



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING

Reference: Factors influencing the employment of young people

ADELAIDE

Thursday, 26 September 1996

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

DAY, Mr Robert John, Managing Director, Homestead Award Winning Homes, 928 North East Road, Modbury, South Australia 5092 268

HARRISON, Mr Ian Alexander, General Manager, Finance, Administration and Policy, SA Employers' Chamber of Commerce and Industry Inc., 136 Greenhill Road, Unley, South Australia 283

HARVEY, Mr Brett Justin, Employment Officer, Employment 2000 Skillshare, Salvation Army, 5 McGowan Street, Pooraka, South Australia 310

SLOAN, Professor Judith, Director, National Institute of Labour Studies, Flinders University of South Australia, GPO Box 2100, Adelaide, South Australia 5001 297

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING

Inquiry into factors influencing the employment of young people

ADELAIDE

Thursday, 26 September 1996

Present

Mr Bob Charles (Chair)

Mr Baressi

Mr Neville

Mr Brough

Mr Sawford

The committee met at 8.31 a.m.

Mr Charles took the chair.

DAY, Mr Robert John, Managing Director, Homestead Award Winning Homes, 928 North East Road, Modbury, South Australia 5092

CHAIR—I declare open this public hearing of the inquiry into factors influencing the employment of young people. The committee has received over 70 submissions and conducted public hearings in Canberra, Sydney and Melbourne. 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 the 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 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. That is not meant to be an exhaustive list of issues that the committee will consider or which might be raised. We are entirely open to the views of everyone who wishes to make an input to the inquiry. We are here to listen, to learn and to help improve the prospects of young Australians.

Today the committee will take evidence from Mr Robert Day of Homestead Homes, representatives of the South Australian Employers Chamber of Commerce, Professor Judith Sloan and representatives of Employment 2000 Skillshare. To start today's hearing, I now call Mr Robert Day of Homestead Homes. Would you like to make a brief opening statement before we ask you questions about your submission?

Mr Day—Yes, I would. If I may, I would like to distribute copies of my formal submission, which I would like to read out—it should take about 10 minutes. I would like, then if I may, to make a few remarks and then respond to any questions that members of the committee may have.

CHAIR—Remember that we only have 45 minutes.

Mr Day—That is fine, it will not take anywhere near that length of time.

CHAIR—We would like to ask you lots of questions too.

Mr Day—Okay, that is fine. I turn to the last page of my submission, which is a graph that plots male suicide and unemployment rate proportions for 20- to 24-year-olds from 1966 to 1990.

Mr BROUGH—Is it for South Australia or for Australia?

Mr Day—I think it is for Great Britain. As I said, the graph plots suicide and unemployment rate proportions for young men between 20 and 24 years of age. There is a marked correlation between the two lines in their lock-step relentless rise. They lend a sense of urgency to the debate over the role of government in the youth labour market, an area where many of its previous interventions, however well-intentioned, have been catastrophic. I want to put a case for deregulation. The economic arguments in its favour are compelling enough, but the moral and philosophical arguments seem to me to be quite overwhelming.

Historically, Australia developed a centralised wage-fixing system as a result of the political consensus which also gave us tariff protection. It is safe to say that without the one, we would never have had the other. High tariff walls led to what is being called the 'cost-plus mentality.' Whatever goods cost to manufacture, including the cost of labour, the manufacturer would simply add his margin to arrive at a price.

The policy decision to lower and eventually abolish tariff barriers was taken in principle long ago and now enjoys a large measure of bipartisan support. But the implications of that decision as it impacts on the labour market have not been thought through and articulated adequately. Lip-service is pretty generally paid to the notion that youth and trainee wages and conditions ought to have a degree of flexibility, since these are the categories in which employees are making the transition to optimum usefulness, but in practice, industrial relations commissions, unions and even, I regret to say, governments are far from flexible.

There are still many companies large enough and profitable enough to work on a version of 'cost-plus' when it comes to employing young people. But in the small business sector, for companies employing 20 staff or fewer, it is no longer the case. Yet, as it has become something of a commonplace to observe, small business is the sector in which there is most scope for generating new jobs. The main question in Australian politics for the foreseeable future is how long the old cosy industrial relations club is going to insist on pricing young people out of the job market.

The conventional wisdom of a decade ago was that any erosion of the artificially high youth wages could only conceivably have one motivation and one outcome—namely, to put pressure on wages more generally. It fits in nicely with the demonological view of employers as a class, but has very little to do with the way successful small businesses work now and have done for a long time. In fact, it is one of the givens of contemporary industrial relations that the smaller the business, the more it depends on a cooperative rather than a confrontational model.

Another given within small business, which the industrial relations club has so far failed to grasp, is that a business can only pay wages commensurate with the value of the work that is done. It is a fundamental proposition, logically and ethically unassailable, unlike the present expectation that, in the interests of an anachronistic regulatory model or furthering a dimly conceived notion of social justice, employers should pay inflated youth wages or pay none at all and do without the services of a young worker.

There is a corollary to wages commensurate with the value of the work. Small business employers have a much better understanding of the value of that work to them than remote arbitral bodies can ever expect to develop. Let me give you an example from the building industry. In 1971, a first year apprentice earned anything up to 15 per cent of an adult wage. The current figure is approximately 40 per cent. And now, bricklayers mostly do without labourers and the people who used to work for them swell the dole queues. There are parallels in every area of small business and the effect on national productivity is painfully obvious.

Even more painful, but not quite so obvious, are the effects that diminishing expectations of employment have on young people. Those who have spent any time in the work force tend to forget the sense of self-worth and self-assurance that comes with it and the enhanced sense of autonomy that comes with promotion, successfully negotiating with an employer or changing to a better job. We take for granted too the pleasure of exhaustion at the end of a hard task done well, the thanks as well as material recognition from a

satisfied boss, the feeling of money in your pocket that is well earned. The philosopher Galen did not overstate the case when he said, 'Employment is nature's physician and is essential to human happiness.' At no time is that truer than in the transition from school to adulthood when, as Elbert Hubbard said, 'We work to become—not to acquire.'

That process of becoming, through the experience of work, used to be taken for granted, along with a number of assumptions about the process which it is as well to remember. First and foremost, the rate of pay that went with that work was discounted because of the value to the employee of the experience generally and the particular skills acquired in the course of work. An explicit understanding, at least as old as the medieval guild system, was that the young, in accepting low wages, were investing in their own education, and that it was a rational and in no way demeaning investment.

The pretence that the young have an absolute moral right to a fixed percentage of a full adult wage is bizarre and not at all in their interests. Apologists for the present system point to extreme situations—teenagers without any family support or friends—forgetting that hard cases make bad law. In such cases, and I am happy to note the youth allowance proposed in the community discussion paper of August this year seems like a much more appropriate form of government intervention than a general inflation of wages. The youth allowance is envisaged as a streamlined, means-tested support for young people as they make the transition from education to work and from dependence to independence.

To the traditional trade unionist mindset, concerned with the terms and conditions of members' employment and only notionally concerned about the flow-on effects on unemployment, deregulating the youth employment market for the small business sector may look like a form of class war. Those who take that view should remember that for every 10 per cent increase in minimum wages there is a corresponding rise in unemployment of between 1.4 and 1.8 per cent. For young people without formal school certificates—for example, year 12 students—it means a rise of unemployment of between 3.4 and 3.8 per cent. By contrast, in New Zealand, which had an unemployment rate of 11 per cent in 1991, a partial deregulation of the labour market has resulted in an unemployment rate of six per cent, a figure that we in Australia aim for as an almost unattainable, distant goal.

One consequence of deregulation which has not been widely understood is its effect on age-based pay levels. It is a pity we have not got any Democrats here, because this would appeal to them. Age-based pay levels should become an anachronism when people are free to make their own arrangements. If 17- or 18-year-olds are capable of doing the work, then they ought not to be discriminated against on the basis of their age. Trainee wages ought not to have any intrinsic connection with the age of the trainee, only with their relative skill level. Deregulation is also the best medium and long-term solution to another major economic problem—and that is the shortage of skilled workers in Australia. That employers should be having to import them at a time of high unemployment is a national disgrace. But when you consider the institutional solutions provided by TAFE and the like, it is scarcely surprising.

If a teenager decides, for example, to enter the hospitality business as a waiter, there are two basic ways of going about it. The first is to attend a TAFE course, where he or she gets about \$72 a week from Austudy. The other option is to work in a restaurant, which involves making contact with real customers and the productive economy. The only problem is that at the moment the restaurant will have to pay wages of

around \$300 a week.

This bizarre form of price fixing—and that is the most useful way of conceiving the process—does little more than guarantee the continuation of endless mickey mouse courses in an infinite variety of subjects which few would otherwise take. Yet most people would, I am sure, rather be out in the work force than in a classroom. It is perfectly understandable when you think about the sort of ‘practical’ instruction that they receive there. TAFE colleges have a place in the scheme of things but not when they serve merely as child-minding centres. Moves to raise the age of compulsory school attendance should likewise be seen as a manipulation of the young by those most anxious to conceal the true level of unemployment.

One of the saddest things about the debate on youth unemployment in Australia is that most of the people directly affected by it and their parents have at least an intuitive understanding of these home truths. They know the difference between a real job with real prospects and a make-work exercise designed to allow government to reclassify them as ‘short-term unemployed’ for the purposes of ABS statistics and political window-dressing generally.

Those of them who have not had their belief in the work ethic utterly eroded at a social cost that scarcely bears thinking about talk enviously about the apprenticeship schemes that gave their parents’ generation a place in the work force. We owe them no lesser start in life.

I have a couple of remarks to add. My good friend, Paul Madden, from the Adelaide City Mission once described social justice as ‘doing whatever is necessary to ensure that all people in society belong’. I believe we have built a huge brick wall across the road to one of society’s most important activities, and that is employment. Every rule, every regulation and every award is another brick in the wall, and all our training schemes and job subsidies are just attempts to scale that wall. Getting one person over is hard enough; getting 200,000 over is fighting a losing battle.

In my letter to the editor of the *Advertiser* which prompted my appearance before this committee, I cited the example of apprentices in the building industry. When I started in the housing industry in the early 1970s, just about every tradesman had an apprentice. At that time, Australia was building around 130,000 houses a year. We are still building about 130,000 houses a year but you would be lucky to find an apprentice anywhere. If there is one thing bricklayers hate, it is carrying bricks; and if there is one thing that plumbers and electricians hate, it is digging trenches.

Back in the 1970s, they were prepared to part with between 10 and 15 per cent of their pay—and I am talking about self-employed subcontractors who make up the bulk of the housing industry, and there are up to 100,000 of them—to have someone carry their bricks or dig their trenches. The apprentices were also happy to do the donkey work for a while, knowing they would receive their reward later. The deal went something like this: you get \$80 a week for three years and then you get \$800 a week for the rest of your life.

All those apprentices I met back in the early 1970s now all live in nice suburbs like Golden Grove, have two cars and a boat in the driveway, and send their kids to private schools. Every time I walk on a building site today and see a tradesman, I cannot help but see an apprentice-shaped vacuum alongside him. I estimate that there are at least 20,000 apprenticeships going begging in the housing industry alone.

We all had part-time jobs in our youth, some pretty awful ones, too, I would imagine. But how quickly those years go by. We now all have jobs and I think it is time to let our young people in on the act.

CHAIR—Robert, you have talked about apprenticeships, but what about traineeships, or what about some mechanism in the non-trade area—that is, the builder's labourer area of your market—for young people as an entry point?

Mr Day—Whether it is an apprenticeship or a traineeship, I do not see any difference really. Even our labourers now are on \$700 and \$800 a week, because builders are happy to pay remuneration commensurate with the value of the work that is done. One would think that in a time of high unemployment building site labourers would be a dime a dozen. But they are not. Wages do not drop as a result of supply and demand, other than the value of the work that they are doing. So, I do not see any difference between traineeships and apprenticeships.

CHAIR—I believe it is true that if you look at the number of apprentices in apprenticeships across the country today, you will see that the largest single block would come from trades associated with the construction industry. What prevents us from having a training path for labourers in the same industry?

Mr Day—When you say labourers, do you mean unskilled labourers?

CHAIR—Yes.

Mr Day—The price is too high.

CHAIR—Why?

Mr Day—Why is the price too high? Because there is legislation on minimum rates of pay. People are not allowed to come to their own arrangements in these matters.

CHAIR—Is it legislation or awards?

Mr Day—It is the same thing, isn't it?

CHAIR—I would not have thought so.

Mr Day—I call an award legislation. There are jobs available, but there are legal obstacles in the way of young people taking them up. I could put an advert in the paper to this effect: 'Plumbing and electrical apprenticeships available, \$50 a week' and there would be a queue from here to my office to take them up. But it is against the law for me to make the offer, and it is against the law for them to accept, even though the young people want them. Their parents would offer them free board and their aunties and uncles would lend them cars. They would understand that you get \$50 a week for three years and you get \$800 or \$900 a week for the rest of your life.

