can make a bit of difference. We certainly are not going to be able to make the Australian economy grow at 20 per cent a year, so if we can make a difference to those kids who otherwise would not have found a job, then the cost of our inquiry, my friend, would have been more than worthwhile.

Mr Gilmour—I apologise if the remark was a little insensitive.

Mr SAWFORD—Especially since we are about the second or the third lowest in the world.

Mr Gilmour—Congratulations, gentlemen. My cynicism got the better of me and I am sorry. If you will pardon that lapse, I think it was well meant but may have been misguided.

CHAIR—Thank you.

[2.42 p.m.]

BRAIN, Mr Ian Robert, Consultant, Australian Council of Education Centres, c/- 28 Victoria Street, Ballarat, Victoria 3350

BURROWS, Mr Robert Cedric, Member, Australian Council of Education Centres, c/- 28 Victoria Street, Ballarat, Victoria 3350

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

Mr Brain—I am a consultant employed by the Australian Council of Education Centres from time to time to prepare documents such as this and to do developmental work on labour market programs and employment related activities.

Mr Burrows—My member centre is the Community Training and Education Centre from Tasmania.

CHAIR—Thank you for your written submission and thank you for coming to talk to us today. I say to you, as I have said to others, that this inquiry is about employment, not about unemployment. We are really trying to learn about those things which might make young people more employable and which might encourage industry to employ more young people. Before we start to ask you our penetrating questions, would you like to make a brief opening statement?

Mr Brain—Thank you. We felt that it was appropriate to speak briefly before we threw it open to questions, even though we have put a fair bit of effort into the document. We addressed quite seriously your question and welcomed it because it is an issue that warrants some due attention. We focused on the issue of attitudes as a significant factor—attitudes of the individuals that are players, the young people, employers and those people who are providing some support to them in the process, particularly in the labour market programs field.

We also wanted to address some of the issues from the perspective of thinking providers in the labour market field. The Australian Council of Education Centres not only delivers programs in the labour market area but it is doing it for a purpose. We wanted to get some of that flavour across and would welcome some discussion in that area. Some of it may be a little critical, as we have touched on in the document, but we believe that that is constructive criticism.

Then we wanted to get on to the area of looking at opportunity, because we believe there are many that have not been taken up or adequately addressed, but we believe there are many opportunities that could be utilised in assisting people in employment and employing young people in particular.

CHAIR—Thank you for that. You talk in your submission early on about attitudes of young people. We have heard from a number of employers and employer bodies and others that, firstly, when they are looking to hire a young person, the young person's attitude to work, attitude to wanting the job, is perhaps the most important criterion over and above skills or other personal attributes. Would you like to comment on that?

Mr Burrows—The situation that we find on the north-west coast of Tasmania, and I am sure it would be indicative of a number of places across regional Australia, indicates very strongly that a lot of the young people that we are finding in our arena at the moment, and particularly those at a lot of the educational centres have become involved with us Australia-wide, are young people who often have fallen through the cracks or have not been successful in the current school system and have become feral, if you like, in the communities in which they exist. One of the difficulties that we are finding is one of attitude, one of behaviour, one of enthusiasm, one of perseverance and so on—all of those interpersonal type skills seem to be lacking in the sense of their drive towards the work ethic; even an understanding of the work ethic. I think one of the difficulties we found in developing some kind of an approach towards the labour market area was that we had to actually work at great length with all the young people that we became involved with actually before they were work-ready. We had to do an enormous amount of work with specific individuals within that field before we could even get them into, and before they were responsive to, any of the programs—retraining, for instance.

Mr Brain—The key is motivation, and you need to tap it. If there is a spark of motivation, you can work with it. One of the very real problems that we have had over the past 15 or so years in this field is coming to a head again today, or has done just recently. The Australian youth initiatives grant program, a small program that was not focused on the vocational outcome—we touch on it in our document—has lost its funding. It is not going to be funded by DEETYA because it is not vocationally oriented. It has not got, as its target, vocational outcome; but it targets that very issue that you are talking about. It works at giving kids a chance to get on their feet, straighten themselves up, look for their pathway, their purpose in life, that does not have to focus on a job.

We are not interested in that in that program. What we are aiming to do is give them a chance, give them a bit of a start, head them in the right direction, give them a bit of a plan to head off and go. That program across the board had some terrific outcomes. It is not going to be funded. It is not going to be funded because it is not vocationally oriented. Excuse me, but that is just crap. It was vocationally oriented and targeted that way. It just did not have it as part of its own individual brief. I think that is a gross mistake, a gross error of judgment. It leaves a lot of young people out on a limb and to their own devices. That is not good for the community, society or them.

CHAIR—Why do we have so many of them falling through the cracks?

Mr Brain—The cracks are pretty big.

Mr Burrows—The cracks are huge.

CHAIR—Why? How do we address that problem?

Mr Burrows—I think what we have to do is look at the way in which we deliver education across Australia. Currently, if you think about it, we really have not changed. As I was saying to my colleague earlier, for the last 200 years we have attempted to incarcerate young people in classrooms. We have very little capacity to be able to interact with our communities, which includes industry and businesses. We do very little in terms of contractual arrangements in allowing young people to move outside that given classroom

environment to work within community environments.

