



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
REFERENCES COMMITTEE

**Reference: Current and future skills needs**

WEDNESDAY, 9 APRIL 2003

PORT AUGUSTA

BY AUTHORITY OF THE SENATE

## **INTERNET**

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to: **<http://search.aph.gov.au>**

**SENATE**  
**EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION**  
**REFERENCES COMMITTEE**

**Wednesday, 9 April 2003**

**Members:** Senator George Campbell (*Chair*), Senator Tierney (*Deputy Chair*), Senators Barnett, Carr, Crossin and Stott Despoja.

**Participating members:** Senators Abetz, Boswell, Buckland, Chapman, Cherry, Collins, Coonan, Denman, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Forshaw, Harradine, Harris, Hutchins, Johnston, Knowles, Lees, Lightfoot, Ludwig, Mason, McGauran, McLucas, Murphy, Nettle, Payne, Santoro, Sherry, Stephens, Watson and Webber.

**Senators in attendance:** Senators Buckland, George Campbell, Crossin, Stephens and Tierney.

**Terms of reference for the inquiry:**

To inquire into and report on:

- a) areas of skills shortage and labour demand in different areas and locations, with particular emphasis on projecting future skills requirements;
- b) the effectiveness of current Commonwealth, state and territory education, training and employment policies, and programs and mechanisms for meeting current and future skills needs, and any recommended improvements;
- c) the effectiveness of industry strategies to meet current and emerging skill needs;
- d) the performance and capacity of Job Network to match skills availability with labour-market needs on a regional basis and the need for improvements;
- e) strategies to anticipate the vocational education and training needs flowing from industry restructuring and redundancies, and any recommended improvements; and
- f) consultation arrangements with industry, unions and the community on labour-market trends and skills demand in particular, and any recommended appropriate changes.

**WITNESSES**

**ANDREW, Mr Gary, Executive Officer, IICF..... 342**

**CURRY, Mr Ian, National Project Officer, Australian Manufacturing Workers Union ..... 342**

**EASTICK, Mr Andrew Bruce, Chief Executive Officer, Northern Regional Development Board;  
and Secretary, Upper Spencer Gulf Common Purpose Group ..... 328**

**FETHERSTONHAUGH, Mr Michael John, Business Adviser, Port Pirie Regional Development  
Board ..... 328**

**WILSON, Mr Ronald Gilbert, Chief Executive Officer, Whyalla Economic Development Board..... 328**

**Committee met at 10.44 a.m.**

**CHAIR**—I declare open this public hearing of the Senate Employment, Workplace Relations and Education References Committee. We are pleased to be in Port Augusta, at the apex of the Upper Spencer Gulf, in a region where skills shortages are being experienced.

On 23 October 2002, the Senate referred an inquiry into current and future skills needs to the Employment, Workplace Relations and Education References Committee. We know that knowledge and skills are the key to a secure and prosperous future for individuals, communities and the nation as a whole, and yet there are concerns about the level of public and private investment in the development of our skills base and about the proportion of highly skilled full-time jobs being created, particularly in some regional areas. Questions have also been raised about whether current training policies and programs, and our broader framework of post-secondary education and training, adequately support the development of a high skills base and a culture and practice of life-long learning.

Unemployment remains unacceptably high, particularly in some regions and communities, yet many employers claim to have difficulty in recruiting appropriately skilled people. At the same time, there are many examples of training providers, employers and communities exploring innovative approaches to identifying and meeting their current and future skills needs. The committee would like to learn about not only any problems with current policies and programs and how they could be overcome but also how we can learn from these successful models.

The committee has also identified some more specific concerns, including: strategies to project future skills needs and to address current and future skill needs; the effectiveness of current training incentives and training policies and programs in building a genuine skills base supporting a flexible labour market; the capacity of Job Network and other parts of the employment system to match skills availability with labour market needs, particularly on a regional basis; and the adequacy of current consultation arrangements. The committee looks forward to consulting a wide range of industry representatives, VET and other training providers, and representatives from governments, unions and communities.

