



# **HOUSE OF REPRESENTATIVES**

**STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING**

**Reference: Factors influencing the employment of young people**

**CANBERRA**

**Monday, 2 June 1997**

**OFFICIAL HANSARD REPORT**

**CANBERRA**

HOUSE OF REPRESENTATIVES  
STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING

Members

Mr Charles (Chair)

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

Matter referred for inquiry into and report on:

Factors influencing the employment of young people.

**WITNESSES**

**BALZARY, Mr Steve, Director, Employment and Training, Australian Chamber of Commerce and Industry, 24 Brisbane Avenue, Barton, ACT 2600 . . . . . 1679**

**PATERSON, Mr Mark Ian, Chief Executive, Australian Chamber of Commerce and Industry, 24 Brisbane Avenue, Barton, ACT 2600 . . . . . 1679**

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*Factors influencing the employment of young people*

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Present

Mr Charles (Chair)

Mr Barresi

Mrs Elson

Mr Dargavel

Mr Pyne

The committee met at 9.05 a.m.

Mr Charles took the chair.

**CHAIR**—I declare open the public hearing on the inquiry into factors influencing the employment of young people. The purpose of this inquiry is to consult widely and produce recommendations for government action that will help promote the employment prospects of our youth. The committee has received over 100 submissions and conducted public hearings and school forums throughout Australia, including many in regional and remote locations. This is a very broad-ranging inquiry.

Matters raised in submissions so far include the attitudes of young people—which I must say was first brought up by Mark Paterson and ACCI at the very first hearing that we had. The submissions also related to the work ethic of young people and their familiarity with the requirements of the workplace; the adequacy and relevance of the education and training systems; the importance of developing better linkages between schools and the business sector; the need for a more flexible industrial relations system; and the effectiveness and efficiency of government programs to assist young people to find employment.

That is not meant to be an exhaustive list of issues which 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.

**BALZARY, Mr Steve, Director, Employment and Training, Australian Chamber of Commerce and Industry, 24 Brisbane Avenue, Barton, ACT 2600**

**PATERSON, Mr Mark Ian, Chief Executive, Australian Chamber of Commerce and Industry, 24 Brisbane Avenue, Barton, ACT 2600**

**CHAIR**—Thank you for coming to talk to us again. When we began this inquiry over 12 months ago, you very kindly came and talked to us, which was very shortly after Mr Paterson had taken up his position with ACCI. You gave us a good lead and a way to get started. It was an informal hearing and I remember quite a lot of it, despite the fact that we have talked to hundreds of people since.

I have two very important questions to put to you at the outset and I would like you to think about them and explore them in depth. Throughout the inquiry and everywhere we go, whether we talk to employers, employer representatives, educationists or to kids—and we have talked to hundreds of young people all over the place, everywhere from Sale to Broome and in the major capital cities as well—they all tell us that, when it comes to the world of work, young people are missing something. I think that is the case in two respects. The first is that compared to 20 or 30 years ago, young people seem to have lost touch with the ethos of work—and I don't mean all young people but a percentage of them.

Secondly, and perhaps even more importantly, as work has changed, as entry level requirements have changed, as the jobs themselves have changed, young people do not seem to have a good grasp of what careers are available, what jobs they might start with and where they might like to finish up. In other words, careers advice seems to be completely absent.

So we would like to hear from you some good, practical ideas on how we might go about addressing all this. I have to say by way of preface that I do not want you to tell me that it is totally the responsibility of the school system to either create a work ethic or to provide careers advice, because I think the view of this committee is that it is not. How do we go about doing those two things?

**Mr Paterson**—It is clear from the range of discussions undertaken by the committee that there are no simple, out of the box solutions to these issues. When we appeared before the committee on the last occasion, we told you that we did not come with all the solutions. We identified a range of issues that we believed the committee might examine and would be appropriate in trying to provide greater opportunities for young people. I think over the past 12 months and during the time that the committee has been undertaking this inquiry there have been a number of significant developments in relation to new apprenticeships which I think do in part start to address at least the first of those two questions. I refer to getting a better understanding of the nature of work and some of the options that might be available post-school.

The new apprenticeships approach is about introducing vocational education and training into schools in three probably different but important respects. One is developing some vocational programs within the secondary school curriculum, recognising that in years 11 and 12 it is dominantly focused towards obtaining a TER to go to higher education, but only 30 per cent of graduates at year 12 actually go into higher education. We are starting to address options for the 70 per cent who are going on into full-time paid employment or into other vocational education and training options. So we seek to build some vocational education and training into years 11 and 12 so that we start to give some post-school career options for students.

There is also the concept of recognised part-time employment while people are at school, starting to develop skills that can then be recognised in post-school activity in a traineeship or apprenticeship. The third involves people actually entering into apprenticeships or traineeships described as new apprenticeships while they are at school, and undertaking a contract of training while at school, employed for part of their time and as school students for part of the time.