Mr NEVILLE—Can I take you up on that point? Although they are not \$50 a week anymore—and I

do not think that would be conscionable anyway; I know you used it only for illustrative purposes—the apprenticeship wages for first, second and third years are not all that horrendous. They are considerably less than a labourer's—in fact, they would be less than half a labourer's wage. Why would that not be attractive to an employer?

Mr Day—They are not actually. I had an example a year or so ago. A lady I know came to see me; her husband had just died and she had a 16-year-old lad. She said, 'Could you try to find him an apprenticeship in the housing industry?' I said, 'Yes, I will see what I can do.' So I organised for him to spend one day a week with five different plumbers. I rang the Apprenticeship Commission and said, 'We want to take on an apprentice.' And they said, 'Oh yes, we have an Apprenticeship Commission scheme. You send us a cheque every fortnight and we will pay him.' But there is worker's compensation and all the rest of it. I had to send a cheque for \$602 a fortnight. That is \$301 a week for a first-year apprentice. No tradesman could possibly pay anything like that amount to have a 16-year-old as a labourer, or as an assistant to dig trenches. He does not mind paying 10 or 15 per cent, but he will not pay 40 per cent. That is what you have to pay these days.

Mr NEVILLE—How did you arrive at 15 per cent?

Mr Day—That is what it used to cost. Back in the 1970s, tradesmen got about \$65 a week and a first-year apprentice got about \$10 a week. That is about 15 per cent. Some were less; in fact, some were much lower than that.

Mr BROUGH—One of the constants we have heard during this inquiry has been the attitude of young people. Quite often it has been expressed as being a negative attitude. How do you reconcile this with paying wages that are as low as, if not lower than, unemployment benefits? Could there possibly be a problem in attracting people when the wages are that low?

Mr Day—Not at all. In fact, we are inundated. I get parents offering to pay the wage for their child's apprenticeship. Friends of mine have a farm on York Peninsula, and the local plumber in Ardrossan wanted to take on a young farm lad, but he could not afford to pay him very much. For the young farm lad, who lived at home and had his food, board and clothing provided, and who drove the farm ute, there was no problem. He said, 'I don't even need any pay.' This was only last year. He said, 'If you want to pay me \$50 a week or whatever, then I don't mind.' There may be many young people who live in, say, Sydney, where commuting costs and accommodation expenses are very high, who simply cannot manage on \$50 a week. That is another issue. What I am saying is there are thousands and thousands of young people who would gladly take up these jobs and gladly invest in their own future, but they are legally forbidden to do so at the moment.

Mr BROUGH—You do not see that they could then be exploited by business people? The whole idea of the awards and all the rest of it—and obviously Rod will probably argue this much more strongly than I—was to stop exploitation. I acknowledge that perhaps it has gone too far in many instances, and therefore, become a disincentive. But if we remove all of those barriers, which is really what you are advocating here, what is going to stop exploitation of young people and the changing of those people on a regular basis so that they keep them as lackeys on a low wage, rather than really giving them any quality of work?

Mr Day—There are two reasons why that will not happen. One is that business just does not operate like that. Small business, as I said in my submission, relies on a cooperative approach. An employer—particularly an employer in a small business who works 10 or 12 hours a day, six or seven days a week—knows that you get the best from a happy employee. A small business employer knows that you get two, three, four and five times more productivity out of a satisfied and happy worker. Exploitation just does not happen. It is not in the business's best interests to do that.

I have also noticed that young people these days are more than capable of understanding the value of money. They know what they are worth. They know what they are prepared to do. They know what they are investing in. They buy cars and boats and they know the value of money. They are more than capable of assessing that for themselves.

Mr BROUGH—I have one final question. Let us suppose that you got the lower wages and that we deregulated the market in the way that you have suggested. We all know that the housing industry has been depressed—you quoted a figure of 130,000 houses a year 20 years ago, which is the same as we have today. Therefore, is there the slack in the market place—in the trades—to actually pick these people up in the numbers that you are suggesting? Suppose the market remains flat, that there is no improvement for the next three years, and the only thing that changes is the marketplace, which we have deregulated in order to allow young people to be paid 15 or 20 per cent of the wage: do you think that there is enough slack in there to pick up a substantial number of these people as apprentices and trainees?

Mr Day—Yes, I do. The housing industry is flat at the moment; it has dropped maybe 20 per cent. Perhaps there would be a drop of 20 per cent in the employment rate of young people, as compared with the old days, but we are still talking about 130,000 houses and something like 70,000, 80,000 or 90,000 subcontractors and they are all still digging their own trenches and carrying their own bricks. What I am saying is that there are thousands and thousands of tradespeople who would gladly take someone on and thousands and thousands of young people who would gladly accept. At least let us cater for those who want to do it, who want to invest in their own future. I am one of the largest builders in South Australia and Western Australia and when I go onto building sites I do not see an apprentice from one week to the next anymore.

The other sad thing is that most of those apprentices used to come from the what I call the fringe areas—they hated school and used to drop out of it at 14 and 15 to become brickies', carpenters' and plumbers' apprentices. As I said earlier, those guys now live in beautiful houses in nice suburbs, have two cars and boats in the driveway and send their kids to college. I know them all. I remember them when they were apprentices. I am now 45, but I remember all too well when I came into the industry and used to meet them. Now they are doing very, very well. You only have to try to get a bricklayer to build a barbecue up for you or a plumber to do something and you will know that—they charge more than doctors!

CHAIR—So you are telling us that the market is totally driven by price; there is no other factor involved?

Mr Day—It is driven by three factors. If you ask me why employers do not employ young people, I will tell you it is for three reasons: it is too complicated, it is too expensive and it is too dangerous. It is not just the price. The price is just one factor.

Let us take the first reason—it is extremely complicated. If you want to do something about this, I would suggest that you introduce something like a 20:20 plan. Under such a plan, for anyone under the age of 20, who earns less than \$20,000 a year, there is no PAYE tax, no payroll tax, no long service leave, no compulsory holiday and sick leave—all those venereal diseases of the industry, as we call them, pardon the language. That is what makes it too hard for a single trader. If he has to go through all that rigmarole, then he is not going to bother. It is all too hard, because he knows that penalties are involved if he gets this form wrong or that form wrong. This plan should apply only to those under 20—just for those few years they will be in the school of hard knocks. Tradespeople should be allowed to hire youngsters and at the end of the week just pay them. That covers the complicated part.

Secondly, there is the expensive part. A rate should be arrived at that reflects regional differences. The young lad at Ardrossan, who lives on the farm and drives the farm ute, does not need any pay. A young lad who lives in Sydney and has to rent accommodation and drive 30 miles to work obviously needs to come to a different arrangement.

The third problem is that it is dangerous. If you take on somebody and something does not work out, you get penalised for unfair dismissal.

CHAIR—So, basically, you are arguing for reverse discrimination: when the 45-year-old comes into my office saying that he has been displaced from middle management and can no longer find a job, or the 45-year-old who was a fitter and turner says he can no longer find a placement in industry anywhere within reasonable transport distance from his home, I should say, ‘Well, you are sacrificing for the 20-year-old, whom we are now paying \$50 a week.’ You think that is fair?

Mr Day—But you would not sacrifice an experienced 45-year-old just to get a cheap 20-year-old. As I said, business just does not operate like that. You just would not do it, with all the problems of getting a teenager. You pay commensurate with the value of the work that is being done, not just to get cheap labour. This notion of cheap labour just does not exist.

CHAIR—Right.

Mr SAWFORD—What is the average age of tradesmen in the building industry—45 or 50?

Mr Day—They are mostly in their 40s I would say—30s and 40s.

Mr SAWFORD—Let me put to you a scenario. In the road building industry four or five years ago, the average age of the operators was 54. These were highly skilled people, operating those huge machines, building roads. The powers-that-be in the industry suddenly realised that they were losing people at a rate of knots and they then had to admit that they had been negligent in terms of bringing people into their industry. So they had to actually come together as an organisation and do something. Who is going to replace your workers as they near retirement age? Does your industry not have some responsibility—if you want to stay in business—for doing something positive to keep a continuing work force?

Mr Day—Yes, of course, and we used to do that. But then someone built a brick wall along the road

to employment—and it was not us. For hundreds of years the trades had a system: in the beginning the apprentices' parents used to have to pay the tradesmen to teach them. Then it gradually went the other way and the tradesperson or the employer used to pay a small amount to train the apprentices. As I said earlier, bricklayers, carpenters, plumbers and electricians were happy to pay a small portion of their salary to teach someone, because they got some benefit from it. The apprentice was happy to accept a small amount, because he knew that in years to come he would get the benefit. Suddenly, in about the 1970s, the government built this huge brick wall and raised the entry level bar, or made the wall too high and prevented our industry from employing people. Yes, we did stop employing, but it was not our fault. It was made too hard, too expensive and too dangerous for us.

Mr SAWFORD—It is going to have a big impact on your industry in five or six years' time, is it not?

Mr Day—It sure is.

Mr SAWFORD—What are you going to do—call up immigrants from other countries and buy skills from other countries? Surely you have some responsibility for investing in the skills in your industry? You say the big brick wall is up there, but other industries have got themselves together. I understand the problem of a single tradesman, who cannot be bothered, or does not understand. But has your industry done anything to streamline things, so that tradesmen can go to the industry and say, 'What is the easiest way to do this?'

Mr Day—Of course we have, yes. Our industry has a very elaborate training system for young people. We have hundreds and hundreds of young people employed all across the country. As with most industries, we have a young people's training scheme, as do the metal industries and the civil engineering industry. They all have these schemes, but what we are saying, is that we are fighting a losing battle. There are 5,000, 10,000 in these schemes, but there are 200,000 to go.

Mr SAWFORD—Not in the building industry? They are not all in the building industry?

Mr Day—No, but the problems associated with the building industry, are no different. As I said, if a young person wants to be a waiter, he can go to TAFE and get \$72 a week Austudy. If he goes to the Seaview Restaurant down the road, which has real customers in a real industry, he has to be paid \$300 a week. He would much rather work in a real restaurant with real customers and get \$72 than get \$72 to be at TAFE. If you get \$72 a week, do you want to learn to be a waiter at TAFE, or do you want to learn to be a waiter at the Seaview Restaurant? There is no contest, but it is against the law. We are doing our best, but—

Mr SAWFORD—Let me just ask one other question. Recently I visited parts of the United States. I went to Atlanta, Seattle and New York—but I will put New York aside because you can never in a short period of time work out what the hell is going on in New York. I also went to Denver and other places in the mid-west. One of the things that really shocked me was to see the thousands of young people at night living in shopfronts in cardboard. One particular night in Denver I walked down the mall at 11 o'clock, and a young fellow came up to me and asked for money for a hamburger and a coffee. Initially, I refused. Nearby there was an advertisement for a job on a stall. I said to the young man, 'Why don't you go and ask that guy for a job?' He walked over and asked, 'How much is it paying?' It was only \$2.70 an hour. After that I went and bought the young lad a hamburger and a coffee. He was very well spoken. He came originally from New

England but was wandering around because he thought he would get a better opportunity in the mid-west where people's attitudes were perhaps different.

People are not going to work for that sort of money. You gave the example of the young kid on the farm at Ardrossan who will work for nothing. But why would anyone want to work for nothing? What sort of incentive is that for someone to come into an industry? Your industry has a problem. You have to do something about it. You cannot just blame the government. Even if I acknowledged that there were government regulations that were perhaps creating some constraints—and I do not—I would still ask what your responsibility is to your own industry.

Mr Day—As I said, we do have these training schemes in place to try to build some ladders to get these young people over the wall. Let me use your example of the \$2.70 an hour. What I am saying is that carrying bricks or learning to be a plumber's apprentice might be worth \$2.70 an hour. But that, in itself, is an intrinsic arrangement. If, as a society, we think that a young person cannot live on \$2.70 an hour then that is fine—social justice is about ensuring that everybody in society belongs. If we agree that they cannot live on \$2.70 an hour, let us, as a society, do a 'top-up' with a youth allowance. But that has nothing to do with the relationship to the value of the work that is done; it does not include the employer-employee relationship and it is not a subsidy involving the employer in filling out forms and so on. If, as a society, we want our young people to earn \$8 an hour, I do not have a problem with that—none whatsoever. In fact, I am totally supportive of some kind of youth allowance, means- tested or whatever, depending on regional differences.

Mr SAWFORD—The Bi-Lo supermarket will pay 15- and 16-year-old kids \$7 or \$8 an hour, won't they?