Before we commence taking evidence today, I wish to state for the record that all witnesses appearing before the committee are protected by parliamentary privilege with respect to the evidence provided. Parliamentary privilege refers to special rights and immunities attached to the parliament, its members and others necessary for the discharge of the parliamentary functions without obstruction and fear of prosecution. Any act by any person which operates to the disadvantage of a witness on account of evidence given before the Senate or any of its committees will be treated as a breach of privilege. I welcome any observers to this public hearing.

[10.46 a.m.]

**EASTICK, Mr Andrew Bruce, Chief Executive Officer, Northern Regional Development Board; and Secretary, Upper Spencer Gulf Common Purpose Group**

**FETHERSTONHAUGH, Mr Michael John, Business Adviser, Port Pirie Regional Development Board**

**WILSON, Mr Ronald Gilbert, Chief Executive Officer, Whyalla Economic Development Board**

**CHAIR**—I welcome our first witnesses representing the Upper Spencer Gulf Common Purpose Group. Is there anything you wish to add to the capacity in which you are appearing?

**Mr Fetherstonhaugh**—I am representing our executive manager, who is not able to be here today.

**CHAIR**—Mr Burt, from the Northern Regional Development Board, is also here as moral support to Mr Eastick. The committee prefers all evidence to be given in public, although the committee will also consider any request for all or part of the evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. The committee has before it a written submission from the group. Do you wish to make any changes to it?

**Mr Eastick**—No.

**CHAIR**—I now invite you to make a brief opening statement.

**Mr Eastick**—The statement is a paraphrase of the submission you received. On behalf of the Upper Spencer Gulf Common Purpose Group, I am pleased to welcome the committee to the Upper Spencer Gulf and to Port Augusta. The Upper Spencer Gulf Common Purpose Group is an incorporated association that was established in early 1999 as a vehicle to facilitate cooperation between the cities of Port Augusta, Whyalla and Port Pirie in their individual efforts to improve the economy of the region following substantial industry restructuring. It is important in giving this submission before the committee that I acknowledge the valuable contribution of your committee member, Senator Geoff Buckland, during the formative period of the Upper Spencer Gulf Common Purpose Group. Senator Buckland was a member of the common purpose group prior to his ascent to high national office.

The common purpose group's vision for its region is:

... a region which is economically and socially strong, in which population numbers are stable, household incomes are rising, unemployment is at or below the State average and new internationally competitive industries are thriving.

The mission of the common purpose group is:

... to identify, develop and implement strategies that will achieve a sustained turnaround in the Upper Spencer Gulf economy by 2010.

The key objectives and strategies of the common purpose group fall under four broad headings: differentiation, competitiveness, diversification and government commitment. Under competitiveness, the strategy to develop targeted education and training to meet industry needs aims to make the best use of the training and education sector in the region to increase the capacity of the work force. The Upper Spencer Gulf has a proud heritage of resource processing and engineering. The regional development boards in regions that are associated with each of the key cities are key components of the work of the common purpose group.

At Port Pirie, the Pasminco lead smelter has operated for more than 100 years. It directly employs 800 people and supports a number of supplier businesses employing a further 400 people. At Port Augusta, the northern power stations, starting with the Playford A back in the early fifties, have generated a significant proportion of the state's base load electricity requirements. The city's work force played a major role in the operation of the former Commonwealth Railways. EDI Rail, whose facilities I understand you inspected this morning, and Transfield continue the city's traditional role in railway. In Whyalla, the OneSteel—formerly BHP—blast furnaces have been producing steel for 40 years. In the past, before that period, Whyalla also turned their iron ore into ships. At Roxby Downs, 250 kilometres north of Port Augusta, the Olympic Dam mine and processing plant produces copper, uranium, gold and silver, exploiting an ore deposit with the potential for a threefold increase in production, which is projected over the next decade, yet it still has a projected life exceeding 100 years.