We believe that those three options will increase the awareness of the world of work, will start to develop linkages between schools and industry and private sector businesses as vocational placements and the like are developed as part of that process. It will provide schools with a greater opportunity of understanding the needs of business.

As you said, that is not the sole responsibility of schools but nor is it the sole responsibility of businesses. There has to be a relationship developed. The Australian Student Traineeship Foundation has started some of the modelling and developmental work on some of those programs. I think more needs to be done in that area. There needs to be a stronger link between the Student Traineeship Foundation and many businesses. We have seen pilot programs that have worked quite well in regional areas where there is a community of interest. On the previous occasion we talked about experiences in the Hunter region in New South Wales where there was a strong community of interest where schools, employers and the community got together. We need to take those models and apply them in broader metropolitan areas so that some of those programs can be taken up.

I would like to focus on the first of those issues and then come back to the careers advice area because I think there are some different strategies that might be applied there. I think the development of the new apprenticeships will provide some of the platform for developing that relationship between schools and work. There is agreement at ministerial level that some of the pilots will commence in 1998 involving apprenticeships and traineeships formally being undertaken in schools. As we see those develop, I think you will start to address the concern that has been identified in the committee's discussions involving that loss of the will to work and the work ethic. If you see that start to build back into the school curriculum and those relationships start to be developed, I think you will see the situation improve.

**CHAIR**—One thing bothers me a bit about whether that is good enough or even a really effective start. We have talked to more than 300 school kids and I was impressed by a young lady in Kalgoorlie who, when talking about her careers teacher, said it was like the blind leading the blind. And her careers teacher stood up and said, ‘She’s right.’ In school after school and district after district, we discovered no vocational programs, or just a few vocational programs. You can talk about apprenticeships and traineeships in schools and provide seed money and pilot money, and if you are talking about Victoria there is a chance of a reasonable percentage of those schools getting those up because of a long history in vocational training, which it lost when it dumped the tech schools but which is now starting to come back. But Victoria is miles ahead of anybody else and I think you will recognise that. The other states are so far behind that, although I welcome it, I am not sure it will get us where we need to go when we are talking about kids having an understanding of what is available out there.

Take Kununurra, for example. That is a region with a huge horticultural industry but the kids there have absolutely no idea of what careers might be available in that industry. There is a fantastic pastoral industry in the stations surrounding Kununurra, but almost 100 per cent of the young people hired as jackaroos, learning how to do all the jobs that have to be done out there—whether it be fencing, rounding up cattle, branding or whatever—come from somewhere else. You talked about schools and employers and spoke of one region in the Hunter—whoopee! But I can tell you that across almost all of Australia that I visited, schools and employers are not talking. They don’t even know each other. As they pass each other in the street, they look the other way.

**Mr Paterson**—It is clear that in the past the careers advice responsibility within schools has been seen as just an add-on. Somebody who didn’t have some extracurricular activity was given the responsibility of careers advice. In many cases these were people who had been to school, to university and back to school again and who had not had real experience in the working world. I think attempts have been made to look at that area.

The careers advisers themselves have been trying to lift their own standards. Certainly there have been attempts by the Careers Advisers Association to try to enhance their level of understanding. I think that some industry sectors have taken the responsibility themselves in developing materials for careers advisers and in fact have got careers advisers out of schools and taken them out into industry to show them what employment opportunities might be available.

The industries pursuing that course are those that feel the schools system has not recommended career options in their areas because the careers advisers have traditionally worked within a reasonably narrow set of parameters. Some industry sectors have taken the responsibility upon themselves to develop materials to put into schools so that the kids are aware of what the options are, and have started to work with the careers advisers.

There is also a project that I know is being considered by the Queensland



vocational training board—I may have got the board's title wrong—which is very concerned about the lack of support available to careers advisers. I know that it is currently considering a project that will try to re-establish those links between careers advisers and industry generally. I think that it is recognised as a problem.

The school system from our experience around the country tends to be reasonably closed. It is not easy for industry representatives to get into the school system to talk about change. My experience is that generally it is a highly defensive system and does not like too much outside intervention. Our experience suggests that you need to break down some of those barriers if you are likely to change the system, particularly in relation to careers advice and the adoption of vocational education and training in schools.

**Mr Balzary**—Through the task force we have upped our representation fairly significantly in terms of the Business Council to try to get to talk to the people responsible for the school system initially about some of the options. We are about maximising options for young people and talking about how business, the community and the school system can interrelate.

**CHAIR**—I am certain that we will make some recommendations dealing with careers advice. But could I also challenge you to do a little bit of lateral thinking somewhere along the line and think about how industry might do a better job in letting young people—I am not talking about those in years 11 and 12, but going back going back to even in primary school—have some idea of what careers today might be about? The position is certainly different from what it was when their parents and their parents' parents were around. The major question is: how, in the changed environment, and particularly in a lot of traditional areas which now use subcontractors, do we go about encouraging employers to make more entry level jobs available for youth? What does it take and what do we have to do? Whatever it is, we are not doing it very well.