Mr Day—Sure, and that is fine. We pay some 18-year-olds \$1,000 a week because we pay them the for the value of the work that they are doing. I have seen some young people pick up a trade in six months. That is why I do not believe that age-related wage levels are appropriate at all. It should have nothing to do with the age of the trainee. It should all depend on their relative skill levels and their relative worth to that particular job.

Mr BROUGH—All competency based.

Mr Day—Competency based, absolutely.

Mr SAWFORD—But no minimum wage.

Mr Day—At the moment, you are allowed to work for free. There are thousands of young people out there working for free. You can work for free—there is no problem—or you can work for \$300 a week. But it is against the law to do anything in between. As a result, we have thousands and thousands of young people and thousands and thousands of employers who would like to get together but are legally prevented from doing so.

Mr BARRESI—I apologise for my lateness, Mr Day. Perhaps I have missed some of what has taken place. I sense that the whole focus is actually on dollars—on wages and apprenticeships. My brother is a fairly

successful builder, working in the residential market, and he shares some of your views—except that he goes one step further and talks about other barriers in terms of putting people on, which are beyond dollars. I would like to know from you whether there are other barriers as well. You have alluded to it in part by saying that it is not simply a matter of low dollars, that there are other issues involved. What are some of those other issues which prevent—or at least hinder—you from putting on young people?

Mr Day—I mentioned earlier that there are essentially three reasons: it is too complicated, it is too expensive, and it is too dangerous. It is complicated, particularly for the single small business employer. There are about 900,000 small businesses in Australia, each one of them working 10- and 12-hour days, six and seven days a week, who would all love some help. But to go through the process of PAYE tax, payroll tax, long service leave, holiday and sick leave and all the other things that go with it, is too complicated. The wages are too high and wages seem to be set in one place—I do not know whether it is in Melbourne, or—

Mr BARRESI—I have got the drift of the wages.

Mr Day—And then there is the dangerous aspect—the unfair dismissal. If you take on somebody and it does not work out, you could have a real fight on your hands and it could cost you money. You could end up before an industrial relations commission arguing about why you had to terminate that young persons' employment.

Mr BARRESI—Are the unfair dismissal laws a factor in your industry?

Mr Day—They are all factors; they are all bricks in the walls which just keep getting higher and higher.

Mr NEVILLE—I have a bit of a problem with your argument about the barriers being too high. I cannot understand how it is that you might be prepared to pay people \$800 to \$1,000 a week and then try to tell me that some young healthy kid of 17 or 18 years, who is going into one of the trades—be that digging trenches or carrying pipes or whatever—is not worth \$300; that suddenly he is worth only \$80. I think you defeat your own argument. I do not think that is a conscionable argument. However, I will accept that there is a hiatus in there somewhere. You mentioned the discussion paper of August. I would like to hear your view on the way the training should be delivered. Are you happy with the method of training apprentices and trainees? Do you accept the government's idea that the employer should pay for the work-face hours and there should be a top-up for the training hours? Do you think that is a good system?

Mr Day—No, I do not think that is a good system. I think that the best form of training is on the job. Let me take up your first point about paying a labourer \$700 or \$800 a week, but not paying a first-year apprentice \$300. We are talking about the entry level. At what point does a person enter the industry, and what should be the minimum wage that that person should be legally obliged to be paid at the entry level? If young persons enter the industry at whatever rate they can buy their way in, and then quickly demonstrate their worth, they would very, very quickly graduate to \$700 or \$800 a week.

Mr NEVILLE—Even if they were apprentices?

Mr Day—Yes, absolutely. It happens now. I know apprentices now who work weekends and earn more on a weekend doing ‘foreigners’ at full contractor rates than they earn through the entire week or for an entire month.

Mr NEVILLE—I preface this question by saying that I am not talking about overtime or weekend work. Do you know many employers who pay their apprentices more than the award wage in a normal week, based on the quality of their work?

Mr Day—No, I do not.

Mr NEVILLE—It defeats part of your own argument, does it not?

Mr Day—No it does not, because it is all very nicely structured. At 17, or as a first-year apprentice, you get X dollars, in the second year you get X plus Y and so on into the third and then the fourth years. It is too easy, because we have created this artificial sort of wage structure and it has destroyed the whole system.

Mr NEVILLE—You are asking the government to break down the barrier at the lower end, but your industry is not prepared to break the barrier at the other end.

Mr Day—What I am saying is that our industry is made up of individuals, and there are thousands of individuals who would like to have an assistant. At the moment they are legally prevented from doing so. Our industry is just a group. The employers are the small businesses in that industry and it has got nothing to do with me and nothing to do with anyone else.

Mr NEVILLE—I want to refer to competency based training and the fact that apprenticeships will probably shorten on average. I met a student the other day who had done law in under three years. He went to Bond University and did the third semester each year. He did his eight semesters in just 2¾ years. I have heard scenarios like that in competency based training within the building trades. But assuming that the average apprenticeship comes back to about three years, would you give me your ideal scenario that would encourage you to employ more young people, but would deliver the basic modicum of social justice? If you were to write the scenario over those three years, how would you do it?

Mr Day—I would introduce something like a 20:20 plan to cover any young person under the age of 20 who was earning under \$20,000 a year. The arrangement between the employer and such an employee would be one for them to strike themselves and there would be no obligation on the part of the small business owner to address a complicated employment system. I am talking about the classic small business in the housing industry—a subcontractor who is in partnership with his wife. He lays the bricks; she keeps the books and does all the scheduling, ordering and so on. Those people would be able to go direct to the marketplace and employ a young person on mutually beneficial terms for just a few years until that person turned 20. It would then be for the politicians to decide whether to bring in the regulations once a person hits 20. That would be the way to fix this problem.

CHAIR—Robert, thank you very much for making your submission and coming to talk to us today. Our inquiry is going to run for some time yet. We expect to bring down a report perhaps next May or June

and to make comprehensive recommendations that the committee believes will help improve the employment prospects of young people. So thank you for contributing to the debate.

Mr NEVILLE—I would just like to make a brief comment. I do not agree with everything you have said, Mr Day, but I would like to compliment you on a very thoughtful submission.

Mr Day—Thank you very much.

[9.22 a.m.]

HARRISON, Mr Ian Alexander, General Manager, Finance, Administration and Policy, SA Employers' Chamber of Commerce and Industry Inc., 136 Greenhill Road, Unley, South Australia 5061

CHAIR—Thank you, Ian. Would you like to make a brief opening statement before we start to ask you questions about your submission?

Mr Harrison—Firstly, I need to acknowledge that, as the submission was tabled only a couple of moments ago, neither you nor your colleagues have had a chance to look at it. I would prefer to work through the submission quickly as a prelude to the questions.

The summary of our submission is that we talk about two issues broadly. We talk about the need to create sustainable employment for all Australians. In other words, we need to improve the strength of the economy and that is the way we believe we can generate jobs for all people—young, old or whatever age. Secondly, we address some issues that we believe are particularly relevant to the difficulty that young people confront in obtaining employment. So the submission is divided into those two categories. Would you prefer that I quickly run through the submission now?

CHAIR—That is up to you. The longer you make your opening statement, the fewer questions we can ask you.

Mr Harrison—This could be a tactic then, I suppose! The Employers' Chamber of Commerce delivers a number of job creation programs on behalf of government. In the submission I mention the employment training field officer program, which we deliver, and which is, in effect, an outsourcing of some of the CES functions; the Aboriginal employment action program, which we deliver in this state; and Workright which is a program that is all about getting disabled people into the workplace. We have drawn on the sorts of experiences that we get from those programs in addition to our general contact with businesses about the difficulties that are encountered by creating the right number of jobs that we require in this economy—in particular, jobs for younger people.

We contend that there is a general lack of demand in the South Australian economy and we believe that is consistent throughout the country. My group runs a quarterly survey of business expectations and the same questions are asked by our counterpart chambers in other states. So we are in a position to do comparative analyses between the states. The position that we get continually reported back to us is that low demand is the major constraining influence on business.

In South Australia we contend that this is pretty much a function of two things: the restructuring of our state's economy, arising out of more open trading arrangements that the federal economy has been undergoing for the last 20 years and, of course, the impact of technological change. These are structural changes taking place and are compounded by what we see as a cyclical problem where the level of activity in the economy is simply not what we would like it to be. Both of those things come together to constrain employment opportunities.

We continually get businesses talking to us about the need to cut back on their employment rather than expand it, and that is a very worrying thing, given that the official figures show that we are four to five years into the recovery phase from the last very deep recession.

We contend that there are policies that need to be put in place at state level and at national level to improve the overall competitiveness of Australian business. We believe a better industrial relations framework, a tax system that moves the incidence of tax away from income and production and onto consumption, and a public sector capable of supporting a world competitive private sector are all areas where reform is necessary. There is something being done in some of these areas, we acknowledge that. We contend there is more to be done if we are going to produce an environment in which a truly competitive Australian economy can create the jobs we are looking for—be they for young people or whoever.

We mention here some of the specific regulations that we believe impact negatively on employment. The unfair dismissal provisions and some of the other industrial regulations such as sexual harassment, occupational health and safety, workers compensation, equal opportunity and the like, have in the eyes of employers—particularly those of small business—created a situation where employing people becomes simply too hard.

I will digress from my written notes to say that one of the worst comments that I hear from small businesses is that they are going to get out of the business of employing people, and yet the rhetoric all around us is that we are looking to the small businesses—the SMEs of this country, all 800,000 of them—to create one job each and remove unemployment. That is the model that we like to read about, but it will not occur.

So we are saying that as part of minimising or removing the impediments to employment we just have to make employment more simple, more rewarding and more appropriate again for the strategic approach of small business, and we believe we have moved away from that in our economy over a long period of time.

We make a point in our submission that we think the regulatory framework needs to assist rather than constrain employment. Later I mention on-costs; it is easy to forget that they range between 50 and 100 per cent, depending on how they are measured. We mention the social security system, which creates a genuine alternative for wage earning. Many businesses say to us that the incentive for people to stay in work is simply not there. If the work situation becomes difficult or pressure comes on, it is too easy for people to simply opt out.

We mention that the CES has not had a good track record of interfacing with business in determining what business needs really are in the recruitment of people and therefore does not satisfy the clients or the customers. We believe there is room to improve there. The outsourcing that in effect occurred with the employment training field officer program in which we are involved and the more recent government initiatives to outsource much of the CES work, we believe is a correct response to that poor interface between the agency and its real customers which, of course, are the business community.

In relation to specific matters affecting young people, we believe there is a greater risk involved in employing young people and that is something that cannot be changed. The fact that you cannot carry out a pre-employment check is an issue. It is not obvious until you go and ask businesses about some of the

difficulties. Then they say, 'We cannot check on the background of this person because he or she may not have been in work'. To me, that is very much a structural, hard-to-repair situation, but I guess there is probably some scope for the school reporting system to perhaps give greater help there.

We make the point that the attitude of many young people is not consistent with the work ethic necessary within a globally competitive business environment. The pressures on business these days do not allow the sort of latitude in operating costs that might have been the case in the past when extra time could be put into training, re-training and even mentoring in the workplace. It is more difficult now for a business that is struggling to survive in a competitive global environment—which is what we exist in—and that point needs to be recognised.

We mention things such as reliability, punctuality, willingness to do some manual work, teamwork, drug use. These sorts of things are repeatedly reported back to us by businesses, in particular small businesses, as being problems they confront with the young people and we get comments about where the economy is going and where society is going. It is a societal issue, but in the context of your inquiry it reflects very much on how business, particularly small business, can respond to it. With that situation, or that scenario, we believe the risk factor associated with employing young people is therefore greater because of the perceived difficulties with some compliance arrangements.

We think that the education system probably produces some unreal expectations about work and about employment requirements. We do not believe enough is done in the latter years of school to prepare young people for their time in the workplace, and there is a lot more that needs to be done. South Australia has been very forward in school-to-work initiatives and my organisation has worked for years trying to create better arrangements between schools and work. We believe the school-to-industry transition is, perhaps, the greatest area in which we can do something constructive for young people moving into the work force. But there is no question that a whole lot more resources need to be directed into this area across the country.

We had a very good program here about five years ago but, with cutbacks to the education programs which were introduced in the early 1990s, the resource within that agency was removed from this area. This is a great pity because we were trying to make some strong headway at that time.

We are not familiar enough with the MAATS system to put forward a strong case on how it is going to impact. We believe it is a move in the right direction. The lawyers' chamber in South Australia has promoted the on-the-job trainee system, where young people can get all their training in relation to a traineeship on the job, without having to leave the workplace and we think this is a very good thing. It is called the small business traineeship in the eastern states. It is not called that here because we have a problem with needing to tie it to a job vocation but, nevertheless, we have been working within the MAATS system and within the general apprenticeship and traineeship system in order to create an environment in which businesses will find more incentive to take on young people.