The region's work force essentially falls into three categories: the permanent work force of the major resource processing and engineering businesses, including the supplier businesses; the work force employed in all other industry areas that support the city and its communities—that is, the general work force; and the work force that comes into the region from time to time to undertake major works. At this current period of time, the work force in the Upper Spencer Gulf is a good example of that third category. At present, the Playford B power station is undergoing a major refurbishment with the expenditure of \$120 million over an 18-month period. In excess of 400 people are currently employed on the refurbishment. The bulk of those people have come from outside the region.

At present, major plant development works are taking place at the Olympic Dam processing plant with the expenditure of \$420 million over a two and a half year period. In excess of 400 people are currently employed on the plant development. That activity is essentially taking place in the desert of South Australia, and all of those people have come from other areas. In August 2003, OneSteel will commence refurbishment of its Whyalla blast furnace with the expenditure of \$80 million and the employment of hundreds of people over a 12-month period. Much of the work force required for these relatively short-term projects needs to be highly skilled. As evidenced by the current situation, the people who undertake this work are sourced from all over Australia. The current challenge is to find suitable accommodation for these people during the time they are in the region.

Considering the other two categories—the permanent work force of the major resource processing and engineering businesses, and the work force employed in all other industry areas in the cities—against the committee's terms of reference—

**CHAIR**—Can I just cut you off there. We have this in writing in your submission, and we want to spend some time questioning you. So we might leave your opening statement there.

**Mr Eastick**—I am concerned that senators have not have a chance to read the document yet, because it was only tabled this morning.

**CHAIR**—We will read through it as we are going. I have already marked a number of spots. Given the praise that you have given to Senator Buckland, I might give the opening gambit to him.

**Senator BUCKLAND**—And this is not even get-even time. Could you explain, from each of your regions like Whyalla, Port Augusta and Port Pirie, the effectiveness of industry strategies to meet the current emerging needs? You were about to get to that in your opening statement. Is industry in the area effective in recruiting and maintaining skills? Where are they finding the deficiencies in the pool of skills they can draw upon?

**Mr Eastick**—In terms of the general work force in Port Augusta—and I would lump Roxby Downs into that; that is part of my region of the state—there are no major problems, but there are incidental problems. There is a question of marketing employment opportunities in those major industries. They are industries that have had a downturn over a decade. Whether the community is sufficiently aware of the fact that there are still opportunities for skilled employment in those industries is an issue that needs addressing. It is certainly an issue that we address. In terms of the types of projects that I talked about before that are taking place at Playford B and Olympic Dam at the moment, there is no way that the region can provide the skills required. They are jobs that are, by nature, short term and infrequent. As a consequence, recruitment for those types of roles will, by necessity, have to be done as and when the work needs to be done—infrequently—and done all over Australia.

**Mr Wilson**—Whyalla industries, particularly the heavy engineering industry, are finding it very difficult to attract young people who have the right attitude to undertake apprenticeships. Over the last three weeks, 14 companies employing a total of 400 staff were interviewed; they have immediate vacancies for 17 apprenticeships and 20 skilled tradesmen.

At the Whyalla Economic Development Board, we have just received funding of \$190,000 to undertake a youth employment program. That program is a team effort between the Spencer Institute of TAFE at Whyalla, the local Eyre high school, the Whyalla Economic Development Board and industry captains. The program consists of a 12-month course. Semester 1, which takes six months, will be done at the Eyre high school, where literacy, numeracy and communication skills will be undertaken. Then an intensive six months will be done at Whyalla TAFE College—and that, in fact, will be equivalent to a first year apprenticeship. We hope that at the end of the 12-month period the 31 youths, all unemployed up until February this year, will be more attractive to local engineering companies when offering their apprenticeships.

As you will know, the town has suffered since 1978, when the shipyards were closed. At that time the town had a population of 35,000; it is now down to 21,000. We are still losing 1.1 persons per day. We hope that over the next three years we can turn that around. We certainly have a shortage of skilled workers in the town. For example, some tradesmen at OneSteel come from Port Augusta every day. We would like to see more Whyalla young people working in the heavy engineering industry.