**Mr Paterson**—Once again, Chairman, you are asking questions to which if there were simple, glib answers, everybody would have been able to come up with them. We don't pretend to have all of those answers. Developing the link between school and post-school activities is an important part of the process. I will continue to assert that view, notwithstanding the fact that you may say it will address only part of the problem. I think that careers advice within schools can go some way.

Much of our experience is that decisions made by schoolchildren about their future careers are strongly influenced by their parents, not by the children themselves. So providing careers advice to the school students alone will not go all the way. A lot of the attitudes about where people will pursue careers are determined strongly by parental pressure, and that often comes from preconceived ideas. So we have to try to start to open up the opportunities and make parents more aware of the potential career options. Parents may have limited, fixed views about the careers their children ought to pursue which are based on some dated knowledge of what the career options might be. And I say that not

being a parent, so it is easy for me to make those observations.

We have seen a substantial shift in the number of the service areas on the development of traineeships in particular, which are about structured entry level training programs that develop people for a new world of work. Growth in the small business traineeships, in some of the hospitality traineeships and in the retail traineeships particularly—probably the largest number of industry sector traineeships—has opened up a significant number of entry level positions. The challenge that we face—and we talked about this on the previous occasion—is that those industries without junior rates are the industries that do not provide career opportunities and entry level opportunities for young people.

One of the most important parts of what I will describe as the Reith reforms, Peter Reith's workplace reform legislation, was the retention of age-based junior wage rates. Serious consideration needs to be given to reintroduction of age-based junior wage rates into those industry sectors that have forgone them. There is a price disadvantage applied to young people who lack the maturity, the skills and the work experience of some of their older colleagues. If you are paying the same rate for both, you are likely to choose the person who has a broader range of skills to offer. I think that this committee should actively consider making some recommendation about the return to age-based junior wage rates.

Even with the Reith reforms, there is still an inquiry that needs to be considered by the Federal Industrial Relations Commission on whether those rates should stay or go. I think if you are looking at both preserving the existing base for entry level training positions and opening them up, then that matter should be actively considered.

**CHAIR**—Most of the kids we talked to—not 100 per cent but a figure in the high nineties—did approve of junior rates.

**Mr PYNE**—You have given us a good indication of the industry's reaction to MAATS, or the modern apprenticeship and traineeship system. How quickly do you anticipate that it will be taken up by employers and put into practice? As we have heard, industry has welcomed the government initiatives over the past 15 years, but how quickly they are taken up and put into practice is really the test.

**Mr Paterson**—If we are looking at the broad issue of the modern apprenticeship system and new apprenticeships as part of that, one of the essential underlying elements is user choice. This means that the employer and the apprentice or trainee will determine who is the provider of the off-job training program.

Traditionally the system has been driven by the providers and the nature of the programs that they have offered. Ministers have agreed—and it was reaffirmed as recently as a couple of weeks ago—to the full introduction of user choice from 1 January 1988. It

is an important development that all states, with the possible exception of New South Wales, have uniformly adopted the concept of user choice. If employers and their apprentices have the option of choosing who is the off-job provider of the training, it will create far greater training opportunities within the new apprenticeship structure. There is a significant level of dissatisfaction in some areas about the quality of the training or the flexibility of delivery. If people are unable to secure it at a time that suits their business needs, then they will not go down that path. I believe you will see a reasonably strong take-up of new apprenticeships in 1998.

One of the problems we have had in this area, and everybody on this committee knows it, is that we have been pursuing reforms in the vocational education and training area for six or seven years, during which it has been made unbelievably complex. There has been report after report written, one of which described the 'big glossy cloud coming out of Canberra', just referring to the number of reports that have been focused on this area. In the past six or nine months we have seen a significant degree of coalescing of all those initiatives, with a much stronger understanding within the business community of why the reforms are being pursued and a broad acceptance of the fact that the reforms are there to meet the needs of the business. That has been one of the significant changes.

If we are to create greater opportunities for entry level jobs, if we are to see a much greater take-up of new apprenticeships, this has to occur because the program meets the needs of the business, not just the needs of the individual employee who might otherwise be looking for work. The system has been turned around. It has not been a provider-driven system saying, 'This is the offering that will be available to you,' but a system which recognises industry developed competency standards. Off-the-job training has been developed and delivered in such a way that it meets the needs of the business. And people will have a commitment to working in those businesses.

I know I have gone a long way around in answering your question, but I believe you will see a reasonable level of take-up in 1998. Once we bed down the new initiatives, I would expect that to increase quite significantly over time.

**Mr PYNE**—What do you think would be an achievable or reasonable target for the federal government in trying to achieve apprenticeships in the work force? What would be a good percentage of apprenticeships?