We seem to need a whole range of different approaches for different capacities of young people in the way they go about learning, in the way they go about achieving. As a consequence of that, the motivation level drops considerably, to a point where everybody works to the mediocrity of the classroom. So your very gifted people—as this gentlemen was saying previously to us—become exceedingly bored, and antisocial behaviour is the consequence.All sorts of cracks occur in terms of how young people perceive themselves and other relationships. As a result of that, we get this very indifferent approach in terms of the outcomes at the end of the day when young people leave the school system.

Ballarat's youth unemployment rate is about 35 per cent. Burnie's is 42.

Mr Brain—Between 42 and 46.

Mr Burrows—If they are having troubles at home, they are pushed out of home. If they have got a difficulty there, to get a living-away-from-home allowance they need to have their parents' approval and their parents' signature to get those sorts of funds to support them in that situation. It is far easier to socialise on the streets with their mates and to get into a bit of strife. They get into strife, they are not wanted, they get a record, they are doubly in trouble. We have worked with those kids. We have just run some of this stuff with young people who were coming through on community based orders out of the courts. Every single one of them has started to fire up, is enthusiastic about work, has got going and is back on stream because we had a little time. Someone took some time with them, focused on where they are at the moment, what issues they had and how they could work through them.

If you put those sorts of pieces in place without demanding a vocational outcome from that sort of program—this is only one component, I would like to suggest, in the whole stream of what we ought to be doing—if you just have the opportunity to have a bit of time, in a mentoring type role or that sort of capacity, which does not cost a lot of money but will get them oriented again, you will get the spark.

CHAIR—I am aware of a few schools in Victoria that recently have started to focus on problems in years 9 and 10 on young people that they believe are at risk of falling through the crack. Those programs might incorporate a couple of days a week at work with a sympathetic employer and the other three days at school with some hours spent during those three days at school on so-called life skills. In other words, they are looking at how to get up in the morning, how to go to work on time, how to present themselves for work and how to solve attitudinal problems. Do those kinds of programs appeal to you?

Mr Burrows—Sure, but they are far too late. What we need to have permeating across our system is an early intervention program, and I mean early intervention, starting in grade 1 and grade 2. I can guarantee that if we did that we would minimise the impact of what we are talking about now at the ages of 15, 16 and 17 where this sort of problem becomes manifest.

If we did those sorts of things in grades 1 and 2 we would minimise quite significantly the damage that is occurring to those young people as they travel through the school system and travel through life, in society in general. I happen to be a Churchill Fellow and I visited the United States and in one of the states of

America they actually geared up their number of gaol cells by multiplying a factor in grade 2 of that child's schooling. They could work out at the end of grade 2 the percentage number of people who would exit at that point the number of cells required.

Do we want to travel down that path in Australia? I think not, but we are getting that way. Those programs that you are talking about are fine because we work with them every day in my organisation. But it involves a lot of work, effort and money. There are times when these things do not work out because enormous human resource are needed to turn a young person's life about. However, if we got there earlier and worked not only with the child but also within the family setting we could make significant shifts and changes.

Mr BROUGH—What exactly are you wanting done in grade one and two?

Mr Burrows—In certain schools that I am aware of there might only be four or five kids that need this help. You will find most of those young kids will have exceedingly high literacy and numeracy problems. You will probably also find that the families from which they come are first and second generation unemployed. There seems to be a very significant link there. These young kids have such capacity for disruption that the whole school focuses on the negativity surrounding that particular group and that particular family.

There needs to be some significant intervention at that point rather than the 15 or 16 different agencies that often work with these particular kids. We need a far more centralised and concentrated intervention rather than have the kids being sifted across all these different people. The problems are huge, not only with the individual child but also often within the extended family.

Mr BROUGH—I agree with that but I still cannot come to grips with what you are saying for what sort of intervention. What practical intervention are you referring to that is going to be one thing dealing with the family and with the individuals?

Mr Brain—I cannot come up with solutions to these issues at this point in time, I am not a specialist in this particular area, but I do know that the Brotherhood of St. Laurence is just about to conclude a prevention of youth homelessness program. It looked at schools across the board and looked at preventative ways of dealing with a similar sort of issue. They increasingly focused on family and child at that young age as being a core area of the beginnings, if you like, of the issues as they present themselves and develop.

Mr BRADFORD—Let me pursue that just a fraction further. You are talking about literacy and numeracy I think, are you not? Is that what you were talking about?

Mr Burrows—I was saying they are two key areas of where we find huge issues. If it is not picked up and keyed in then, this follows the young person through to the age of 14, 15, 16. We had 85 people who were directed by the CES—this is some eight or nine months ago—to actually attend our organisation for LEAP participants to be selected from. When we did a survey of the totality of those groups, we found an 80 per cent literacy, numeracy issue. It was significant. Somehow or other, these young people in the area of Burnie, which has a population of 22,000 to 23,000 people, had already slipped through the system. They are the ones that we knew about.

Mr BRADFORD—I do not know what is happening in Victoria, but there are already in place as far as I know in most states early intervention systems to cater for those inadequacies. We have looked at them on this committee in the past and also teachers are being increasingly trained to recognise kids that have got problems so that they can call for intervention of some sort.

Mr Burrows—I just do not want to pick on literacy and numeracy. There is a whole range of core issues that we need to attend to. They include things like simply negotiating issues within the family situation between siblings. Why do these people not get on? There are issues in terms of financial accountability. There are all sorts of issues that bring that family apart, which impact on that child within the school in an everyday situation and cause non-attendance.

Mr BRADFORD—In grade 1?

Mr Burrows—In grade 1 and grade 2. It is as early as that.