But industry captains tell me that they are having trouble finding the right young people with the right attitude. We hope that this program will be a success this year—that we can at least get 90 per cent of these youths employed at the end of the year or early next year—and that we can get repeat funding from the state government Office of Employment to run the same course next year.

**Senator BUCKLAND**—Just a few weeks ago I was talking to one of the major employers in Whyalla, and they echoed very much what you are saying. Mr Fetherstonhaugh, you may also experience this in Port Pirie. They said that young people coming out of school do not have sufficient literacy and numeracy skills to enter the work force and that a lot of their time in pre-voc education is taken up with trying to bring them up to speed in literacy and numeracy. I do not know whether that in any way translates across to Port Pirie.

**Mr Fetherstonhaugh**—In Port Pirie, the Job Pathways Program seems just now to be coming into its own and is being utilised. But, getting back to your other question about industry utilising the different programs that are out there, I do not think they are. There are two different reasons for that in Port Pirie. One is that, with Pasminco going into administration, we have obviously had a real period of uncertainty. That has put a real blanket of uncertainty over the town. People are not sure where their future is, and so they have not been able to employ people and they certainly have not been confident enough to put on apprentices, and that has had an impact on our young people. But now, since Pasminco has found its own ground and is even talking about being put back on the stock market, Port Pirie is much more positive and people are starting to talk about apprenticeships for these young people.

Going back to what you and Ron were talking about, there is a real feeling that people coming out of school do not have the skills, capacity or attitude to go into training. Everyone now seems to want new staff who are ready to go. They want full production straightaway. They are a little concerned about the level at which the students are coming out of some of our schools.

**Senator BUCKLAND**—Are the group apprenticeship schemes, where the apprentice is transferred between sites, being picked up by many employers?

**Mr Fetherstonhaugh**—It is something that they are just starting to grasp. Because a lot of the industry is a bit traditional they feel that, if they put on an apprentice, they need to have them there for their whole term. It is something that has taken a while to grasp. A few in our regional area have taken it up. But in our regional area, certainly over the last couple of years, it has been quite positive. Even in this last year with the drought, the drought affected region in the Port Pirie area was only marginal country anyway and, because the year before was a boom year, the drought has not really affected those areas. We have had exceptional growth in our rural businesses, such as those selling and servicing machinery, and in our rural engineering businesses, such as those making farming equipment. For instance, one business has put on six apprentices in the last year—yet the whole of Pasminco, with 800 employees, does not have one apprentice. So it comes down to the positiveness of the community at the time.

**Senator BUCKLAND**—I think this applies to Whyalla and Port Pirie, and it certainly applies to the power stations here: for maintenance work during shutdowns, do labour hire firms get the bulk of their tradespeople locally or do they source them from out of town?

**Mr Wilson**—They are sourced from out of town. I will give you an example. United KG are doing a three-year contract for OneSteel. They have had to employ nine skilled tradesmen from out of town to do this one contract—five from Adelaide, three from Melbourne and one from Port Pirie. The industry is also concerned about the ageing tradesmen, and so they are very concerned about young apprentices coming through in the next five years.

**Mr Eastick**—You might have had an indication from EDI Rail when you had your inspection this morning that in Port Augusta at the moment there is significant concern about the mobility of staff. The Alstrom company, which is the contractor for the refurbishment of the Playford B power station, is leading the march in terms of salary and conditions. As a consequence, the other companies in the region that have work are having to compete with that. Having said that, Alstrom is sourcing the overwhelming majority of its staff from outside the region. The biggest problem in Port Augusta in dealing with that situation at the moment is not the labour market situation, it is finding accommodation for people who have come to work at the site.

**Mr Fetherstonhaugh**—That is also the problem in Port Pirie. Our accommodation is now under pressure when there is a shutdown because there are so many tradesmen coming from outside the region. It is seen as an opportunity, but the standard of a lot of our accommodation has come down, because they are now targeting the contractors coming to town for these major shutdowns. Ten years ago that was not an issue at all. But they are certainly searching out those skills to bring into the area for those periods of time.