**Mr Paterson**—I don't think there is a good percentage of apprenticeships, because the situation varies so markedly from industry sector to industry sector. I think trying to pull a figure out of the air would be meaningless. It would be meaningless for me to do it and it wouldn't inform the committee.

**Mr Balzary**—In fact, that was tried by ANTA in a study in which we were involved undertaken by Peat Marwick. Essentially they came up with a whole range of scenarios depending on the economic climate and a range of other factors about the

implementation of new apprenticeships and how quickly it could be done. That was different across industries, across state jurisdictions and across regions.

**Mr Paterson**—That study identified that over the past five years we have seen a drop off in the proportion of VET dollars—that is, the money going to the TAFE system. Some 25 per cent used to go to apprenticeships and formal contracts of training. It has dropped on average to about 20 per cent of the overall TAFE budget. There is an expectation with the take-up of new apprenticeships and traineeships that by the year 2000 we ought to be able to get that up to about 35 to 40 per cent of the total VET dollar. Getting it back up to 35 to 40 per cent is a realistic objective which ought to be strongly supported. It will require a lot of pressure on the VET system within the states to reform what they do. It is not just about new dollars. It is about reallocating the dollars that are there at present.

With the development of new apprenticeships you will see a significant shift away from just a whole package of programs that are being offered by the TAFE colleges and the like to programs that are structured and based on industry competency standards. As new apprenticeships are developed, then there ought to be a reallocation of dollars from within the existing TAFE budgets away from those non-structured programs into new apprenticeships. So I would say that you ought to be strongly supporting public dollars going into the VET system and focusing on between 35 and 40 per cent of those dollars going into contracts of training, be they apprenticeships or traineeships, through to the year 2000.

**Mr Balzary**—The important link in that study is activity linked to demand, so that it is not activity for activity's sake. Increasing dollars would lead automatically to additional jobs.

**Mr PYNE**—On the question of junior wage rates, what you have said is reflected generally in the community. The ACTU and the union movement still seem to be opposed generally to junior wage rates. Do you see any shift in that position at the moment from the union movement, which is pretty critical of the whole thing?

**Mr Paterson**—I think they would wish it were otherwise. They would like to move away from a position where a discount was applied to age for young people.

**Mr PYNE**—They feel locked in?

**Mr Paterson**—I think they potentially feel locked into pursuing that as an outcome, but I think there is a general recognition in the community that you remove age-based junior wage rates at your peril. I think that as we work through the process that is going on at present before the Industrial Relations Commission there will be broad community acceptance of the fact that you have to retain age-based junior wage rates. You can pursue some ideologically focused view that you shouldn't discriminate on the basis

of age, but if we don't provide some incentive within the system to ensure that we continue to provide entry level opportunities for young people, they will be disadvantaged.

**Mr PYNE**—What about reversing the trend that occurred 10 to 15 years ago?

**Mr Paterson**—I think industry sectors and the commission ought to actively consider it. I think a signal from this committee would be very helpful in pursuing that as an outcome. Whilst people may have gone down that path a decade or more ago, I think they need actively to consider it and look at the number of young people employed in those industries that do not have them. If we want to look at how to create new employment opportunities, we should look at those industries that are not offering employment opportunities for young people, examine whether the reintroduction of age-based junior wage rates in those industries will help and, if they will, strongly support such a move.

**Mr DARGAVEL**—Given that your organisation is championing the cause of deregulation of the labour market and a range of other things under the banner of employment opportunities for young people, why is it, do you think, that fewer apprenticeships and traineeships are available now than there were 12 months ago? Why has the situation got worse?

**Mr Paterson**—Are you referring to an increase in the number of traineeships during that period?

**Mr DARGAVEL**—No; there has been a decrease in the number of traineeships and apprenticeships in the past 12 months.

**Mr Paterson**—Not that I am aware of.

**Mr DARGAVEL**—So you don't agree with that?

**Mr Paterson**—No. There may have been a drop off in some apprenticeships, but I don't believe there has been a drop off in the total numbers and I don't believe there has been a drop off in traineeships on what I am advised. To the extent that there has been a drop off in apprenticeships, I think nobody around this table needs to be told that there have been pretty soft business conditions over that period of time. Taking on apprentices is a significant long-term commitment by employers, and in uncertain economic times you can expect to find some drop off in apprenticeships. We try to encourage people to maintain them and the development of group training companies and the like has assisted in that process. But I wouldn't be at all surprised to find over time a rejigging of the way apprenticeships are delivered, and I believe you will see people commencing in a traineeship and then maybe articulating into a full apprenticeship at a later time.

**Mr Balzary**—In fact, that is happening now.

**Mr DARGAVEL**—But aren't the manufacturing industries uncharacteristically slow to take up apprenticeships in our current economic cycle? If you look at comparable parts of our history in terms of economic cycles, do you not agree that in that sector, for example, the take-up of apprenticeships at the moment is a particular worry?