We make the point here that there has been a structural change in the nature of the work force. The incidence of women in the work force and double income families does, I guess, automatically take jobs that might previously have gone to young people. We contend that there are changes possible within the tax and social security systems that can, perhaps, give better opportunities for young people in the contest for the

limited employment opportunities that exist in our economy.

Now all that is fairly negative, and we really did not want to make our submission sound as if it were just a grizzle. But we thought we should outline the concerns of small business in particular, and business generally. There are tremendous advantages for young people and there always have been. The flexibility that they offer and the currency of their employment are two that we would mention here. In relation to currency of employment, if you go and talk to small businesses as to how they contend with the change in technologies, you find that this is, perhaps, their greatest challenge at the moment. For example, the take-up of computing in a simple sense; how are they going to handle the internet and all these sorts of future changes in their business dealings? This will be a great challenge to them. We say that they can take some insurance out on that by employing young people for whom this sort of technology is second nature, not something that is not understood and appears to be quite threatening.

That is the summary of what I wanted to say. Our contention is two-sided. Firstly, let us free up the economy and try and get a general removal of impediments. Get the economy moving more openly; create demand which will lead to sustainable jobs. Secondly, there are specific things for young people, and I guess the most important thing we should look at is the need to more properly address the school-to-work transition period for young people, when they appear to be most vulnerable.

CHAIR—Thank you for that, Ian. A number of respondents to this inquiry have discussed our particular system of age-related youth wages. You did not mention that. The fast food sector and the retail sector particularly seem to argue strongly for a retention of that system. And I would have thought that a number of your members would have come from that sector. On the other hand, we heard yesterday from the banking and finance sector that wages are not the issue with them any longer, that because of changing work requirements what they are really interested in are skills. They need to develop pathways in order to get young people back into the banking and insurance industries. Where would the South Australian Employers' Chamber of Commerce stand on the issue of youth wages and skills training?

Mr Harrison—Our view on youth wages is that it is very important for a young person to be given the best opportunity of getting into the workplace and the retention of youth wages gives employers the opportunity to offset the known lower productivity of young people in a sense that they need training, encouragement and this mentoring factor that I mentioned earlier in order to come into the workplace. If there is simply not a economic incentive for employers to carry out that responsibility, then it will work against younger people. You have just described the responses you got from the groups yesterday—I think that businesses cannot really take a risk in terms of any of their business costs or the costs of production—and that includes labour costs—unless there is a very real incentive for them to do so.

The over-riding requirement for businesses to have people who can do the job. Productivity is a critical issue. If we go to businesses and say, 'Will you take this person on at a very reduced cost?' but the person is totally inappropriate for the job, then the answer will be no, they will not. Our people in the field have told us this whenever we have tried to respond to some of the government job creation programs of the Working Nation package. The simple response from business was, 'We don't care how cheap you make it, if the person can't do the work, then we don't want the person.'

However, having said that there are risk and productivity issues associated with young people, we must have a wage structure that tilts the balance in favour of the young person, rather than someone who has seen the wheel go around and who will come into the workplace, job ready, with the right attitude to the responsibilities and the carrying out of that job function. In such cases we see the young people missing out. So we do argue in favour of a flexible wage system that allows the right incentive for employers to take young people on.

CHAIR—Some argue for total deregulation of the labour market, particularly with respect to young people, in order to improve their opportunity for employment. Yet others argue that if the labour market were totally deregulated without a safety net, employers would take on experienced adults, rather than take on youth.

Mr Harrison—If the outcome of the deregulated labour market were a compression of wages, then the answer is that they would take on people with experience. I am not sure if that is what you are asking me.

CHAIR—That is what I am asking you.

Mr Harrison—We need to provide incentive and I think the training wage concept is very relevant to youth unemployment. I am not sure we have got the resolution to the problem, but in this state our own government had an extensive task force looking at this issue in the latter part of last year and early part of this year. We have said that, in our view, the restructuring process in the economy coupled with some of the rigidities in the labour market structure, will compound on young people, which is really what the society can afford.

Mr SAWFORD—You mentioned the CES. In the mid-1980s the CES met the needs of business and the unemployed actually got left behind a bit. Then after Working Nation, it went the other way. CES started meeting the needs of the unemployed and business started complaining about the standard of references that they were getting from the CES. Do you understand that dilemma? Can you comment on that dilemma of the CES, that if they look after the needs of business, the needs of the unemployed fall aside and vice versa. That has really been the observation of public employment agencies around the world in the last 20 years.

Mr Harrison—I am not sure on what basis you have made the assessment of what they were doing in the 1980s—I suspect it was because the economy was a bit more robust. We believe the weakness in the CES system has been that they have not properly understood who their clients are. The customers of the CES are businesses. The customers of the CES are not the people who are trying to get a job. If they are really serious about getting a job for me, then they have got to find an employer who could take me on and they have got to recognise when an employer puts their hand up, that in fact I am a person who is suitable for that job. So it is a two-way matching situation.

The strong feeling we have from this 18-month involvement in the employment training field officer program is that the regard for the CES within the business sector, and particularly in small business, is very low. They do not believe they have really been serviced by the CES. They do not believe they get the right sorts of people sent there; there is not much client contact; and they do not get follow up to problems they raise—all these sorts of things.

When we have sent our people into the field—and we have five in South Australia now—I have said to them, ‘You are to go to businesses and you are to provide a service. That is your obligation.’ The service happens to be informing those businesses about possible job assistance programs out of the federal government arrangement. That is the nature of the job and that is what they are there for. I have said, ‘Beyond that, you then have to follow through. If we can create a vacancy and we can recommend to the local CES that there is a company there with a vacancy going, you then have to go back and make sure that the follow up has occurred, and you have to make sure that the person put into the business is the right person.’ So it is a lot more towards the case management type approach. We have found that businesses that have previously been very cynical about the public support system for finding recruits have become far more comfortable with the service. We believe it was that impasse that was reached. I cannot say whether the change that you have observed from the mid-1980s until now is the reason behind it.

Mr SAWFORD—It is government policy. The CES could not win. In other words, in the mid-1980s government policy—which was our government at the time—basically said to the CES, ‘You will meet business needs,’ and they did. I think in the latter part of the 1980s, after ‘One Nation’, they were told to meet the needs of the unemployed. That is what society was saying and they did that. They lost on that and that is when that current view of the CES came about.

Mr Harrison—I think the view that I was describing has probably been a long-held view. But, certainly, if their focus was changed as a result of government policy, that was a bad mistake because the focus always has to be on the business.

Mr SAWFORD—What is the chamber’s view of the education system in South Australia? For example, there are fewer jobs now in 1996 than there were in 1993, if you look at the ABS figures for South Australia. So there is a really reduced demand in terms of employment. But, in terms of the education system, what are the chamber’s views towards primary schools; what are the chamber’s views towards academic high schools; what are the chamber’s views towards the need for perhaps more structured vocational training much earlier in the secondary school system, or even a different secondary school system?

Mr Harrison—We do a lot of work with the education department, with DECS, and the VET sector, which is the next level above. We are very keen to establish closer linkages between schools and the workplace. We take a view that the education of young people is a very complicated matter that we do not pretend to have a full grasp of. We have been involved in helping them with the charter. We wrote a submission to the charter a few months ago. We have met with the various people and, in fact, I put a submission to them. We are saying really that the education system at the secondary level, in particular, needs to be far more alert to what the requirements of business are.

All the way through the education system we need to concentrate on the core competencies that business has identified. We are very comfortable with six, at least, of the seven core competencies that are put forward. We believe that business just wants—

Mr SAWFORD—What is the one you are not comfortable with?

Mr Harrison—We think that ‘cultural diversity’ is probably a social issue rather than an educational

issue. We think that we are digressing there for reasons that we do not understand. We know there are social pressures for these things but where we are coming from, from an employment position, we think that the key competencies that were put down made some sense. They ought to be monitored and the education system ought to try to introduce some more accountability which we think that the testing associated with those does. That is the primary sector.

In the secondary sector the concentration on the university entrance type of education system does not necessarily help all the others who do not go into the tertiary sector of education. We think that in years 10 and 11 certainly, in year 9 and, if resources allow, in year 8 there should be some better concentration on career guidance counselling. Resources really come down as relevant. We ran up against this, as I said, a while ago in a very good program we had with the education department where resources were set aside. I was on a subcommittee and worked with them and it was all about creating very strong interfaces between schools and the local businesses.

Mr SAWFORD—What do you think is the strength of the interface between business and schools in South Australia?

Mr Harrison—What do you mean?

Mr SAWFORD—Is there a strong liaison? I will give you an example. We were in Melbourne yesterday and we had an employer who employs 130 people. He wrote to 25 schools in his area and had not one response from the schools to what was basically an inquiry about instituting opportunities for young people's employment. We were shocked.

Mr Harrison—Yes, that is an extremely disappointing response. I think the schools would say their resources are so strapped that they cannot allocate time for what they consider to be a bit of an extra-curricular activity. We think you have to drive it back into the whole structure of the school system so that there will be interaction with the business community to the greatest extent possible.

Mr SAWFORD—Is careers education and what is available in secondary schools in this state in a little bit of crisis?

Mr Harrison—I cannot comment authoritatively on that. I would have to say that we do not see evidence that there is an over abundance of it. Whether it is in crisis I certainly cannot say. I think the whole question of the school and industry links issue comes back to resources and it comes back to a priority that needs to be accorded to that within the education system.

We believe the education system gets a bit confused with the social, societal values that we want to see in young children and it has been pushed back on the education system to impart those to young people. We think there is a danger in that because, by its very nature, it takes time and we have limited time with young people in the school system. There has to be a hierarchical set of values and priorities accorded and we think the school and industry link challenge ought to be a lot closer to the top of that list. If it was, when that employer in Melbourne wrote to the 25 nearby schools, they would see their response as a priority item. If it meant dropping something else off the bottom of the list that was a bit marginal, that might have a societal

impact but it would not be an employer-related issue.

At the moment, the feedback we get from schools when we talk to them is that there are only so many things they can do. They are being asked or required by the legislators to do these things and they do not have time to do the other things which employers say are very valuable. We need the government and the system to say something and we believe that is happening in South Australia.

Our relationship with senior management in DECS is very good and we think that out of that we are going to get these sorts of priorities in place. We are rebuilding something that has been dismantled over the last five or six years. It was very strong in the middle 1980s when we first set it up.

Mr BARRESI—Your whole presentation is based on the incentives which may need to be in place for the employers to employ young people. I would like you to put yourself in the other position, if you can. I am not sure whether you have done enough research on the incentives for young people to put up their hands and say, 'Here I am, employ me.'

I specifically refer to your comment about the social security system as an alternative to earning a wage. I do not want you to restrict yourself to that area, but are you advocating a work-for-the-dole scheme as an incentive to get people into the work force? Are there other schemes available that you have investigated?

Mr Harrison—We have not investigated them. I have to be careful where I am coming from here—I am answering as Ian Harrison, rather than the employers' chamber. Need is the mother of invention. We think if we have a societal system that does not provide enough incentive for people to have to go, find a job and stay in a job, then we cannot expect them to do that if, at that stage of their lives, there are other things that take priority. So from a young person's point of view, I think that the employer has to provide incentives. There is the wage, of course—that has got to be important. But the employer has also got to provide them with a work environment that is as attractive as it can be and, at the next level, offer some sort of career advancement and encouragement in order to show the young person that there are genuine gains to be made by being in this job, apart from just the wage. In the context where you can go and get a wage of near proportion through the social security network, then the wage itself is not going to be the big determinant. I am not sure that I am answering what you are asking.

Young people have got to be made to understand that they need to get onto the ladder; they need to get their foot in the door. As I said in my earlier response to the question about the youth wage, we need to give them a chance to get in the door; we must give kids a chance to get a job. Once they have a job, they can move ahead. Let me give an example from my organisation. A young man came to us looking for work experience in the clerical field. He held a degree in arts, majoring in geography, from a university in South Australia. We had a job going in stenographic support in my area. It was a position of an executive assistant, and he applied for the job. I interviewed him and I said, 'I cannot say no, if you are prepared to do this'. He was; he took the job and now he is a research officer with us and doing very well. Had the wage structure or whatever been a strong disincentive for us and we had not given him a chance, I do not know where he would be now. But he is fortunate in that he holds a degree and he is clearly not the mainstream we are talking about here in our employment programs.

Mr BARRESI—Ian, are there any industries you can point to in South Australia which are doing a good job in terms of attracting people to their companies and to the industry in general? We have heard quite a bit, especially in Melbourne, about the difficulty of getting young people into the traditional manufacturing positions such as tool making, and fitting and turning. Let us look at it the other way. Rather than dwelling on the ones that are having difficulty, could you tell us whether there are any who are actually having quite a bit of success in South Australia?