**Senator BUCKLAND**—I guess Whyalla will see that with the blast furnace reline, with some 400 people coming—the bulk coming from out of town, as I understand it.

**Mr Wilson**—Yes, and that is only for a two-month period in July-August next year. Although they are into a program, as Andrew mentioned earlier, they are already ordering equipment and new plant from overseas, particularly the Netherlands. But the 400 on site will be there for only two months in July-August next year and, as you say, most of them will come from out of town.

**Senator BUCKLAND**—How much of a role does the Job Network in the area play in trying to accommodate the needs of industry?

**Mr Wilson**—It is helpful, but it could be more helpful. More communication is needed between industry, the schools, parents and the TAFE college. It needs some leadership, and I think we have shown that this year with this pre-industry course that we are running. WEDB is driving that. It is proving very successful, and there is terrific cooperation between all the stakeholders. That is why I am keen to have it repeated next year.

**Mr Eastick**—From our perspective, the Job Network is more effective than the Commonwealth Employment Service that it replaced. But, on the point that Ron is making, I do not believe that they play a role in the labour market in the sense of marketing. I do not think the Job Network providers, by their very nature and the way that they are made up, play a role in providing community leadership in understanding the changes taking place in the labour market in a particular region. The biggest test for a lot of us is getting the communities to understand that the labour market is different from the time when, essentially, fathers were involved in trades 20 or 25 years ago.

**Senator CROSSIN**—Should the Job Network play a more proactive role? For example, should they be part of your common purpose group? Should the confines around the Job Network's operations be more flexible so that they can respond to regional requests rather than being bound by a national policy, or should it be a bit of both?

**Mr Eastick**—It is not a matter of being bound by national policy. I do not think they see it as their role at all, to be quite frank. There may be some exceptions, but in our experience the Job Network providers in our region—and I am talking about the providers rather than the system—do not play a major role in local intelligence as to the labour market. When fundamental structural changes are taking place in a labour market, as has occurred in this region over a decade, it is hard to identify who has taken the responsibility for ensuring that the community is well informed about the changes that are taking place in the region.

**Senator CROSSIN**—Does the area consultative committee play a role in bridging that information between your group and, say, the Job Network?

**Mr Eastick**—Absolutely not.

**Mr Wilson**—One of the problems that we have is the slowness with which Commonwealth government departments in this region make decisions. An example is where we wanted funding for a tourism development officer. It took five months for the Commonwealth government to come back to us through the ACC and say no. We had to then pick up very quickly and arrange a shareholding of funds for that position with the Whyalla City Council, the Whyalla Economic Development Board and the South Australian Tourism Commission to get the funding together for that project. That is one example; there are others.

**Mr Eastick**—I refer you to my response to (b) of your references, where I made particular comment about the flexibility of the Commonwealth government system and the multitiered approach of assessment and approval for Regional Assistance Program applications, for example. I know that I am going into an area that Senator Buckland has dear to his heart. The level of inflexibility is extremely frustrating, it is extremely slow, and we anticipate that the Commonwealth government's long awaited review of regional assistance programs will lead to improvement.

**Senator TIERNEY**—We were at EDI this morning, and they mentioned that there was work they could have picked up later this year on contracts but they are not doing it because they cannot get the skilled labour. Are there any other examples around the top of the gulf where you are losing contracts because you do not have the skilled labour with the particular skills set that is needed here?

**Mr Wilson**—I have a senior manager coming down from the Challenger goldmine in north-west South Australia tomorrow for one-to-one meetings with our industry engineering captains to have a look at their operations and resources. One of my concerns is the shortage of resources they have, particularly in boiler making and the mechanical and electrical trades. But companies in Whyalla have to look outside of their cosy relationship with OneSteel to sustain growth. They are saying that they want to do that, but they are being hampered by the shortage of skilled people in their companies.

**Mr Fetherstonhaugh**—Sometimes it is not just a matter of losing a contract. I am working with a couple of businesses at the moment which are concerned about tendering, because they wonder, ‘What do we do if we win it and we have to find these people at such short notice?’ So people are a little nervous and anxious about tendering for some of these contracts.