Mr BRADFORD—I cannot see that. It does not make any sense to me at all, frankly. Let me move onto something else. You have been pretty hard on employers. In the end we are looking for reasons why young people are not being employed. At the end, there has to be jobs. You are saying that employers are responsible for not providing more jobs. You say they should be, as you put it, expanding their markets and so on. Do you want to give us a bit more on that.

Mr Brain—Who else employs, if it is not an employer? They will only employ additional people if they can see their market expanding. If you are presuming from our document that we are being critical of employers for those reasons, I am talking about the underlying issue of the attitudes there. They may very well argue on red tape matters and other things, and that is for them to do, but it comes down to—and the suggestion that we are implying in that document—the need to assist employers with expanding their markets.

If those sorts of supports and enticements and encouragements were put into the broad scheme of things, to encourage people who are already in small business or medium size business to expand their activity, they will, by need, expand their employment opportunities, and that is the intent of what we are saying.

Mr BRADFORD—You said that they are too comfortable?

Mr Brain—Yes.

Mr BRADFORD—They do not know how and you believe they should be actively encouraged to do so, that is, expand their markets? So what sort of active encouragement have you got in mind?

Mr Brain—That comes from my personal direct experience. Employers who are running small businesses, where we have approached them to look at expansion of their activity, where they are doing okay in their own environment, particularly in a regional provincial community, they are the key to any expansion. If their business is rolling along okay at that level, then that is fine and that is where their level of comfort is. If they as a group were encouraged to expand, they have got the core, the solid base, from which to expand

their activities and, therefore, it would follow that employment would be expanded.

Mr BRADFORD—Just moving on, the other area that you have targeted for fault is Canberra. You say that there has been a longstanding attitude emanating from Canberra opposed to a widespread or wide-scale program of job generation. Can you expand on that a bit? What do you actually mean by that?

Mr Brain—Only once in the time of the previous government, the Labor government, was the term 'job generation' used. It was used by Prime Minister Hawke once and the concept was then changed very quickly to job creation. They are distinct and different. Job generation occurs when employment is actually generated, as opposed to creating it. If you create jobs with a RED scheme or a jobskills type scheme, the jobs stop then the funding stops. That is job creation. If you focus on job generation you are encouraging people to actually generate employment for themselves by providing service or product that goes into the marketplace.

Job generation is very short on the ground. A lot of people across Australia, from our base and from others, have time and time again attempted job generation type activities, where they create businesses and stimulate activity and start to get them going. On every occasion they are directed to seek funding from a fixed term, short-term type program. Jobtrain, jobskills, new work opportunities, the employment initiatives program—a whole range of previous programs—were all finite-funded programs not intended to support the development of a business or an enterprise over a period of time so it would become self-sustaining and developing.

We are suggesting that we, as a community, need those sorts of opportunities very much, particularly from providers like us but in the general labour market field who are working with people who have some difficulties getting into the work force, to make their own opportunities.

Mr BRADFORD—I do not know about the difference between generation and creation. I take your point, but the former government I think had a very strong commitment to those programs. They had dozens of them.

Mr Brain—Not job generation programs. Job creation, yes; not job generation programs. I have been on the other end of all of that. I worked with the previous Liberal government as well as that Labor government on trying to make those sorts of programs work. No, we have never had a job generation program in Australia.

Mr NEVILLE—What about the NEIS scheme, the self-employed venture scheme?

Mr Brain—NEIS is not a job generation program. NEIS supports an individual to develop a small business but it supports them in a training type way. They do not get direct funding for their enterprise. We have created—

Mr SAWFORD—Ian is using the term correctly. You are talking about job creation, he is talking about job generation. They are two different issues.

Mr NEVILLE—I am talking about job generation.

Mr SAWFORD—No, I do not think you are. You might think you are but you are not.

Mr BRADFORD—What you are ultimately suggesting here is the government coming up with a full-scale seeding, funding or capitalisation program for people who want to go into business. They can come to the government and get some sort of interest-free loan or grant or something to go into business.

Mr Brain—There may be ways of developing that as an idea. We have done that in Ballarat to some degree. We have created a bank, with the local credit union, that attempts to offer funds in quite an interesting and creative way to people who have been through NEIS, who then get some capital funding in order to sustain and support their business.

If we could move to that opportunity side of the document I would then address John's question. What we would suggest in this area, very much, is to share the challenge, share the responsibility with community, to have a package where you say to a clear, defined geographical community, 'Here is some funding and your target.' Allow me, please, to skip over the detail of it. You would say, 'Here is some funding and your target to generate 100 jobs. We don't care how you do it, but here is an agreed amount.' I would suggest that in some way you bring forward the unemployment benefit into a pool to do that but still provide that sort of support. You would have that community meet that challenge in doing so.

If at the end of 12 months they create 100 jobs, then in the following year they get funding for 100 people. If they create only 50, they get funding for 50 people. But do not tell them how to do it. That is the problem that we have had all the way through, that DEET—and DEETYA, now—tells the community how to do it. The community, I would suggest, can do that for themselves. Why should we have to confine them to a fixed instruction type program?

Mr BRADFORD—If you are talking about taxpayers' funds being committed to a project then there are certain accountability requirements.

Mr Brain—You can account by audit for proper procedure; you can control by contract for proper procedure.

Mr BRADFORD—If we talk about Ballarat, if you were given this facility, however it was done, freed up of bureaucracy, what would you do? Have you got an idea? Would you set up a car washing business or what?