Mr Harrison—I will just take a moment to say that we concur with the sentiment mentioned in Melbourne about manufacturing industry battling to get the right sort of skilled people into their work forces. We set up a thing called Manufacturing Week here in South Australia in the early 1980s with the intent of focusing on manufacturing activity. A strong part of that was to get young people in a structured sense into businesses on visitation programs and to do a lot with the career councillors within the schools. We aimed to get them into seminars where we could talk about the changes taking place in business. The intent of our week was all about getting young people who perhaps wanted to be in finance to recognise that if they could be a finance director at Gerard Industries in future they could have the best finance job in Australia. They did not have to troop off and work in a bank or a finance company. So it was trying to overcome the pretty strong perception in the community, and certainly in the education sector, that manufacturing was a smokestack industry—it was dying, so they had to get out of it and move on to other things. It was an attempt to change both the community perception and, specifically, young people's perception about manufacturing activity.

Mr BARRESI—It sounds like a great activity. Why did you stop it?

Mr Harrison—It ran into resource trouble. I left the industry for a while, actually. That is not the reason that it fell over but we are struggling now and it has gone back to every two years. We were doing it in conjunction with the Centre for Manufacturing. That program I mentioned earlier about the school-industry program was set up around that and came out of that. Then in the late 1980s early 1990s the education system here had to cut back on their resources so they removed their resource from it. We hit a brick wall. We are now trying to reconstruct that.

In fact, in a national submission that the ACCI is in the process of adopting for the manufacturing industry, it will be coming to the federal government and saying, 'Why don't we institute a manufacturing week across the country, properly resourced, to tell people that there are fantastic job opportunities in manufacturing? You can do anything in manufacturing—it is not just a dirty, unpleasant workplace.' We think that is a wrong perception that was allowed to grow and perhaps still exists within sectors of the education department. It is folklore—and you have obviously heard it—that the school party go to the manufacturing plant and, as they are about to leave, the teacher says, 'There you are, if you do not work hard at school that is where you will finish up.' We all hear such stories; I do not know if that ever occurred, but it has been recounted millions of times.

The businesses that are doing well are those that are succeeding in the marketplace. It is our belief that if you are not succeeding the marketplace, you cannot create jobs. That is irrespective of the cohort you are talking about—young people or the middle aged. There are as many older people who do not have jobs at the moment. There are many in the 45- to 60-year age group who are on the so-called scrap heap, and it is a tragedy for society and those people because they are probably very productive in terms of what they can do.

We need to get the economy going properly to provide them with work.

I suppose the information industries are among those doing well at the moment. The auto industry is doing well here because of its export effort at the moment, which is very strong. Exports out of South Australia have been extremely strong in the manufactured sector in the last three or four years. That has really been the backbone of our ability as an economy to hold ourselves reasonably above the lowest levels that were reached by some of the other states, although right now it is not a very good scene out there.

We talk to too many businesses that are now talking about cutting back on employment rather than creating it. That is against the framework of this sort of inquiry and everybody's clear understanding that we have to find jobs for people. I would like to talk to companies that are saying, 'We are going to create jobs,' not those turning them back. But the market drives it.

Mr BROUGH—Your submission says that it is simply too difficult to employ people but there seem to be three separate areas. You give a number of reasons: some are financial; some are fears about the unfair dismissal laws, which obviously do not come into play until someone is put off, not when they are being put on; some concern sexual harassment and equal opportunities. You also have the paperwork side of things with superannuation and the like, and the financial constraints of workers compensation. So there seem to me to be three different areas, some of which are perceived difficulties, some are financial and some are actually time constraints in the form of paperwork.

As you alluded to earlier on in the paper, you have to have a strong economy to get major growth but, of course, if we are making it more difficult to employ people, businesses will still not take that step, even in good times, until they absolutely have to. Can you outline for us where you would put the emphasis in those three areas and what the members of your association would like to see attacked first and foremost? Is it really the financial problem that is more overriding? Is it more the fear of the consequences of certain actions? Or is it just a difficulty in the paperwork?

Mr Harrison—If we do not have a marketplace that will allow for business growth then all the efforts we can put into the other areas will not be productive. That is probably a valid criticism of the efforts over the last few years. We have been trying to make work, trying to buy jobs for people. So we would say the critical need for the whole economy is to remove the impediments and those reforms in the areas.

We cannot stop the effects of technology and we really have to turn them to our advantage. It is changing the nature of work and the skills required.

The area where we can do some clear amount of quick work is the regulatory framework that businesses have to comply with. We appeared recently before the federal government's task force on deregulation which has the bold objective of cutting by 50 per cent the compliance cost of business paperwork and we can only wish them the best. We gave them some ideas which we hope will help.

If we can convince employers—and we really have to think about small business employers—that there is no undue risk or that collectively we have reduced the risks of taking people on and they will not have to go to organisations like mine, which earn a lot of revenue from helping businesses to comply with the

enormous difficulties they have with various employment regulations, then I think they will be more receptive to taking people on, even in a difficult environment.

Some figures came out only this week and I see that the average time worked by Australians has increased again over the last five years. We ask questions about overtime in our survey, so we do look at that. You have to ask the question, ‘Why would businesses work more and more overtime hours instead of creating new positions?’. We would like them to create new positions, but we have to ask why they are not doing it. I believe it is the perceived threat of great cost that is deterring them. Great cost to small business might be the \$4,000 or \$5,000 required to get out of a bad employment decision. That is a significant amount of money for small business.

I was talking to one of our people in the office yesterday about a small business person in a reinstatement case. It is a very small business. I asked, ‘What’s the bill?’ He said that the work that we had done for them—and we charge very concessional rates for our membership organisations, because it is an allocation within—had cost \$6,500. I said, ‘You’re kidding! How can we get to that level of expense for a small business?’ He said, ‘The case has gone on and on and on.’

Hopefully, these people will get the right decision in the case, but if we went back to them next week and said, ‘We want you to employ someone else; here is a cheap wage, and all the things you can do’, we would not get past the door. That is the perception that is like a cancer moving through our small business community. Until we, as a group, and as a government, start to wind back the obligations, then we are not going to resolve this problem.

Then there is occupational health and safety. My organisation is in Unley—on Greenhill Road, which is a six-lane road. It has a green strip down the middle, a beautiful environment. We have created some car parks across the road for staff—we did not want them all parked in our car park because we have members who want to park there. They think they own the building, which is correct. We have had an objection from the Occupational Health and Safety Committee, which raised the question of the safety of young female staff who might go across the road at 5.30 on a mid-winter’s night. So we told the staff, ‘You must cross at the lights.’

But there is the underlying issue of occupational health and safety regulations. I can tell you what they are doing to this economy. They are important; we do not want unsafe work practices, of course not. But the propensity of these regulations to strangle business is frightening. When you go out and talk to the businesses about what they have to do and the fears they have about non-compliance with what they do not understand, you realise just how frightening it is. And it all reflects back on employment. It all comes back to whether they are prepared, when they sit home at night doing the books, to make the step tomorrow and take someone on. I am working 60 hours a week, and sometimes 70 or 80 hours. My two employees are working 50 or 60 hours. They all want less time. But are we going to take someone else on? What happens if it goes wrong? If the market turns down, I will have to separate in three months’ time.

Mr BROUGH—How significant is the danger that some employers will seek to define on-the-job work as training when it is really productive work, and therefore, obviously get a kick-back unnecessarily?

Mr Harrison—We would all be naive if we did not think that that would happen. It will happen. We

have to start making provisions that apply to the majority and do what we can to capture those in society, be they businesses or private individuals, who are, in our terms, rorting the system. My organisation and all the others like us will take whatever steps we can to encourage a correct and ethical response to whatever provisions or support schemes are put in place. It will happen, but in this respect I would like to draw an analogy with the taxation system in this country: we have spent so much time in the last 10 years trying to capture the last dollar of tax for the general revenue purse that we have virtually strangled business in the process. We are killing the goose that can lay the golden egg. If we do the same on employment regulation—and we believe that that is where we are going with these regulatory arrangements—then the outcomes will be the same.

Mr SAWFORD—We have got the third-lowest taxation regime in the world.

CHAIR—I am going to put a stop to this because we are not here to discuss the taxation system.

Mr Harrison—But I did raise it.

CHAIR—But we are not going to include it in our report, I can tell you!

Mr Harrison—But you will say in your report that we cannot protect the existing tax system, irrespective of the quantum of dollars that we collect wrongly.

CHAIR—No. We are talking about how to get young people employed, not how to fix the tax system, thanks very much.

Resolved (on motion by Mr Neville):

That the submission of the South Australia Employers Chamber of Commerce and Industry, dated 25 September 1996, be received as evidence and authorised for publication.

CHAIR—Ian, thank you very much for talking to us today. I did not mean to cut you off, but there is no sense in our discussing the taxation system—we just can dance around raindrops. We are going to continue with our inquiry. We expect to talk to heaps more people from all sorts of occupations around Australia and expect to produce a report next May or June. We will certainly make sure that you receive a copy.

Mr Harrison—Thank you very much. We do say at the bottom of our submission that we will help again, where possible, if you think it is of benefit.

CHAIR—That is terrific. Thanks very much.

[10.06 a.m.]

SLOAN, Professor Judith, Director, National Institute of Labour Studies, Flinders University of South Australia, GPO Box 2100, Adelaide, South Australia 5001

CHAIR—Are we talking to you in your role at the university, or as part of the study that was done, or both?

Prof. Sloan—In my university position. I think I would have to get a clearance from that task force before speaking for them. I will mention that.

CHAIR—I welcome Professor Judith Sloan from the National Institute of Labour Studies. Professor Sloan we thank you for writing to us and we thank you for coming to talk to us today. Would you like to make a brief opening statement before we ask you heaps of questions?

Prof. Sloan—I will keep it very brief. I am not sure that I was significantly at odds with what most of what Mr Harrison had to say. I suppose I think there are three key points—

CHAIR—I am sorry, you are not sure you were or you were not at odds?

Prof. Sloan—I think I had a double negative. I think I basically agreed with what Mr Harrison said.

CHAIR—Thank you, that is a bit easier.

Prof. Sloan—I note that you are actually concerned with youth employment, rather than youth unemployment. If you look at the youth labour market over a longish period, you will see that there are basically three things that can be said. The first, and possibly the most important, is that there has been a dramatic structural change in the youth labour market. There has been what you might call a collapse in the number of full-time jobs. If you look at the figures and if you try to graph them, you get to a point where the full-time employment numbers really just bump along the bottom axis.

In that sense it is not an exaggeration to say there has been a collapse in the unskilled youth labour market. There are really very few full-time, unskilled jobs around for young people. I would also add that if you look at the youth labour market, it looks very different for boys, compared with girls.

Let us look at where youth employment is, basically. I do not really care what the finance sector has to say about this, because they do not employ any young people. Retailing is by far the dominant employer of young people. After that come accommodation, hospitality and personal services—that is, the service sector in the hospitality area generally.

Over that period there has been a structural shift, in that there has been a dramatic increase in educational participation. Essentially, there has been a more than doubling in the proportion of young people that go on to year 12 in school. I might add that that has occurred partly in response to the withdrawal of youth unemployment benefits for 16- and 17-year-olds. Basically that forced a lot of people to stay on at

school and be eligible for receipt of Austudy. I am not saying that that was a bad thing. I think that was probably a good policy shift, but there were some incentives going on. But within that, we have had basically flat apprenticeship numbers—in relative terms anyway—and virtually no progress with the traineeship system. That, I think, has some advantages but, for various reasons, to this point it has not gone anywhere.

The second thing—and I agree with Mr Harrison on this—is that there is a strong cyclical component to this. If you look at young people, they disproportionately share both the ups and the downs. If the labour market softens off and there is a recession, youth will be disproportionately hit in an adverse way. But at the same time, if there is an upswing, youth will be disproportionately advantaged. So I suppose the general thing is to try to get sustained upswings for as long as possible. And that, in fact, helps not just youth, but all marginalised groups in the labour force. Again, I think the previous government recognised that point. It is a reasonably hard trick to win in the context of an open economy and the like—it is probably even harder in a closed economy I might add—but that, clearly, is a necessary backdrop at the end of the day, even if you get a lot of the structural aspects of the problem worked out.

Finally, I think the sort of wages/labour market rigidity is part of the story. I am in favour of age-related payments, because they carry very low transaction costs, compared with any competency-based system. But I would point out that, because we have had this structural shift where people are staying on longer at school, in effect, a person with the same characteristics now as a similar person 20 years ago, actually has to be paid a lot more. Twenty years ago that person would have left school at 15. Today that person leaves school at 17. So, in effect, an employer is being asked to pay a higher proportion of the adult wage for that same bundle of inexperience.