**Mr Eastick**—From the Upper Spencer Gulf Common Purpose Group’s perspective, under our competitive objectives of developing and supporting industry clusters, we do have a resource engineering cluster operating in the region. It is called global maintenance USG. It aims to get companies to work together in order to satisfy contract requirements where, individually, they may not be able to do so for the very reason that you suggest—that at a particular time they might be fully engaged in another project.

Part of the strategy of the region is to get companies to work more collaboratively together so that they can share work. An example of that that you would have seen today with EDI Rail is that they are working very closely with SJ Cheesman at Port Pirie as part of their rail contract in relation to the wagons for Darwin. They are also working with a company in Adelaide called Allied Engineering. Some of the programs that we have been running have helped fund each of those companies to install data systems whereby they can share three dimensional drawings between the three work sites. Yesterday, we had a meeting that approved the funding for Allied Engineering to be assisted to have that equipment available to them so that they could collaborate with the two other companies.

**Senator TIERNEY**—Yesterday the committee was in the Rockingham-Kwinnana region south of Perth. We were out at Alcoa. Alcoa had a program where they were training apprentices not only for themselves but more broadly for the industry. There was a pool of boilermakers and other basic trades. As a matter of fact, they had a policy of not employing these people directly. They wanted them to go out and get other experience. Does OneSteel—that would be a good example because BHP, the former owners of OneSteel, do a lot of trade training—or any other large companies do anything in relation to creating a pool of people who have trade qualifications so that there is a pool that can be picked up by these various contracts as they come and go through the region?

**Mr Wilson**—Perhaps I could respond in reference to OneSteel. Only a few years ago, OneSteel were recruiting over 200 apprentices a year. They are now down to about 21 apprentices a year. This year, they had to recruit nine of those from Port Augusta because they could not get the right young person out of Whyalla.

**Senator TIERNEY**—Do you mean out of the youth that were available to do that sort of work?

**Mr Wilson**—Yes.

**Senator TIERNEY**—The people were not even applying to do it?

**Mr Wilson**—They were not even applying, yet we have 25 per cent unemployment in the 15- to 24-year-old age bracket in Whyalla.

**Senator TIERNEY**—What is the general unemployment rate in the upper gulf area?

**Mr Eastick**—It varies across the cities. Port Pirie would currently be probably nine to 9½ per cent; Port Augusta is a bit higher.

**Mr Fetherstonhaugh**—Yes, I would say Port Pirie is closer to 10.

**Mr Eastick**—Port Augusta is about eight and a bit at the moment; Whyalla, I think, is about 13 per cent.

**Senator TIERNEY**—There are two prongs to what you have just said. In terms of OneSteel, after a shaky start as a company, they are doing incredibly well now. Their profits are particularly good, so it has a reasonable future at the moment. I am just intrigued as to why they would be cutting back to that extent?

**Mr Eastick**—I think there is a very good explanation to that. Most of those companies have gone through major restructuring. In the case of Pasminco, they have actually gone through administration. The first thing that would happen in those situations is that they would cut back on recruitment.

**Senator TIERNEY**—Rather than put people off.

**Mr Eastick**—That is right; that has been in a period when they have been downsizing their work forces through technology as well. There is another situation at Olympic Dam. WMC resources have a significant number of contractors that work on site on the processing site. The hierarchy that works there is that people are generally recruited by the contractors and the best of the people are then taken by WMC resources as being a permanent work force.

It is something that contractors probably do not like, but they understand it is all part of the pecking order and, as a consequence, that is essentially the way of life. In that case, we are talking about a regional town of 4,000 people, which is just over a decade old. So there is not, in that case, a tradition of young people coming through and going into apprenticeships in WMC Resources because it is a very young environment. The mean age of the Roxby Downs community is 28, which is the lowest in Australia for any community by postcode.

**Mr Wilson**—They have a very transient population. Over 20 per cent are continuously on the move. OneSteel is very supportive of the pre-industry training course that we have undertaken in Whyalla this year. We have taken all 31 people down to give them some form of basic occupational health and safety training. They have been very supportive of the program.