Mr Brain—Could be. We put a paper to the previous government and this one as well in the development of their policy, the 1,000 jobs campaign, which was geared very much around this. I am quite prepared to make that available to you; it addresses those issues in a fairly intense way. It dealt with three areas, a bit like the jobstart subsidy, a component of those sorts of things. There were ideas for small business that went through proper business plans, were approved and funding was provided in those ways, and expansion of the current market in small business and medium and larger sized businesses where they would get support to expand. It is a fairly comprehensive document.

Mr BRADFORD—I would be interested in having a look at that. I have probably seen every variation

on those sorts of schemes in the last seven or eight years, but there might be something different about it. The committee may be interested in getting a copy of that.

Mr Burrows—One of the very interesting things which has become significant out of the labour market program area has been that for the providers themselves, particularly in regional Australia and smaller areas such as the north-west coast—and I will target Burnie, where we are all working collectively together, be it that we will probably need to work in a more competitive zone—there are partnership developments where competition is still an okay thing to engage in.

What we would be thinking about in the Burnie area, and the significant ones that have already come to date are identified in this document, is the hand-made paper industry. We went into partnership with Australian Paper, the great producer of Reflex, which we all use. They have supported that small industry. Now they have gained the support of the Body Shop, they have significant orders with Tourism Tasmania. That industry is expanding to the point where there could be, within three or four years, given some added support, up to 40 young people engaged in hand-made paper. I would never have thought it possible, but it is a growing, glowing industry.

Mr BRADFORD—Who are the clients—

Mr Burrows—The Creative Paper Mills, the young people themselves. At the moment my organisation is the auspicing body. But what it was is a significant partnership development assisted by, at that particular point, new work opportunities which a number of these young people have now turned into traineeships. There is a huge employer possibility there.

The other day we had young people come who were making fish tanks. They are also employing somebody to make the stands for the fish tanks. They are also including the making of terrariums. They have 70 per cent of the pet shop market across Australia; they cannot get support to do it. Our idea is that if the community, in terms of engaging the support of all those groups, could then identify seeding funds to assist these young people to go ahead and develop these programs, there would also be assistance with the NEIS scheme and so on. You would work across the enterprise schemes, the LEI programs as well. They are all working as a collective currently. I believe that that would be a significant development.

Mr NEVILLE—My professional background is in this field and I do not like to be told it does not happen in Australia; it does. I cannot speak for the other states although I am very familiar with the Queensland system. The NEIS scheme was merged with a state system called SEVS, the self-employed venture scheme. It had the various components you just talked about. The first thing was that under the NEIS scheme you had to go through a business planning period, under supervision. Then you were granted through the SEV scheme a start-up grant or loan of $12,000. You had a supervisory person. You were allowed to retain your unemployment benefit for the first 12 months of that scheme by concurrence of the Commonwealth. And a number of centres in Queensland had enterprise centres which were old factories that were converted into mini-factories on the Irish model where they could get rent at a low cost. So I say the structure is there—and I am surprised you say it is nowhere in Australia—whether it could be done better or whether it could lift to another stage where 30, 40 or 50 people were employed. But I am surprised, if you are so close to it, that you say you have never heard of it.

Mr BROUGH—The difference that these gentlemen are referring to is that with SEVS and NEIS it had to be a business that was not competing, whereas here we are talking about competing against existing businesses, with the new businesses getting some form of subsidy.

Mr Brain—Or the existing business being encouraged to provide its own expansion within the same sort of capacity and structure. I accept your point; I accept what you are saying. NEIS is an individualised program, whereas the concept we are looking at is more one of a community taking action as a group of people to actually generate it from its health and from within.

I do accept the fact that NEIS provides those sorts of links and encourages the project to occur. Where we would see its appropriateness is in the technical and expertise type training for people to do it. But there are an enormous number of ideas and employment generating activities that do not get past the NEIS barrier.

Mr NEVILLE—In the NEIS concept, the reason that the small businesses were discouraged from starting up a business similar to another business in that town or that suburban area was that there were structural inequity matters involved there. Was it right for government to be subsidising a new business to come into the marketplace that might knock out one that had sourced its funding the hard way, for want of a better expression?

If what you say is valid, there would have to be limits, would there not, at the point where government withdraws or you set up. If it is a paper-making project you are talking about, at what stage does that paper-making project start to knock out, perhaps, a hand paper-making factory somewhere else that has been funded through normal commercial means?

Mr Brain—I will address first the question of structural inequity. I believe it is one that should not necessarily go unquestioned. It should be considered in the process.

I believe that both the new business and the existing business should be given a similar style of opportunity to either expand or to start. There should perhaps also be a little bit of leeway given to a new business to get on its feet and operational, if its purpose is this sort of development. That could be done by tender. We are getting quite good at commercial, competitive tenders—it could be done the tendered way.

I think that there may be a point at which you would cease any support and that may be able to be brought into effect in developing these sorts of enterprises. I would leave that question still to the local community and I would leave them to argue the case.

As far as the question of direct competition between a current business and one to be developed that might compete, it is a commercial world and it is a world of competition. There is no real problem with having and developing or encouraging competition between players.

Mr NEVILLE—What is the priority of the competition? My question to you was—

Mr Brain—It is subsidising one against the other.