**Mr Paterson**—I think whenever you see a drop off in the take-up of apprenticeships it is an area of concern, and of that there is no doubt. It reflects the economic circumstances faced by the manufacturing sector. Until such time as it has got some clear understanding as to what its future and the policy settings are likely to be, I think you will see some natural uncertainty in that area. But I still believe that overall the numbers of apprenticeships and traineeships in total have increased, not decreased.

**Mr Balzary**—One should bear in mind that through Jobskill there has been a huge escalation in the amount of traineeships within that area. So you are getting an offset.

**CHAIR**—The inquiry secretary says that apprenticeships bottomed in 1995, and I am aware that traineeships have continued to increase rapidly.

**Mr BARRESI**—I refer to comments that we are hearing repeatedly, particularly from the school kids, in regard to work experience programs that they go through. We have heard about a wide range of experience from 'excellent' to 'abysmal', and I must say the majority of experience has been at the abysmal end rather than at the excellent end. This concerns me because work experience does act as part of the bridge and is part of creating an ethos, even if it is only for two weeks of the year or for whatever period it may be.

I sense that what the industries and schools need is some sort of guidance on providing a framework or model which they can use and which can be enforceable, pointing to what the kids should be looking for and learning during that work experience period. Is it possible to develop, as we have with competency models in other areas, a national framework for work experience programs? The Dusseldorf Group seem to have a fairly good model that they operate amongst themselves that is taking that on to a grander scale.

**Mr Paterson**—Certainly I would agree with you that there are experiences which go from excellent to abysmal within the work experience area. In part it is because there are some different approaches. There are things which have been described as work experience, which is the traditional one- week or two-week exposure to the workplace where they are taken along, popped in a corner and are an add-on and almost a burden on the business because nothing structured is put in place. Then there are the broader vocational experiences which are part of a program that they are doing at school, linked into the workplace. As well as the Dusseldorf Schools Forum, which has pursued a lot of that work, the TRAC—training, retail and commerce—program and similar industry study style programs have taken up that model, which is a more rigorous and much more

intensive vocational experience. I suspect the problem for the take-up of those broad vocational experiences is the resource capacity. You can do it with a number of people in pilot programs. How do you convert those pilot programs into comprehensive programs that provide opportunities for every school kid?

The challenge that we as influencers of policy and you as policy makers face is how to take that model, which works very effectively, and put it in place across all the school sectors and across regional Australia as well as metropolitan Australia? I think the Australian Student Traineeship Foundation is charged with the responsibility of trying to find that right model. It has not got there yet.

**Mr Balzary**—We have been tossing around internally the range of ways in which a number of agencies are asking employers to participate in employment, education and training activities. Some of these choices are made by employers probably not on an informed basis but as to what could happen. So if they are involved in work experience, perhaps they are doing that at the expense of their being involved in some more substantial VET and schools activities. We are thinking of putting together a framework showing how employers can be involved, including options that are open to them, with perhaps a little tick-the-box arrangement. That may be one way of generating interest across the board.

**Mrs ELSON**—Does the ACCI have a directive out to local chambers of commerce about their integration with schools at the moment? Is there any sort of program that says ‘Okay, this is where we should start’?

**Mr Paterson**—I wouldn’t describe anything we do as a directive to our constituents. We are directed by them rather than the reverse. Certainly we have actively consulted with businesses about this issue. It is a challenge and our constituents recognise the nature of the problem. As Steve said, we have looked at a number of potential approaches internally. Giving a directive that they ought to do particular things when we haven’t got the right model yet is another matter.

**Mrs ELSON**—My local chamber of commerce is excellent in integrating with schools. This has been happening for the past four years and it seems to be working. I wondered whether that was an initiative of their own or whether some program was begun years ago that said, ‘Hey, let’s work with the schools now.’ It seems to work when the industry works in with the schools and when the chamber supports it.

**Mr Paterson**—This has often come about because of the community of interest and the links between schools and businesses. In many cases where you have that community of interest, the schools and the businesses need each other because they rely on the schools to produce the right quality entrant for the businesses within those areas. I think we have differing levels of understanding within the business community about the importance of those links and how best to pursue them.

**Mr Balzary**—The other thing to be considered is the resource. Where the chambers of commerce, particularly the local or regional chambers, have got a resource to be involved in this area, as for example the employment training field officer project—which was probably the spur in the instance you gave—this has led to a lot closer links which are done more strategically rather than ad hoc involving just one or two people.

**Mr BARRESI**—Mark, you also mentioned earlier that the school system is relatively closed and that it is very hard for the relationship between the employer and the school to be opened up. I think we have certainly seen evidence of that, particularly in regional Australia as we have moved around and have discovered industries with vacancies which the schools do not know about. If I may refer you to the jobs pathway program, as well as the initiative by the Minister to open up schools as job brokers, do you think such things will help in opening doors, or do you sense resistance in those areas?