The fact that age-related payments have remained more or less steady all that time, does not mean that there has not been a shift in the cost of employing young people of particular characteristics. And I suppose there is a general point in that, if you are worried about—I do not really like the term—social justice. High youth unemployment would have to be as socially unjust as you can get. The best way to deal with the problem of inadequate income support is to decouple those considerations from the wage bargain. Let the wage bargain be allowed to happen in as unfettered a fashion as possible, and top up those who have inadequate income support.

This is the kind of thing that I know lots about, Bob, but it is probably worth just answering questions.

CHAIR—I want to ask you about McDonald's, which is a good case in point, because they are not only a very large employer of young people, but they appear to be very successful at it. Lots of employers tell us that if are hiring a young person and they have the choice of one who had worked at McDonald's for some time, and others who had not, they would always hire the person who had worked at McDonald's. So I think that company has a pretty good track record.

McDonald's told us that the junior wage rate market in Australia encouraged them to employ young people rather than adults and to train them, whereas in North America, the minimum wage market encouraged McDonald's in the United States and, indeed, in Canada, to hire adults. Have you done any study of this area and, if so, have you any opinions from the outcomes of the studies?

Prof. Sloan—There is some extremely reliable work around, including from the US, about the

enhanced employment prospects associated with having worked at McDonald's. If you put 'having worked in McDonald's' in your equations it actually comes out as significant. This is because they teach young people the importance of customer service, reliability, productivity and teamwork—general competencies which actually are extremely valuable in other settings.

I do not know whether you intend to have the state manager of McDonald's come and visit you. He is a wonderful person, who is very interested in the broader aspects. He makes the point that if you take McDonald's in South Australia, all things considered, they are probably happier to employ bright-eyed private school girls and boys. This was working well from a business point of view, but the fact was that little girls from Seymour really did not need the money. So they made a decision from an equity point of view and entered into a joint venture partnership with the CES. They agreed to take referrals from the CES. The CES also undertook certain things—to screen the young people, to give them some preliminary training and the like. It actually worked quite well for a few months. In effect, McDonald's outlets were taking the unemployed rather than the private school children. This sounds like a radical experiment, does it not?

Unfortunately, the McDonald's outlets did begin to notice that the quality of the candidates being referred from the CES after a few months began to fall off. It all came to a head when one young lad went to the CES and the CES officer said, 'Of course, if you want to get a job in McDonald's, you'll have to get a haircut.' That young fellow went from the CES office around to the Equal Employment Tribunal to lodge a complaint. McDonald's had not actually been involved in any of this conversation, and strictly speaking, it was not true. You can have your hair tied back and wear a hat and the like. The McDonald's managers ended up spending three or four days before the tribunal, and needless to say, that was the end of the program.

I think there are stories about the impact of these no doubt well-intentioned regulations going seriously awry. Essentially McDonald's outlets have now gone back to their normal employment patterns.

CHAIR—But have you done any research about the United States labour market and the low minimal hourly wage and the effect on the employment of young people versus a youth allowance or the youth wage rates?

Prof. Sloan—I am not absolutely sure that what they say is true. I think that there are subminimum teenage wage rates in America, so there are incentives for the employment of young people there too. I think what has happened in America is that because their demography is ahead of ours, there is actually relative shortage of young people in some areas. So they have been forced to employ adults. In fact, if you go to America, you will actually see quite old people working in McDonald's, which you do not see here. But I think you will find that that is often because—and this is hard for us to think about—there is a relative shortage of young people.

We have done some work for McDonald's. One of things that they complain about quite legitimately is the structure of the penalty rates. They are being forced to pay penalty rates during periods when it would not be necessary—out of school hours, early in the evening. These kids would be quite happy to take this work but McDonald's are being forced to pay penalty rates. That probably alters their staffing ratio slightly.

Mr NEVILLE—I have a couple of questions. We had a talk this morning about apprenticeships. What

do you see as the structure of wages for apprenticeships? Do you agree with this idea of the employer paying for the coal face activity of the apprentice and perhaps the government, through either a means-tested or a non means-tested top-up, bringing that person up to a safety net wage? What would your comment be on a safety net wage? How do we accommodate the needs of employers who want to put on apprentices, when the reality is that it is so expensive that they are not doing it anyhow? It is a bit like your McDonald's thing, only coming from a different angle.

I will just flag a second question. There has also been a lot of criticism of the focus of CES and Rod described it very well in his last point. If the CES got it so wrong, how should the PEPEs and EPEs handle the situation in the future? In confirmation of what Rod said—and I think he was very brave to criticise his own party—I think it was true and I think it was well intentioned. I am not trying to score a political point here. One of the CESs in my area had 30 employees in the mid-1980s. They had a target of one job per person per day in the establishment. So their target was to place 30 people in jobs each day. They were achieving that; in fact, they were placing an average of 34.

When Working Nation came in and the emphasis changed from the employers' need to the employees' need and equity and all those other things, the staff numbers increased from 30 to 50 and the productivity went from 1.1 per employee to 0.3. Whereas before 30 employees were pumping out 34 jobs, 50 were now pumping out only 15. Now I know there were other factors in that, such as the slow down of the whole labour market, but I think it illustrates the point that Rod was making. If CES got it wrong, what has to be the focus of the EPEs and the PEPEs in the new arrangements in order to make them work?

Prof. Sloan—I think it was probably a mistake to charge the CES with the task of being the major custodian of the management delivery of Working Nation. But leave that aside. We are doing some interesting work for DEETYA at the moment about how employers recruit and the reason we are doing it is to find out where the CES fits in with that. The truth of the matter is that the CES does not seem to fit in much at all. It has a small role in the placement of blue-collar, unskilled workers and that is about it. I think this report is absolutely fascinating. You think economists would know the answer to how employers recruit, but we actually do not know much about it at all.

CHAIR—We know.

Prof. Sloan—Yes. I do think the CES has been charged with a mixed function, but I agree with what Ian Harrison had to say: at the end of the day, unless they can service employers, they can never actually do that matching process, which is really ultimately their task. You cannot assist an unemployed person if, at the end of the day, you are not in touch with employers and therefore do not have that ability to provide a placement function as well. The trouble is that because they have done it so badly, there really are now a lot of other agencies that have taken up the slack. You think of Drake Personnel, you think of Skilled Engineering, who are essentially brokers in the labour market. What they are doing is matching potential job fillers with those who are demanding the jobs.

Mr NEVILLE—What should be the focus of the PEPE then?

Prof. Sloan—Can I just add another point? The work we have done with the unemployed shows that

overwhelmingly the unemployed hate the CES. So it was not just a case of the employers getting a little disaffected with the CES; the unemployed hated them too. I also felt there was a sense of irony that until Working Nation was announced, pretty much everyone agreed that the CES was the problem. Then, all of a sudden, Working Nation was announced and the CES was the major part of the solution!

In reply to your question about the PEPEs and the EPEs, I do not know. I suppose they sort of try to mimic in a corporatised way some of the effective private sector and community based employment placement agencies.

Mr NEVILLE—Is matching the secret?

Prof. Sloan—I think matching is the secret. In this report we have done a lot of case studies of employers. One of the things that I find interesting is how cold calling, writing letters of inquiry and sending resumes, is in fact used—certainly for semi-skilled and unskilled jobs—as basically a means of recruitment. We went to an insurance company and found that basically they recruit off the letters of inquiry they receive. Interestingly enough, they also use networks. One of my PhD students did some fascinating work about the role of networks in the labour market. A lot of employers will employ on the basis of the suggestions of other workers: you know someone and they say you are available. It is about the role of information and advocacy in the labour market and those networks are very important in the matching process.

The interesting thing about that is that when you look at chronic unemployment you find that those people generally have very small networks which are not very useful. You actually have to know some people in employment. It is not surprising that you tend to get concentrations of unemployment because, without that sort of network, you are in trouble. I think there have been some government attempts to try to mimic some of those network arrangements. The jobs clubs are, of course, a relatively cost effective way to try to get people to do the cold call, write the letter of inquiry, write the resume and the like.

The labour market does work in networks. If you think of apprentices, for example, you find they also work very much on a network basis. You will often find that—certainly in small businesses, which actually do take on a large number of apprentices—the apprentice is the owner's friend's son. There has been some research done on that too.

Mr SAWFORD—I have got to defend the CES. It is 50 years old and for most of its life it has had a culture of meeting the needs of business and implementing government policy of both political parties over that period. In that sort of context, it was reasonably successful. When the focus changed to meeting the needs of long-term unemployed, businesses got their noses out of joint. But the CES was successful in that too because it did reduce the number of long-term unemployed. You can question whether it was successful or not, but really I think we should all understand that the CES was carrying out government policy of the day. I think if you want to blame anybody, you blame government policy rather than the CES. I just make that point.

Prof. Sloan—I am not sure I can entirely accept that. But, anyway, I—

Mr SAWFORD—I am not surprised you answered in that way, but I just wanted to make that point. In the terms of balance, in the 1950s and 1960s when we had full employment—and it is certainly not a

similar situation now—managers of big businesses often were regarded as successful by the number of employees they had. In fact, in those times there were surplus employees in many organisations. Now we have the pendulum swinging from that extreme right across to the other extreme where now we have chief executive officers around the globe being rewarded for downsizing—in other words, being paid exorbitant salaries for reducing staff numbers and the share market goes up accordingly.

After World War II we had a commitment to working people by governments of the industrialised world. It was almost a pact—they did not want to see a repeat of the Depression and those circumstances which created World War II. Today there is a big drift away from that government policy. People like Stephen Roach, who was the original guru for downsizing and who has been in Australia this year, said that claims of productivity in employment just didn't happen. Does government policy really swing from one extreme to the other, and never create a balance? For example, we have had a number of employers say to this committee, 'Look, workers compensation, the superannuation levy and all those things are constraints upon employing young people.' Yet, when you went back to their origins you found that there were valid reasons why all of those things happened. Now perhaps they have all been overstated—we need to get some sort of balance. Are we in danger of going back to the days when people died in the work force? People do die in the work force—young people die as well—and that is why all of those things were brought in. Why is it that governments in the industrialised world do not seem to be able to achieve a balance in terms of policies; that we swing from one extreme to the other?

We have a media that recognises the extremes of the left or the extremes of the right, but the mainstream never gets a face in. Just look at the portrayal of young people in the media. The Sydney Institute did a study and found that 96 per cent of references to young people in the media were negative. The four per cent that were positive were all the glitzy things—young women being pretty, or young boys being sporty. How do you get the balance right? And how does government get it right?

Professor Sloan—It may be that the opinions are on the extreme, but I think the reality is actually in the middle and you are sort of swinging in that middle. If you think of those regulatory arrangements—and, as I said, most of them are well-intentioned—who is going to argue about promoting occupational health and safety? And who is going to argue about promoting equal opportunity and the like? What economists are very fond of doing, is pointing out that there are costs and benefits in all these things, and particularly, in the way you go about them. The truth is that the occupational health and safety regulations are such an overwhelmingly complex pile that often you get massive non-compliance for just that reason. So I do not think there is enough attention being given to how you actually go about achieving those good outcomes in the most cost-effective way.

The same happened with what your government laughably called the training reform agenda. It became so complicated. You had to have four A4 pages with arrows and diagrams going everywhere to depict it, and it got to the point where the good intentions were lost in the complexity of it all. Basically the intention was good—it was to ensure that those school leavers who did not go on to higher education and who were not lucky enough to get into some structured form of training, were nonetheless catered for in some sort of structured transition from the school to work process. But there were so many interest groups trying to capture their piece of the turf there that, at the end of the day, particularly for the individual employer and the training, it was meaningless. And, of course, there were very few traineeships. You have got to know a lot about all

these things to understand where the key blocks are. There is, for example, something called the list of vocations in most states, or the register of vocation. That is a highly restrictive arrangement.

Mr SAWFORD—Was.

Prof. Sloan—Okay, I know it is about to go. Unless you knew a lot about it, you would think, ‘Oh well, this is a vocation . . .’. But that was a highly restrictive device.

Mr SAWFORD—I want to make some points about the education system. When we analyse education expenditure in this country, we find that for the 25 to 30 per cent who go on to tertiary education, the expenditure is good. We rate second in the world to the United States in terms of expenditure per capita. When it comes to secondary school expenditure, we are just below the middle. When it comes to primary school expenditure, we are down there with the basket cases of Greece and Portugal and so on. Is it the case that in the education system in Australia—and, in fact, in most English-speaking countries—the 60 per cent, the non-university track people, get a very poor deal from government expenditure? Your task force mentioned, in terms of raising the leaving age to 17, the need to develop well resourced secondary schools. I hope we do not have secondary schools like we have now.

Prof. Sloan—No.

Mr SAWFORD—Would you like to make some comments on the whole expenditure in the education system and the need for something special, something different in a vocational line in secondary, or even in primary school?