Mr NEVILLE—At what point does the subsidy create a structural inequity? My experience of these sorts of larger cooperatives that you talk about—and there were a lot of them around Maleny on the Queensland sunshine coast hinterland—was that they were pretty good at cranking up the general concept and finding an attractive product that people wanted. But when it came to the point of that particular cooperative paying all its employees a living wage, or something equivalent to an award wage, and providing for the on-costs of that particular firm, the thing started to fall down. It got to a point with government subsidy that it looked good—that people were doing better than they were on the dole—but when it came to living there in the real world, most of them dropped away.

Do you have a formula or an idea that would make those develop into commercial organisations? If so, I would like to hear about it. I think you have solved a big problem if you can answer that problem.

Mr Brain—I would like to address it—perhaps not now. Are you referring to the CDEPs?

Mr NEVILLE—Yes.

Mr Brain—I think that there are understandable reasons for those activities getting the staggers at some particular points and I would think that the way to address that would be by looking at the approaches that are taken at the start and beginning to plan and enable those people to work through those particular issues. If you have a goal to work for, you will achieve it, or you will get closer to it. The CDEP model gets people to a certain point and then, I think, things are left up in the air. I believe that they would be vulnerable in a developmental sense. I have seen that myself in South Australia and in the Kimberley where they do get to that point and then get the staggers, and I think there are reasons for that.

Another opportunity that relates to the point is the green corps concept that is currently getting some airing again. That could be turned around somewhat, so that the particular projects were agreed on by the community and by the local environmentalists and by the government, roughly costed, but then put out to tender for delivery. The person who was putting up the tender bid for that sort of enterprise development in the green movement, could be asked to do two things: firstly, to employ young people who are long-term unemployed and, secondly, to have and develop appropriate training and put the training into the components. You have immediately fully employed those individuals.

They would come under the MAATS scheme; they could fit into all of those structures and requirements. They are full on and their sense of what they are doing is as regular full-on employees. I think that those sorts of creative responses to that, and then encouragement of those businesses to develop, giving the individuals who are in it the chance to do things for themselves is worthy of some thought.

Mr NEVILLE—Let me take you back to another point. You were talking about intervention. At a previous inquiry in which a number of us served, we found that there were two periods during which intervention was critical. One was between the ages of six and eight years. The other period was at the beginning of secondary work, between the ages of 12 and 14 years. That aside, we also found—although we could not tie down the exact linkage—a relationship between the illiteracy and achievement. There are two arguments: whether a lack of achievement led to illiteracy; or whether illiteracy led to under achievement. I am a bit nonplussed about all these methods of intervention you say that are required.

Nowhere in your submission do you say whether the education, per se, is delivering the core skills to the kids as early as the ages of six and eight in terms of primary education, and between 12 and 14 in terms of secondary education. It seems to me that whenever the matter of literacy and numeracy is raised in any state, there is an immediate outcry from the teachers union or professional teaching bodies, that there has been no real change in literacy and numeracy at all, it is just a community attitude. I would just like to hear your view on whether you believe that we are delivering literacy and numeracy as well as we might at the core level.

We have always had dysfunctional families, where there has been drunkenness and lack of ability to budget. That has been going on through all our generations, but it seems that now, another group is coming off to the side of dysfunctionality—the homeless and the detached children. And I ask: is the core education system giving these kids a fair start? What is your comment on that?

Mr Burrows—I would suggest to you that, yes, it is. In the main I think the majority of young people are adequately catered for and have, if not the same literacy and numeracy skills as previously, then currently not greatly diminished ones. I think what has become the significant factor is that it has become clearer, with further investigation, with a great deal of action research that has been going on within communities and within society, that we become aware of a disparate group of young people and a more obvious group of people who, for instance, have just slipped through this system. But for the majority of young people it seems to me that the literacy and numeracy programs that we have got nationally and within the states adequately cater for, in the main, the majority of students. I do not think there is an issue with that. What I think the issue is with the young people that at the ages of 14, 15 and 16 have gross literacy and numeracy skills, is simply that they have slipped through. There seem to be, however, a growing number of these people that seem to come out of the woodwork. They have skilfully, somehow or other, got through the system without being picked up.

Mr NEVILLE—That is my very point. Has the core system failed them?

Mr Brain—My daughter, who is in grade 3, is in a class of 30. I would find it difficult if I was working in a class of 30 to ensure that every one of those individuals was literate and numerate and was getting the right skills. I would also suggest that probably in this room every one of us got our literacy and numeracy core skills from our home. In fact, we did not get the basis of it from anywhere else. There is a major issue there and a major challenge for our educative systems, to pick up that gap, that shortcoming. I think those sorts of issues do need a particular focus there, but, as far as providing solutions to that are concerned, I am not an expert in that field.

Mr NEVILLE—Are you saying identification is difficult?

Mr Brain—Yes, it is.

Mr Burrows—My expertise is picking up the pieces at the other end.

Mr SAWFORD—On the term 'early intervention', it is interesting, from a parliamentary point of view, that in the *Hansard*, going back before 1988 there was not another reference in relation to primary schools until October 1975. That says something from a federal perspective. So it is a current term, it is a term this

committee has introduced into the parliament more than any other, and perhaps it has become a bit of a flavour of the month. But the reality is that in this country, compared to all the other OECD countries, in terms of higher education we rate second to the United States—around 10,000 or 11,000 per capita. When it comes to secondary schools we rate in the middle. When it comes to primary schools we rate down with the basket cases of Portugal, Albania, Turkey, Greece; you name it. Our expenditure is appalling. In those sorts of terms you would think we ought to have a problem. Whenever that debate is raised in this country, whether it is the literacy, the 20 per cent down the bottom—this committee actually came up with a statement that the bottom 20 per cent of our students in primary schools are being shoved aside, and they are getting through the system somehow or another.