**Mr Paterson**—I think they will open some doors. They will create a greater level of understanding and awareness. Schools and to some degree higher education have to have regard to the potential outcomes for their students. I think for too long we have seen what people do after school and after higher education as being solely the responsibility of the individual and not of the institution. There has to be a greater level of sharing of that responsibility and allocation of resources. You can see some distortions in relation to where the dollars go, both in schools and in higher education, governed by the desires of the students and not the needs of the work force.

Spending a lot of money on producing significant numbers of graduates in fields that are unlikely to produce employment outcomes is a matter that I am sure will be taken up by the review of higher education. I think they have to have some regard to people's employment prospects. We have seen significantly increased retention rates in secondary schools, which is a direct reflection of the lack of employment opportunities, not the other way round. I think your examination would have confirmed that that higher retention rate is the result of the lack of jobs, not people staying on out of a desire to get different jobs.

If we open up schools to think about the pathways for their students and employment prospects, then we will start to build that ethos back into the school, back into the careers advisers, with much greater awareness of the options.

**Mr Balzary**—It has to be based on some understanding of the regional labour market and availability, again linked to demand, and that is not going through to the school system at all.

**Mr BARRESI**—But to some extent that is also a difficult task to perform from another aspect. Over the weekend I met up with friends of mine who were senior lecturers at university. They were appalled at the level of students coming through into first year of university whom they felt had been spoon-fed throughout their secondary schooling in



order to get those grades. The schools are doing this in order to have a good image within the community of having high pass rates. So there is a concentration on year 12, university, high grades, and an attitude of not worrying about anything else such as teaching the kids to be resourceful, to think for themselves, to be independent or to think about other careers. Until you are able to break down that evaluation of schools as being the feeder into university, you will find it hard to get programs such as pathways and job brokerage through the system.

**Mr Balzary**—We do not want to go back to the situation of the past where you had technical high schools. I do not think there is a strong level of support for that within the business community. But there is a desire to have much greater opportunities provided and not to have the whole of the secondary school system focused on the 30 per cent who are going into higher education. We do not want to cut off options. We do not want to stream people so that decisions are being made at year 9, year 10 and year 11 about where they will go post-school. Obviously people want to keep the broadest range of options available to them as they go through. But clearly we have to focus more actively on how we apply the resources to the 70 per cent who are not going on to higher education, rather than distorting the whole system for the 30 per cent.

**Mr PYNE**—I think it is true to say that there is a cultural problem, which has existed for some time, between employers and young people. On the employers' side it has been easier for them to say, 'Oh, young people today have got a different attitude, they don't have the right work ethic and don't really want to work.' That in many ways is an easier cop-out than trying to find young people who do want to do the things that employers want. On the young person's side it has been easy to say, 'It's too hard to do apprenticeships and traineeships. My parents want me to go to university, so I will distort my own choices by doing things that other people want me to do.' That cultural problem has been very prevalent. Have you seen any evidence of that having started to alter in the past 12 months, or do you expect it to alter in the next two or three years?

**Mr Paterson**—I get a sense that whenever things are tough, people look around and blame their experience on other people. I think the perception that people coming out of school are not properly prepared for the world of work is in part perception and in part reality. The perceptions that people hold become their reality in many respects. I think that it is a distorted picture of our young people to say that they are not prepared for the world of work. I think that the vast majority are. But it is when dealing with these things at the margin that people gain those perceptions. I think, broadly speaking, the majority of people coming out of schools now are as well prepared for the world of work as they have traditionally been.

There is a group of people who may be demonstrating a lack of understanding of the work ethic or a lack of commitment to that ethic, in part because of their own experiences and those of their families. I think that there are groups of people within our community who, unfortunately, are living within households where one or both of their

parents are unable to obtain employment. That can distort the perceptions of those young people and can feed through into communities. I still have a very positive view that the vast majority are well prepared for the world of work, are committed to the work ethic, and that it involves a group of particularly disadvantaged people who may be falling through the cracks.

We all reflect on our past but I am glad that I was competing with the cohort that existed when I left school and that I am not competing with the present cohort. I think I did better than I would now against the current cohort. Standards increase year by year and we continue to have higher and higher expectations. That may well distort some people's views.

**Mr Balzary**—It is also interesting to see what employers want and the attributes that they constantly have in mind about somebody they want to employ. We have undertaken a study entitled 'Report of the Consultation on the Possible Extension of New Apprenticeship and Traineeships into Schools.' I thought committee members would like to see an executive summary of that study. We commissioned this with the Business Council, and it involves about 90 employers talking about new apprenticeships within the schools system. Page 5 of the summary deals with anticipated attributes from an employer's point of view and they come back to the same old things that have been going the rounds for years. It was interesting talking to people in the school system as to how they felt these attributes matched what they were doing. The same things come up time and time again. I refer to reliability, punctuality, work motivation, being committed, basic levels of literacy, and basic numeracy skills. That at the end of the day is a good list to reflect about what employers want.