Prof. Sloan—I suppose the broad point is that we have that dramatic increase in school retention rates to year 12, but we basically have done nothing about either the curriculum or the modes of delivery. So what had been essentially designed for those tracking into higher education, was basically served up for the additional inflow. That was quite inappropriate. I do not want to go back to the past, but the technical high schools had a lot going for them. You would not want to restore them in their previous form, but—

Mr SAWFORD—In South Australia they were the most successful in the country.

Prof. Sloan—But the technical high schools had a lot going for them. Although they were for people who were not academic, they had prestige. What has tended to happen, particularly in Victoria and New South Wales, is that they have tried to introduce vocational offering into the comprehensive final years of school and people call these things ‘vegie maths’ and ‘vegie science’. In fact, far from having any prestige, they are regarded as a joke. In Victoria, too, they had technical high schools, which were not regarded as a joke. They were highly practical and they had good practical teachers.

I would also make a point about the school counselling system. It is hopeless, certainly in this state.

Mr SAWFORD—The careers advisory system.

Prof. Sloan—The careers advisory system. It is hopeless because the counsellors are teachers and they

do not know anything about the labour market.

Mr SAWFORD—A bit like economists.

Prof. Sloan—Probably, but you can see them in forums I speak at from time to time; they are desperate for information, but they are not actually the right people for the task.

The final point I would make, is that we have had a few experiments here with ‘buddies’ and mentors and stuff. I do not think the Teachers Union really liked this. But if you are really worried about the school to work transition process for the ones who look as though they are not going to do well, you have to realise that they really need a bit of one-on-one intervention. I know that down south there have been these ‘buddies’, so that the teachers effectively have a role in trying to help young children gain work experience and job placements. That is actually part of the teacher’s role.

The union’s view is ‘we need more resources’—and maybe that is true—or ‘we don’t do that sort of thing.’ But if you look overseas, you see that those sorts of ‘buddy’ programs can be extremely effective. Most people will work it out for themselves with their families and with their networks. But there are some—and you can actually identify them very early on—who, without that kind of intervention, will struggle. So I think some of those programs have something to them.

Your final point was about raising the school leaving age, which was quite controversial. I am not sure that I fully agree with it, because it is a sort of regulatory thing to do and I am not sure I am into that. But there were two real reasons for it. First of all, the aim is to tell young people that they really have no hope in the labour market if they leave school at 15. The figures are very clear—people who leave school at the age of 15 have an absolutely hopeless experience in the labour market.

The second point was that the principals of some of the schools in the most disadvantaged areas needed some leverage to work things out in those schools. The rates of truancy in some of those disadvantaged high schools are unbelievable. The kids have to go to get the Austudy—in many cases there is no other income support—but they do not actually go to school. They hang around the Colonnades and the Elizabeth shopping centre. There is nothing the principals can do because the kids do not actually have to be there. The principals were very keen on the idea that they could have some leverage to say, ‘It is compulsory for you to be at school, and these are the kinds of things we have to offer.’

It is true that if young people try to leave school at the age of 15, virtually without exception, they will do badly in the labour market. So why would you have a legally mandated age which somehow says, ‘It is okay to go then.’

Mr BROUGH—Judith, it is pretty obvious that over a number of years there have become greater and greater demands on young people for efficiencies and so on when they do go into the work force, because of the need to make a bob. But what we seem to have done with workplace health and safety, as we have just been discussing, and the awards and all sorts of regulations, is to make them so complicated and include so much detail that we have made what is essentially a very simple transaction of an individual selling their time

and their skills for money into something which is just so horrifically complicated. Have we, over the last number of years, made it too difficult, too complicated? Do we need to cut it back to the core issues, make sure that they are catered for and let the transactions take place? Would that freeing up of the marketplace have a major effect in helping business to employ all ages, not just young people?

Prof. Sloan—I think so. The truth of the matter is that if you look at all the regulations you ask yourself, ‘How can this possibly go on? How come there are any transactions at all?’ The truth is, there is massive non-compliance. That seems to be a pretty weak defence of the regulations. I will not name the area in Adelaide, but I know a pretty active hospitality retailing precinct in this city where the workers are offered a flat rate of pay. That is it—take it or leave it. Plenty take it and it works pretty well.

Certainly, the unfair dismissal laws have had a chilling effect on a lot of businesses. I think the irony of the unfair dismissal laws is that they actually encourage employers to go more for the university kids, to go more for the private sector kids, because they think such people are probably less likely to have a crack at them than someone who may want to swing the system. In ostensibly trying to protect people, which the unfair dismissal laws are doing, they unwittingly harm those they are trying to help. I think there is no doubt about that. I think the deregulation task force has to get a set of sensible regulations that people can comply with; otherwise you may as well not have them.

When you talk about small business—as I know Ian Harrison did—you must realise that there is, of course, a big difference between franchise small business and other small business. One of the advantages of franchise small business is that the franchisors effectively work all this stuff out for you in a simple user way. Of course, franchise small business is much more successful than stand-alone small business. But I think there are some down sides. I do not know about you, but when I go to a shopping centre in another capital city I find that it looks just the same as shopping centres here—it is not particularly exciting.

I have a friend who runs a stand-alone small business and it is a nightmare. For example, he ended up having to contract out the payroll. And superannuation—that is a nightmare. If they are \$250 a month or below, they do not pay super. Then if they go to \$251 the next month, they are in. It is a real headache. My friend was spending until 3 o’clock in the morning trying to figure it out. But it is expensive to contract out payroll and the like.

Mr BROUGH—So the bottom line is that we have made things so difficult and put so many safeguards in place that the safeguards have now basically precluded people from the workplace.

Prof. Sloan—And particular types, I think.

Mr BROUGH—And those disadvantaged groups are the ones that you need the least—the first to go and the last to be put on.

Prof. Sloan—Yes.

Mr SAWFORD—How do you reconcile that with deregulation in the United States?

Prof. Sloan—In what sense?

Mr SAWFORD—Well, they admit to 6.9 per cent unemployment and we all know it is about 12 to 15 per cent.

Mr BROUGH—We do not all know that.

Prof. Sloan—But the same applies here. I can work those figures out for us in exactly the same way and come up with a result of 25 per cent here. So what?

Mr SAWFORD—But you still have the same employment problem for young people in a deregulated economy.

Prof. Sloan—No, you have not. You have got much lower rates of youth unemployment over there. Of course, you have got—

Mr SAWFORD—But they do not measure them all. They are in the streets; they are sleeping in the shop corners. There are thousands of them, in every city you go to.

CHAIR—Professor Sloan, you very kindly sent us a copy of the report of Youth Employment Task Force in South Australia. I noted that you made four recommendations. I was surprised that two of the four recommendations talked about programs: I was not aware that programs really did a whole heck of a lot about employing people.

Prof. Sloan—I was only one person on that task force, thanks very much.

CHAIR—I would ask your view of that issue. And, secondly, many employers and employer bodies mentioned have to us the issue of poor literacy and numeracy standards amongst the young. I wondered why that did not arise out of your inquiries.

Prof. Sloan—I do not know the answer to that. Dare I say I agree with you, Rod, about primary school. In fact, literacy problems probably start with the very early stages of primary school.

Mr SAWFORD—It can be fixed up in six months.

Prof. Sloan—I think it is a general issue of the schools not serving up a whole bundle of characteristics to employers and literacy and numeracy are obviously part of them. One might argue the schools are not there to serve the needs of employers. But it seems to me that providing these kids with literacy and numeracy skills is not serving the needs of employers solely, it is actually serving the needs of the kids. I basically see it as a failure of comprehensive secondary education, particularly in the context of rapidly increasing retention rates. This was mistake, as it was in Britain. Of course, Britain is now trying to pull away from it very rapidly and is moving to a vocational qualifications stream.

I suppose it goes back to the point that in the past, there probably was scope in the labour market for

illiterate workers, such as immigrants. At that time you could afford to have people who swept the factory floor, for example. But now the returns to being illiterate and, in particular, innumerate, are extremely negative. If you go into a factory these days, you find that there is some computerisation attached to most jobs—even for someone who is working in, say, a weaving room. They have to know numbers, they have to understand speeds. They have to understand cause and consequence and all of this sort of thing. So for what used to be really very unskilled, rule of thumb stuff, you actually need some sort of literary, numerical and analytical skills. Not at a terribly high level, but you do need some.

CHAIR—Thank you very much for coming to talk to us today. We certainly appreciate it. We hope to bring down a report next May or June. If, in the interval, you have any other information that might assist us, we would appreciate it. You talked about youth unemployment rates in the United States, for instance. If you have any data that would assist in that regard it would be helpful and we would appreciate it.

Prof. Sloan—I suppose you might be interested in the DEETYA report on recruitment patterns and the role of the CES. I think that is interesting.

CHAIR—In that respect, could I direct your attention to the Working Nation document itself. If you go back and read it, I think you will find it says that most jobs are created by cold calling or family and personal relationships. The second most common way of getting a job is through advertisements in newspapers and a distant last—maybe one per cent or less—is CES intervention. You will find there is an analysis of that in the Working Nation document, for whatever it is worth. Thank you once again.

[10.59 a.m.]

HARVEY, Mr Brett Justin, Employment Officer, Employment 2000 Skillshare, Salvation Army, 5 McGowan Street, Pooraka, South Australia

CHAIR—I welcome Employment 2000 Skillshare, the Salvation Army, appearing before the committee today. I thank you for your submission. As with all other respondents, I would remind you that this inquiry is not about unemployment, it is an inquiry about employment, on how we might give young people the skills or enhance their opportunity to find useful work and how we might increase the market for youth employment amongst real employers. We thank you for your submission. Would you like to make a brief opening statement, before my colleagues and I start to ask you heaps of questions?

Mr Harvey—For the last few months we have been working on a project that basically addresses the needs of youth at the secondary school level and provides them with a pathway into employment, or either post-secondary or post-tertiary education. We are in the process of actually developing the program up to a certain point—that is what I have in front of me. Obviously we had some difficulties with the latest budget cuts and at the moment we are having difficulty in proceeding because of the restrictions there. But the outline that we have put forward is essentially addressing the needs of students at a school level and actually using the program, or incorporating the program into their South Australian certificate of education—SACE—program.

CHAIR—A number of respondents have told us that they feel that there are far too many young people who have firstly, poor attitudes towards work, and, secondly, very little understanding of the real world of work today, what careers are available and what career paths there might be in the future. Could you comment on those issues?

Mr Harvey—From our experience, we have found that with youth there is very little incentive, as they see it, to find work. Now there are a number of factors that actually lead to that and I have outlined a few. One factor is that of the role model. Young people come from single parent families and from families where they are the third or fourth generation to be unemployed. If Dad is not working, or Mum has never had a job, then they do not really see the real need to work.

Secondly, we have also found that, at a school level, the students lack a basic understanding of what is expected of them in the workplace and this is reflected in comments made to me as part of my role in employer liaison; that students just do not have any understanding of what is expected of them in the workplace.

CHAIR—Why do you think that is? What has happened structurally that has brought this is about?

Mr Harvey—Again—and we are not quick to throw the blame wherever—we believe they are not getting that information at school level. In the old days, when they went for apprenticeships, they would get a basic understanding of what was required of them. In the early days, when apprentices started at 14 or 15 years of age, as part of their education they would be informed of what was required of them. We have also found, it is interesting to note, that they do not seem to have long term goals. It does not seem to be of importance to them. Work in general does not seem to be of importance to a majority of—obviously not all—

school leavers. There is just no focus there on what they are going to be doing in 10 years time.

Mr SAWFORD—Just following on from Bob's question about attitude, how much is this perceived poor attitude, or real poor attitude, just a camouflage for inferiority and lack of confidence?

Mr Harvey—Poor self-esteem and low confidence are certainly considerable factors. Where that stems from is very hard to define. I mentioned before the single parent families, the lack of role models, the abuse and everything else that a lot of young people are subjected to these days. As I said, there are oodles and oodles of factors that you can point to. I do not believe that any single factor could be pointed out. Again, we feel that the role models are very important. If dad is not working, dad has low self-esteem himself and mum has low self-esteem, or their partner has low self-esteem. For some reason, this seems to spread to the children.

Mr SAWFORD—I gather you work with year 11 and year 12 students.

Mr Harvey—Yes, we have students come through that are out of year 11 and year 12.

Mr SAWFORD—What sorts of things do you focus on, in terms of perhaps turning those attitudes around, and how successful are you?

Mr Harvey—We focus on goals. We focus on the self-esteem issue and motivation. We have only approximately six to seven weeks in which to do that with the participants that we see, and that is not a long time. I believe that, if someone has a self-esteem problem, it has been brought about over a number of years and it just cannot be fixed overnight. The issues really need to be addressed back in junior school.

Mr SAWFORD—Except that there are some family circumstances that create these factors.