Every time that is raised, not only the teachers but more the academics come in screaming that this is not a problem; that this is a manufactured problem, that literacy has not changed a great deal. In this committee's hearings it has been shown that the top 20 per cent of children in Australia are doing far better than they ever have done, and that is what averages them out a bit more, because the averages are the same; I acknowledge that. How do you deal with this? It just seems that there are so many vested interests, and I think the same thing applies to vocational education—and I will not ask that question. But primary education and vocational education are two areas that, every time they put up their hand legitimately to ask for resources, other vested interests in education more than anything shoot them down in flames. What is your response?

Mr Brain—I will respond from my perspective. I have devoted my career to youth work, moving from senior positions in the manufacturing industry into youth work and from there into employment creation and generation. The group that naturally comes to people working in that field are, in high proportion, deficient in literacy and numeracy. They may have some other disadvantage or disability and they have at times had interactions with the criminal justice system. Predominantly, that is the cause of their coming. They may be older, unemployed and not wanted by the labour market, but literacy and numeracy deficiency is there almost invariably. It is a major issue for us to have to address at that point in time.

I cannot understand it. I ask the same sorts of questions. I have overdone, perhaps, the education on literacy and numeracy with my own children because of that very issue. The kids that do come through with those problems should not do so: they are not stupid; they are quite intelligent, quite bright young people and there is no real reason for it. They are functioning in all other ways, and sometimes better than others, because they have covered their deficiency during that school system time. As to what the Machiavellian reasons are for the press treatment when the issue is raised, I have got no idea. I cannot answer that.

CHAIR—Gentlemen, thank you very much for appearing before us today and for answering all our questions. We hope to conclude the inquiry next May or June and, when we do, we will be certain to send you a copy of the report. Thank you very much, once again.

Mr Burrows—Could we just ask you one more question before we go? On the issue of the opportunity that we identified—that is, divulging a range of resources to a holistic community where all the partners can play a hand towards employment opportunity—we have some documentation on that. It is fragmented at the moment, but we would be happy to develop that further and submit that to the committee, if that would be reasonable.

CHAIR—Certainly.

Mr Burrows—Because I think that is a phenomenal possibility.

CHAIR—We would be happy to receive your information.

[3.30 p.m.]

BURGE, Mr John, Chairman, Finance and Administration Industry Training Advisory Body, Level 6, 11 Queens Road, Melbourne, Victoria

WINSTANLEY, Ms Loretta, Executive Officer, Finance and Administration Industry Training Advisory Body, Level 6, 11 Queens Road, Melbourne, Victoria

CHAIR—Welcome. Thank you for your brief written submission and for coming to talk to us today. I remind you, as I have reminded others, that this inquiry is about employment, not unemployment: it is about how we make young people more employable and how we get industry to make more opportunities available. Would you like to make a brief opening statement before we start to ask you questions?

Mr Burge—We have distributed an additional brief note for the committee, together with a copy of a brochure which encompasses the work of the ITAB as it stands at the moment. It is a recently formed ITAB, formed after the 1994-95 review of national ITABs. We did not come into being officially until late last year and we have only had staff employed since this year. So it is a brand new area, it is an area that has not been involved in the traditional VET planning or the national training reform agenda before the ITAB was started. A great deal, I believe, has been achieved in that time, although it is limited by the fact that competency standards have only been developed to any great extent in the whole of the finance and business services area in the insurance industry, which formed an industry training advisory body some years ago and had proceeded in that area.

We have managed in the short time to establish a network with state and industry ITABs in all states, and work on planning together to avoid overlaps and to ensure that the work and the information that goes into our vocational education and training plan has a national focus and does not result in duplication of work and effort.

We are currently developing competency standards in retail financial services: credit unions, building societies and finance companies; in the accident compensation insurance area—it is really the regulators that we are talking about here; accounting at the mid level; conveyancing; trustees; records management and archivists; and purchasing and materials management. That is a considerable area to be covered at this stage.

Training, to date, has tended towards generic skills, with industry associations and institutes such as the Insurance Institute and the Australian Institute of Banking and Finance providing industry specific skills training at a higher level. I guess it is fair to say that because of that there has been a fair gap in skills at the entry level. Competency based training is a late embracement of the finance area, largely because the major employers in this area have generally provided their own training and seen that as being sufficient—particularly the major banks, for example, and some of the major insurance companies. We have not got a lot of competency standards on the board, and the insurance industry is the only one where standards are almost at completion.

We see the major effort which will help the move or the transition of school leavers into industry as being in a national transition project, which is currently under way. We expect that this will solve some of the

problem of entry level training gaps by providing a national framework of modules arranged in industry streams, which will give qualifications at levels 2, 3 and 4 of the AQF at those certificate levels.

If I can just direct the committee's attention to the brochure, on the last page is a depiction of the national training framework for the finance industry, which will be composed of a number of core subjects and then industry specific subjects which relate to insurance, financial institutions, trustees—that is the retail financial area—a number of modules which can then be delivered at the enterprise level, and some electives which will together go to make up the qualifications of each of the levels.