**CHAIR**—Let us go back to what Mark said a few minutes ago, which I will seek to paraphrase. You implied that schools are preparing students for and heading them towards careers which may not exist. In other words, if you picked X as a career, we are over-supplying by 50 per cent and career Y is under-supplied by 50 per cent. How in the holy hell can you expect the education system to know what jobs you have available or are going to have available when in fact the majority of industries, which make up your organisation and others that call themselves peak bodies, make no concerted, systematic effort to either obtain such data or to disseminate it?

**Mr Paterson**—I am suggesting that there needs to be a broader understanding of the directions in which the labour market is going. I am informed by discussions with a great range of people, but I recall a discussion with one of my fellow ANTA board members, Stella Axarlis, who runs an engineering business in Victoria. It is a world-class engineering business supplying the automotive industry in Australia and competing in world markets. Stella will advertise for an accountant and get 70 applications, and advertise for a sheet metal worker and get one. We are in some respects trying to force a credential creep—trying to push everybody to a higher and higher credential outcome, which takes away from the traditional trades.

**CHAIR**—That is a different issue, which I will come to in a moment. Why don't you and your fellow peak bodies and your industry groups within your peak body have forecasting information about careers in which there is either access or skills deficits and make that information available? The hospitality industry has told us in writing that it has at the moment a skills deficit nationally of 1,000 chefs and 5,000 cooks. But I bet you cannot tell me how many sheet metal workers, how many mechanics, how many boilermakers, how many fitters and turners, how many refrigeration mechanics are needed and where they are or will be needed.

**Mr DARGAVEL**—Perhaps the MTIA could tell you.

**Mr Paterson**—Well, certainly we can't. The simple answer as to why we can't is resources. We work on a limited resource base and we have to cut our cloth based on the level of resources we have available. We simply do not have the resources to enable us to do it.

**CHAIR**—So you will not be upset if we recommend that you should?

**Mr Paterson**—You can recommend anything you like if you are prepared to provide the resources. We are voluntary organisations which are reliant on the ongoing commitment of the business community for us to continue our activities. Within the resources that we have available to us the sort of exercise that you talk about is beyond our current capacity.

**Mr Balzary**—But I think you could find in terms of some of the DEETYA information on some of the skills shortages and skills shortage lists that a range of sheet metal workers and so on is on those lists. One of the biggest challenges is how to get that information into the schools.

**Mr Paterson**—We have facilitated a project on skills shortages in northern Australia and northern Australia extends all the way down the west coast. So it covers Queensland, Northern Territory and Western Australia. I am hopeful that we will have the output of that process in the next couple of weeks, which is focusing particularly on the skills shortage needs in that area. But that project has been facilitated by some external resources.

**CHAIR**—The second thing, which you started to touch upon a moment or two ago, is that we are told by school students right across Australia: 'Our parents and our teachers tell us that it is either (a) university or (b) the dole, and the school tells us how to fill out the dole form.'

What can industry do in such a situation? Surely industry has some responsibility in this regard to do a better job in a generic sense, in an advertising sense and in a marketing sense in telling Australians: 'Look, everybody in Australia is not going to

university and everybody is not going to graduate from university or get a higher degree at TAFE. The majority of Australians will find a satisfying career in industry that may involve working with their hands or may only involve working with their minds, and here are some of the great things.' We have heard stories about the teacher who stands up and says, 'If you don't study hard and go to university, you are condemned to work on a factory floor and get your hands dirty. Ugh, you wouldn't want to do that.' Or the teacher who says, 'If you don't study hard and get to university, you will wind up in an abattoir. Here is a picture of one—isn't that horrible!' But they don't tell them they might earn \$1,000 a week.

Surely industry has some responsibility in this regard to start telling Australians that when we change the paradigm from 30 per cent of kids staying on to year 12 to 80 per cent staying on to year 12 over a fairly short time span, we forgot to tell them we still have a huge raft of jobs outside of university qualifications.

**Mr Paterson**—I think the reason that business organisations like ours have been clamouring for change both in the education sector and in the VET sector is that there is a recognition that that message needs to be got across. The reason we know that the school system is reasonably closed is that we have been trying to get into it to change the way it operates. We don't speculate about this. We are talking about trying to involve industry in the way schools deliver the programs, to get industry more actively involved in the VET programs that go on, and to have more rigorous programs in relation to vocational placement and work placement.

Industry is taking a significant level of responsibility and certainly sharing its part of the burden in getting the message across. That is not to say it cannot do more and it is not to say it cannot do better. There is a group called the National Industry Education Forum, for which I act as convenor, and I am sure you are aware of its work. That involves people putting their money where their mouth is and trying to build the linkages between the education system and the world of work. It has had a significant focus on the development and implementation of the key competencies identified by the Finn Committee, and in trying to see them implemented within the school curriculum, actively assessed and separately reported on.