Mr Harvey—There are family circumstances, yes.

Mr SAWFORD—What about the education system? When you look at the five-year-olds who go to school—I have had 25 years experience in the education system—it is very rare that you ever see a child not coming to school full of excitement, full of curiosity, full of expectation. There is a big gap between there and 15. What is your experience in terms of some of the things that happen to children in the school system which create that situation that you are dealing with?

Mr Harvey—I do not think you can just blame the school system—

Mr SAWFORD—I am not trying to blame it. What sorts of things happen?

Mr Harvey—I believe it is schoolyard talk and attitudes of teachers. I have had some specific cases where students have been told that it is going to be very difficult for them to get into work. It seems to us that, instead of students being geared up for employment, they are being geared up for unemployment. We have found that they certainly know how to apply for benefits, where to go to the local CES office and how to fill out all the paperwork. To us, that is gearing them up for something very negative—for unemployment.

Mr SAWFORD—What are some of the successful strategies you use in terms of placing young people in employment? What do you find successful in your organisation?

Mr Harvey—Getting students to do things for themselves and encouraging them. We are very orientated towards outcomes, as you would appreciate. We have found that what has been successful is to encourage students to the point where they actually get on the phone or they go out and see an employer. Even if it was just for work experience, we have seen some dramatic changes in not only students but also adult unemployed.

Mr SAWFORD—Are they focused, in terms of that telephone call, on where to go? Do you assist in that?

Mr Harvey—We assist them in telephone techniques.

Mr SAWFORD—No; in terms of where to go.

Mr Harvey—What we do is a skills assessment with them. A lot of students do leave school and they do not have any idea of what their skill level is or what direction they are wanting to go in. So we try and do an assessment as efficiently as possible in the time that we have, and then direct them to their respective industries. Once they are given the basic skills to canvass those employers, a little bit of success goes a long way, we have found.

Mr SAWFORD—What are the links like between your organisation and business in your area? Are they strong, are they developing? How would you describe them?

Mr Harvey—That is my job, so I would like to say that they are developing. I have been with Employment 2000 now for approximately 15 months. In that time I would have had close contacts with probably over 50 major manufacturing industries, and then probably another 50 to 70 local employers in the immediate vicinity. I have found, as part of the canvassing that I do, that there is still a lot of ignorance in the workplace among employers that are not aware of the programs that are available. If they want to recruit someone, their method is either agency, newspaper or the CES.

Mr SAWFORD—I will ask just one last question and then I will shut up. What about year 9 to year 10? You talk about links with year 11 and year 12. There is a feeling coming across on our committee that maybe we should be going a lot earlier.

Mr Harvey—Yes. I would definitely agree with that.

Mr SAWFORD—How much earlier would you go?

Mr Harvey—I would go to year 8, which I believe here in South Australia is at the age of 13. I believe that is where the rot—for lack of a better word—is setting in, through the influence of their peers who are leaving school early and coming back. They are mixing with their friends and saying no, there is no work.

There is another factor too. It does not necessarily reflect the views of the Salvation Army, but I would like to say that in many cases students see it as all too easy not to work—I believe because of the various assistance that is made available to them. They are using that, and I believe the assistance that they are receiving in many instances is actually doing them a disservice. If they feel that they have got that safety net, so to speak, of the assistance of social security, I regard that as a considerable hindrance at the moment. I have had many students straight out of school, 17-year-olds, state that to me.

Mr BARRESI—I am interested in the SWEAP program that you are developing. It sounds fairly exciting. You have managed to get the Education Department of South Australia to come in on it, by the sound of it. You have got there that you have received advice that there will be many suitable employers willing to participate. How significant is that? More importantly, are you confident that the schools will actually participate in the process as well? I sense that there is an element of resistance by some schools—not all of them, but by some schools—to participate in school to work programs.

Mr Harvey—Yes, we already have sensed that there will be some resistance in some schools. There are schools, as you would be aware—we have been out to Salisbury High School, for instance—which have been quite excited about incorporating something of this nature into their pastoral care programs. We have been in touch with the chief careers officer at the Catholic Education Office, who was quite excited. He feels that, yes, there definitely is a need there. We have had a meeting with the Independent Schools Board and they believe that, yes, there is a definite need there. But all along there have been indications that not all schools will be willing to participate.

Mr BARRESI—More so the private schools than the public schools?

Mr Harvey—No. That surprised me. It was indicated to us that there should be a large percentage of private schools wanting to participate. I was actually getting to the stage of calling for interest from teachers from the private sector and the public sector to look into this. It surprised me. When we were making initial inquiries, we had found that there seemed to be a great need in the private schools for this type of pathways program.

Mr BARRESI—Do you see this as being a mandatory part of the curriculum, or optional?

Mr Harvey—We had meetings with Mr Rob Lucas up here, who has referred us on to SSABSA, and we had a meeting with DETAFE. We received a letter back from Mr Bob Such, saying that it may be conceivable to incorporate what we have into SACE, the certificate. I believe a workplace education program is being developed to start next year. But we had been struggling because of our limited funds and that. It is very frustrating.

Mr BROUGH—We have talked quite a bit over the last couple of days about how we have got to get involvement at earlier and earlier ages in confidence, self-esteem and numeracy and literacy. I think we have established pretty much that numeracy and literacy levels are not high enough. I have actually gone into schools as an employer, before my current employment, and have found the same problems as I guess a lot of teachers do: unless what you are talking about is relevant to that particular individual, they switch off. So if they are going to go to university at whatever else—year 8 through to 12—where we are talking about

bringing these programs in, a lot of them are not going to necessarily 'be there', as in the lights being on but no-one being home. What about when they finish school? At the end of last year I involved myself with a lot of the school leavers, who they felt that when year 12 finished they walked out into a great big black hole—there was no support mechanism.

I want to put a scenario to you, for you to tell me whether you think it is worthwhile pursuing it to assist young people in their employment. They go from there almost directly—and I mean on the same day—to the social security office and the CES. They sign up, because they are encouraged to do so, as you have said. They then have a sense of hopelessness. It is around that Christmas period. They have just lost their friendship network and they sit at home, they get very depressed, some do try to commit suicide, some are successful. I guess with your particular organisation, you would probably see more of that than a lot of the others.

What I am putting to you is that we might have something from the time they sign up with social security, whether they be aged 15 or aged 21. There would be an extension to the school system which was not in any way related to the school but was building on all of the things that you have spoken about in your SWEAP program, plus their self-confidence, their resume building, all that sort of thing. It would be compulsory that they attend there and whilst they are there it would be like a job club for everyone. I guess that is a description.

This is not something I have been thinking about for months, but just over the last two days as things have come through. I would just like you to comment on whether, first, you believe that would assist people into the employment; and secondly, stop them from getting the levels of depression, because they are mixing with positive teachers and getting some genuine feedback. But it would have to be across the nation with everybody doing it.

Mr Harvey—If I could be so bold as to ask: would it be compulsory?

Mr BROUGH—Yes.

Mr Harvey—It certainly would be interesting. A program like that—

Mr BROUGH—But even with this compulsory thing we are talking about, they would be still going out there and getting work. They are not sitting in a classroom or anything, but they are developing the skills rather than sitting at home. If you look at all of these studies, you see that you have major health problems that get built in and they just degenerate very rapidly.

Mr Harvey—I would imagine that a program like that certainly would be tremendous. But I do see problems with it. When the kids come out of school, they have just finished seven or eight years of being told what to do. I wonder how they would actually receive something that will be compulsory, something that will be perceived as taking them back to what they have just left. They will be thinking, 'It's the summer holidays; let's go'. I would be concerned about that.

Mr BROUGH—The idea would be that they would not be in the program until they had actually

signed on for the dole. If they wanted to go and look for work on their own, or if they want to go on a holiday, that is fair enough. That is their business.

Mr Harvey—That sort of program would be, I think, quite valid in the concept, once you got around those difficult areas.

Mr BROUGH—There are obviously a lot of things to consider, yes.

Mr Harvey—It was pointed out to me by one of the careers advisers at Adelaide University, that after young people completed their degree or diploma, or whatever, they still did not have the skills to go and look for a job. They did not know how to canvass; they did not understand that 70 per cent of jobs out there are in the hidden job market—they are not advertised or registered with agencies. It is these basic skills that we want to address at the school level. Are you talking about a period of a month or a month and a half?

Mr BROUGH—An unlimited period. It is just an idea. I just wanted to get your opinion, because obviously there are so many massive problems. I cannot say that this has been thought through and analysed.

Mr Harvey—I believe anything that is going to prevent them from leaving school and just saying, ‘Okay, we can go straight onto social security’ is good.

Mr BROUGH—Thanks.

Mr NEVILLE—It seems to me that your SWEAP program is based on three premises, or three pillars of access. One is motivation, another one is, I suppose, information, and the third is networking. A thought occurs to me, reading your submission’s A to J-listed deficiencies in young people: we have so many student counsellors and careers officers, equity officers, all those sorts of people, certainly in the larger high schools, and yet, the very elementary things are the problems. These include little or no understanding of employer expectations; no knowledge of resume preparation, which I would have thought was fundamental and has been around for years; no understanding of work place ethics; and no knowledge of interview techniques. Is the education system failing these people?

Mr Harvey—We believe so in many instances, yes.

Mr NEVILLE—Does the lack of comprehension of these elementary things—you have touched on the long-term goals and poor self-esteem—go back to much more fundamental things like literacy and numeracy, or is it endemic in that particular group?

Mr Harvey—No, I do not believe that. What I do believe is that it is more the attitude that seems to be permeating the school system. As I said, when they reach years 9 to 10 it seems to be quite dominant then that there is very little hope out there.

Mr NEVILLE—Do you think we are missing the intervention at about grade 8, do you?

Mr Harvey—We believe so, yes.

Mr BARRESI—There has been mention a couple of times this morning of the whole concept of networking and the hidden job market. Judith Sloan made a few observations about it. What do you believe is a useful way of tackling that? Can perhaps the role of case managers through CES—or through the EPEs and PEPEs—be enhanced in order to provide that increased network?

Mr Harvey—I believe that case management as such, whilst it certainly is going to be increased, is very valuable. Put it this way: if many of these students were case managed back at an earlier age, probably they would have a different view or an outlook on where they are going. I believe that the problem is the lack of that, or proper one-to-one counselling, particularly from an employer's perspective. By the time they reach school leaving age, as I said, they have a mind-set that their own value is, in many cases, very little, and if they have a problem valuing themselves then they certainly cannot perceive an employer valuing them. We are finding that case management is certainly doing a tremendous job, and I believe the government recognises that and is encouraging it.

Mr BARRESI—I guess I am looking at it more from the perspective of networking, because I find it hard to believe that a 17-year-old or a 16-year-old would have the self-confidence and the skills to be able to develop a network out there, when those networks normally depend on having a relationship with adults in the workforce or adults through sporting clubs, et cetera. The opportunities are very limited to network with those sorts of people. They have to rely on a third party as part of that networking bridge.

Mr Harvey—Initially, they have to know what networking is. I believe one of the problems is that they do not know what networking is. They do not know about talking to their mates who are already in the work force and asking them if they have any jobs there. It just does not occur to them. This is one of the areas that we were proposing to address in this outline here. The fundamental basics of networking are certainly a very important aspect, and we believe it is the way to employment in the future.

Mr BARRESI—I have one more question. You have raised, as well as a number of other presenters this morning, the disincentive to look for work because of the social security system. Are you advocating a tightening of the system or a reduction in the system? Are there any particular thoughts you have in that regard? We seem to cop a lot of criticism whenever we try and tamper with the social security system, whether it be through working for the dole or through a dole diary. Whatever it may be, everyone comes on our backs. What are you advocating here, Brett?

Mr Harvey—Quite frankly, if you know you can get something for nothing, you are not going to walk out the door, basically. But it could be different if you were willing to partake of a pathways program, as Mal was advocating, or if there was a six-monthly lead time when you would be given the opportunity to look for work and possibly not have that backup—unless, of course, there was an emergency situation. I would stress again that my views are not necessarily the Salvation Army's, but I am working with these people all day long. I believe they need to have an incentive. Whilst there is no incentive there, you are going to find it very hard for them to get rolling.

CHAIR—Brett, thank you very much. We really appreciate your submission because the program sounds very interesting. I am not a big one, necessarily, for programs but this does sound encouraging in the direction you want to go. I think we have been quite enlightened by some of the things that you have said, and

we appreciate your experience in working directly with young people who need jobs and do not know how to get them. Thank you for coming and thank you for participating. We hope to complete the inquiry next May or June and we will certainly send you a copy of our report. Thank you, *Hansard*, thank you, my colleagues, thank you, Brett, and thank you, secretariat and anybody else.

Resolved (on motion by Mr Neville):

That 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 11.29 a.m.