That project is under way. It is managed by Queensland TAFE and supervised by an industry reference group provided by the ITAB. It is due for completion in about May of next year. We will, as a demonstration of the ability to provide flexibility in delivery, be placing two of the modules on the Internet, with the hope that that will develop some interest and enable people in remote areas and people with problems in terms of small organisations unable to release people for training to participate at that level. We are looking at as much flexibility as possible at that level.

The area we see for real advancement in this is at the level 2 certificate outcome where we are currently looking at a means of integrating this with the last two years of secondary schooling and in the hope that people will be able to complete the level 2 qualification or part thereof as part of their last two years of secondary school and obtain a dual credential at VEC level and at the VET level. That would then lead into the traineeships that will be provided at three and four as a result of that. That is the major area where we see we can contribute towards the problem of employment of juniors, the numbers of whom have been decreasing in the industry generally for a number of reasons.

I could illustrate that specifically by saying that in the insurance industry in about the mid-1980s the level of under-21 employment at that time was something like 18 per cent and it is now down to about five per cent. This is partly due to the advancement of technology and restructuring and reorganisation within the industry which has led to a disappearance of jobs that people from school would have normally moved into. They were jobs such as the basic filing and paper shuffling types of exercise. Rationalisation of the life insurance industry with a blurring of the edges with banking and retail financial services also caused jobs to disappear. The same applies in the general insurance industry.

Recruitment over the last decade has principally been replacement and therefore has not provided the opportunities for direct school leavers because at the replacement level they have been looking for people mainly with skills in the customer service area and people with developed communication skills. They are looking for the types of skills, as companies describe them to me, that would exist in retail and hospitality areas. Their concerns mostly in relation to school leavers are that they lack those skills and therefore recruitment, having been at a replacement level, is largely been with people who have some work experience and have developed some skills in that area. The entry level jobs at this stage involve people in customer contact almost immediately—either by phone or directly—and that has been the major cause of concern. We would expect to include within that level two certificate and the last two years of secondary school some modules which relate to that area.

CHAIR—The banking industry used to be a huge employer of young people and career paths were

obvious from the beginning. Everybody knew that you could start as a clerk and you could go to be a teller and you could progress up through the organisation to be the managing director of the National Australia Bank or whatever. Those days are gone with the introduction of electronic commerce and many other things, but does the industry feel any sense of responsibility for employing young people? Does it feel any responsibility for what it has done to the prospects of young people as it has downsized and changed?

Mr Burge—I cannot answer for the banking industry. They are not largely participating at this stage in the vocational educational and training area through the ITAB. Whilst I think there is some concern, commercial pressures and the advance of technology seem to have led to situations where the numbers of jobs have declined. The ability to cope with more of the lower level work through technology has led to a lack of opportunity in that area.

The middle management area is also affected by this. The entry level has probably increased from a level 1 filing clerk area to between level 2 and level 3. With recruitment being only on a replacement basis, employers have been able to choose from the top end of the pool in terms of literacy and numeracy. They are recruiting people after year 12 for that area, therefore that has not been perceived to be a major problem in those industries.

Mr MARTIN FERGUSON—Is it fair to say that over the last five to 10 years it has been an area of declining employment?

Mr Burge—Yes.

Mr MARTIN FERGUSON—Is it also fair to say that with the ongoing rationalisation by the financial industry, including the closure of suburban and rural banks and the potential impact of the Wallace inquiry with respect to potential further merges in banks, that there is not a great prospect between now and the turn of the century for the employment of a huge number of young people in this industry?

Ms Winstanley—I think that you cannot just restrict it to banks, because the effects of the Wallace inquiry are across the whole financial sector. The research that we have undertaken shows that this blurring that we have talked about is moving right across into the retail financial services sector as well. The employment patterns are changing across that sector, as, say, credit unions are becoming more pro-active within their communities.

Mr MARTIN FERGUSON—What real job prospects are there in this industry for young people between now and the turn of the century?

Ms Winstanley—This is something that we are still researching because we are only into our eighth month of operation. We are just starting to get the vocational education and training plan ready. It is proposed that once this certificate is introduced into schools we will provide far more career path knowledge to kids in schools. They have tended not to say, 'I want to go and work in the insurance industry.' Essentially a young person's mind does not turn to insurance until it gets its first car and realises that it has to insure it. It is not seen as a career by a young person.

Mr MARTIN FERGUSON—I do not question the role of ITAB—I very much support it—and the question of a career opportunity, what I do question is whether or not there are going to be the openings. Frankly, your objective in the industry at the moment is to hang on to your job, not to get a job in the industry. When, from the industry's point of view, is that going to change across all the different aspects of the industry?

Mr Burge—I think I can say that in terms of the general insurance industry, there are some 20 companies writing about 80 per cent of the business. This is out of the 140-odd companies that are licensed. The general prediction and acceptance in the industry is that those 20 companies will be 10 companies by the end of this century or early next century. That is based on the fact that we are considered to have an oversupply of capacity in the general insurance industry. The size of the market here and the prospects of further overseas competition—although there are signs of some small growth in the industry, there are some perceptions that there is under insurance in some areas—means that unless there is major growth in the economy, there will not be room for major growth in the insurance industry.

Similarly in the life insurance industry, some 10 of the 40 licensed insurers would have about 90 per cent of the business. Predictions are that that will be reduced to five. Life insurance, in the old traditional sense, is dying and we are moving into the financial services area and competing with banks, finances companies and so on. That area of the industry will become difficult to distinguish.