We haven't been as successful as we would have liked in achieving all of those outcomes, but we continue to press the school system for external and consistent reporting on the achievement of the key competencies. If you reflect back on what the key competencies identified and look at the report to which Steve referred earlier, you will see that reliability and punctuality, characteristics together with the key competencies, are what employers are looking for. The school system says, 'Well, we don't need to change what we are doing because it is embedded within the system.' And then you travel around the country and are told that kids are not prepared for the world of work. Much greater attention should be given—and maybe this committee can actively pursue it—to ensuring that the key competencies are incorporated within the curriculum at school, are actively

reported on, and are separately reported on. It is an issue where the business community has looked at those key competencies and said, 'Yes, they are the characteristics, the key competencies that we expect every graduate of year 12 to hold.' If you link those in with the sorts of outcomes of this project, I think you see a clear picture of what employers are saying they want from the school system. It is the unwillingness of the school system to actively report and assist people in the key competencies that is holding it back. Those key competencies—to take them off the top of my head—were literacy, numeracy, problem-solving, understanding technology and a couple of others.

**Mr Balzary**—If I may mention something following up the point made by the Chairman on industry-school links, at one of our own internal employment, education and training forums we talked about how to encourage kids to take up occupations. In two instances in two different states an employer went to a school, talked about careers and place of work, and as they were walking out the teacher was saying, 'Don't worry about that, you have got to go to university otherwise you will be in that dead end job.' The concept of good jobs and bad jobs is still around. That seems to be the major challenge for a number of our industries, but it is also about how work is. The changing nature of the workplace may mean that a person will have two, perhaps three jobs rather than one. That again is a major challenge in terms of the traditional system.

**CHAIR**—If it gives you any sense of hope and help, let me say that of all the kids we talked to only one kid in one state stood up and said, 'I shouldn't have to take a job where I get my hands dirty.' All the rest seemed prepared to look at options. We met mixed groups of kids. We had the odd group where the majority were going to university; we had the odd group where the majority were going to have traineeships, apprenticeships or were going to TAFE or wherever, or just wanted to get jobs. Sometimes the situation was fifty-fifty. But one kid out of several hundred said he did not want to take a job that would make his hands dirty. The majority seemed prepared to do whatever. A clear majority had part-time jobs, working in McDonald's, Woollies, Coles, Myers or whatever and were prepared to do the hard yards.

**Mr Balzary**—But that may not be transitional. It may mean that they have two part-time jobs through their working career. At the moment it is viewed as a transitional issue; it may go a lot longer.

**CHAIR**—Yes, I think we all understand that.

**Mr DARGAVEL**—My question relates substantively to youth employment, which is very much influenced by the general aggregate figure of unemployment or employment. There are now more unemployed people than there were 12 months ago. What is the cause of that? Is it a bad economy? Is it, in your view, a good economy? Is it a bad social mix, or what is the cause?

**Mr Paterson**—Put in its broadest terms, it is the lack of GDP growth. We need 3

per cent to 3.5 per cent GDP growth across the economy to sustain the employment base that we have at present. We have seen it fall short of that expected level of growth. Our expectation is that the Budget estimate of 3.7 per cent GDP growth in the coming 12 months is a realistic assessment. In fact, if all indications that we presently have go according to plan, then hopefully the level of GDP growth over that time will exceed the Budget estimate.

**Mr DARGAVEL**—Do you think we should be doing better?

**Mr Paterson**—Everybody would like to do better. The people we represent certainly would like to have much greater levels of both business and consumer confidence in the marketplace. I think that businesses are adjusting to working in a low inflation environment. We are still going through that process of being in an internationally competitive environment and working in a low inflation environment. We have still got very high levels of real interest rates. Whilst we may have the lowest levels of mortgage interest rates for 20 or 25 years, we have still got high levels of real interest rates—some of the highest in the world. Our real interest rate level—that is, the gap between inflation and what is actually charged in the marketplace—is higher than in places such as Italy and the like. We have to get that real level of interest rate down—not just the headline rate that we all read and hear about. And we need to get economic growth higher than is presently available to us. It is the lack of growth in the marketplace that has constrained our capacity to employ. We are hopeful that in the 12 months to come we will see that situation turn around.

**CHAIR**—Thank you both very much. We appreciate your coming back to see us for the second time. You were the first to talk to us, you are almost the last and we certainly value your input.

Resolved (on motion by Mr Pyne):

That the committee receive as evidence and include in its records as an exhibit for the inquiry into youth employment a document received from the ACCI entitled ‘Report of the Consultation on the Possible Extension of New Apprenticeship and Traineeships into Schools.’

Resolved (on motion by Mr Pyne):

That the committee authorise the publication of the evidence given before it at public hearings this day, including publication on the electronic database of the proof transcript.

**Committee adjourned at 10.10 a.m.**