We talk about bank insurance and that type of arrangement. So the prospects in that part of the industry for large growth in employment are not very bright. Indeed, there are some people who take the view that the major recruiting in the not too distant future will be at mid-level, where that mid-level area does not have the skills to cope with the changing technology and the changing methods of operations.

Mr MARTIN FERGUSON—So, with the best will in the world, we cannot expect to see a lot of jobs for young people here in the foreseeable future?

Mr Burge—I do not believe so.

Mr SAWFORD—I am not sure whether I need to ask this next question. At the end of your supplementary paper you made four dot points. The first point is the poor promotion by the industry of career opportunities within the school sector. I am not too sure that this is a relevant question, after your answer to Martin, but it is a claim that has been brought up by a number of people. What sought of recommendations would you make to change that situation in the school system? At what level and how?

Mr Burge—I think it is all tied up in the moving back of that certificate, too, and the opportunity for people to do some of the vocational education and training as part of their VCE studies and gain a dual credential so that people understand more about what is involved in the industry. As Loretta has said, insurance is not a terribly glamorous industry and does not necessarily attract people to it as a career.

If you look back 20 years ago you will see that, if you did not get a job in the Public Service or the banks, you could always get one in insurance. That was about the way the pecking order went in employment. The industry itself, particularly the general industry, is working pretty hard on trying to change its public

image. You might have seen that the Insurance Council has embarked recently on a fairly wide public campaign. I think it is an industry that people are not aiming at and they are not being prepared for any of the finance areas in terms of the skills that are required there or their understanding of it before they leave school and then start looking for a job.

Mr SAWFORD—The second point you make is about the lack of customer service skills being taught in schools. If there were ever a group of people more unpopular than us, it would be the banking industry. We have gone above them. If ever there is a group where you get people in the street coming into your office and complaining about an institution, it is the banks and the appalling service that they have developed.

For example, in a regional area there would have been an area manager, even a couple of years ago. Someone could have rung him, or the staff stability was reasonable and you could ring a person direct. Now you ring a 1313 number and you get on the old swing-around that is totally impersonal. People say, 'We'll go somewhere else,' or, 'We won't use the bank facility,' or, 'We'll do some other thing.' Do you think that, even in lieu of what you said to Martin, and the banks are continuing to push the old interest rate down with competition, maybe at some time in the future the Asian idea of real customer service may in fact come back and create some opportunities?

Ms Winstanley—Once again I cannot really speak on behalf of the banks, but with the rest of the finance industry the first point of employment tends to be the telemarketing sales area, in which it is known that if you have not come to a deal within 120 seconds you have lost it. That requires a fair or high degree of communication skills with young people, if that is where they are going to be employed first. So the notion of customer service is of great importance and a lot of importance is placed on it by employers.

Mr SAWFORD—Would you agree with people's comments that customer service in the banking system, as the public perceive it, has dropped way off? The public are interested in business and in other things; they are not interested in anyone in the—

Mr Burge—I can comment on that only as a member of the public and as a customer of the bank. I think the broad finance industry would say that the key to successful operation in the industry will be those who can attract and hold customers in the future. The competitive nature of the industry will eventually lead people to be better at it. Those that are better at it will succeed and survive. Those who are not good at it will be the five or the 10 companies in life in general, for example, that do not continue on and are taken over by other groups and become part of other operations.

I am not suggesting that would be the only reason for it but it is the competitive nature of the industry, the competition for customers, which will drive people to raising their standards of service. There is a great deal of work being done, particularly in the insurance industry, with which I am most familiar, by some companies to understand what customers want and to deliver what customers want rather than what companies think they want.

Mr BARRESI—This is an observation rather than a question. John, it just seems to me from what has been said that the outlook appears to be fairly gloomy in terms of employment prospects for young people within the industry, and it has been alluded to already by other members of the panel. I also refer to your

section under retail financial services where you refer to the rise in part-time employment as perhaps offering opportunities for employment of young people. I actually would have thought that the reverse would happen: if there is a rise in part-time employment, young people would in fact be disadvantaged.

I cite the experiences of what the banks are going through. I had an example only yesterday. A constituent walked into my office, he has done two years of a medical degree and a number of other jobs such as taxi driving, and now he is working as a part-time bank teller. He is in his late thirties, early forties. Good luck to him, but the other thought was, 'What happens to those young kids who are trying to get jobs? Are they being squeezed out by people such as he is, by those who have been made redundant within the financial services industry and are looking for part-time work and also by the growing employment of women in part-time work?'

Mr Burge—I think it is a reflection initially of what we were saying in terms of the need for those customer service skills, which are really interpersonal and communication skills. At this time, they would be seen to be more likely to be held by people who have some work experience; certainly those people who have worked in the industry, have become redundant and are available. That is why we see the focus in that last two years of secondary education in giving school leavers enhanced skills in that area which would make them more competitive. That will be the way to improve it in the long run.

Mr BARRESI—It still is a gloomy outlook for young people.

Mr Burge—I think we have to work with what is there, and that we see is the best opportunity of improving the lot of young people.

CHAIR—Thank you very much for coming to talk to us today. I know we could go on but unfortunately we have to catch an aircraft to Adelaide. Thank you for your submission and for talking to us. When we finish the inquiry next May or June, we will certainly be providing you with a copy of our report, which we hope will make major recommendations. Thank you, colleagues; thank you, Hansard; thank you, witnesses.

Resolved (on motion by **Mr Sawford**):

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

Committee adjourned at 3.55 p.m.