**Senator TIERNEY**—In that pre-trade training, is there any focus on other soft skills, such as bringing up their English and maths levels so they would be more equipped to handle a trades course?

**Mr Wilson**—Yes, as I mentioned earlier, there has been an undertaking in the first six months of this year at the local high school called John Edward Eyre High School. The focus there is on literacy, numeracy and communication skills for this semester. This is equivalent to the first semester of year 12, followed by the second semester at the local Spencer Institute of TAFE in Whyalla where they undertake six months intensive training. They are streamed, with 15 into mechanical and 15 into electrical, and it will be equivalent to a first year apprenticeship.

**Senator TIERNEY**—You also mentioned that, with 25 per cent youth unemployment, there seemed to be a reluctance to even try for some of these courses that could obviously lead to jobs. Why do you think that is the case in the Whyalla area?

**Mr Wilson**—We have a community which is into its second and third generation of unemployed. Young people go home at night and they are told by their parents, ‘You’ll never get a job; you’ll never do anything with your life.’ It is a sad indictment of this second and third generation of unemployed. They tend to say, ‘My father was on the dole; my grandfather was on the dole. Why should I get a job?’ We need to turn this around.

**Senator TIERNEY**—Are the schools undertaking programs to try to do that? Is there a strategy to try and counter that attitude that is coming out of the homes?

**Mr Wilson**—Yes. We had very good cooperation from the schools prior to commencing this course in February. They are aware that perhaps they have not been channelling some of these young people into the non-sexy boiler making trades in Whyalla rather than the university path. Of course, as we all know, we are not all geared to go on to university. There is definitely a stronger focus now and I think it will continue. We have to keep pushing hard on this issue to get the teachers at local high schools to have a mind-set that there are professions or jobs in Whyalla other than sending the kids to Adelaide to undertake university degrees.

**Senator TIERNEY**—Last week, the committee went to Gladstone, which, like this area, has a lot of big projects coming and going. As this problem is around the country, we are intrigued as to what the best strategies are to handle that. What happens here in terms of a transient skilled labour force? Where do the people come from to do the big projects here if they cannot find enough tradespeople in the upper gulf area?

**Mr Eastick**—The people at Alstrom do work all over Australia. They have probably done work in Gladstone. They have a work force that follows them around or their subcontractors have work forces that follow them around.

**Senator TIERNEY**—A significant number move around Australia wide—

**Mr Eastick**—Absolutely.

**Senator TIERNEY**—following the big projects.

**Mr Eastick**—I would make that as a strong comment. I believe that a key issue here—and it is an area which this community has to understand a lot more about; and I would focus inwardly rather than outwardly—is the mobility issue. To use Port Augusta and Roxby Downs as an example, we have people earning \$50,000 a year average taxable income at Roxby Downs with an unemployment rate of one per cent.

Port Augusta, until recently, was a town that was declining in its population—and that probably is not the issue—with an unemployment rate of about 12 per cent and an average taxable income of around \$28,000. There are 250 kilometres between the two locations. I have responsibility for the whole of northern South Australia, not just for Port Augusta, so I will be saying—and I do say—that we need to understand more about mobility and that we have to

have the ability and the ethos in the community to travel to where the jobs are. That may not necessarily be popular, but it is probably more honest than anything else.

**Senator TIERNEY**—Would a significant number do that? For example, if a job were 250 kilometres away, you could go and work for the week and come back for the weekend. There are all sorts of arrangements like that. Do a significant number do that?

**Mr Eastick**—It is four days on and four days off, with 12-hour shifts, at Roxby's Olympic Dam. A growing number of Port Augusta people work under that arrangement.

**Mr Wilson**—In my experience, this has been going on for at least 20 years. As the government coordinator on the \$1 billion Portland aluminium smelter in the eighties I know that we had the same problem recruiting skilled construction workers to undertake the construction of the two potlines at Portland. We had 2,500 people across 13 unions on that site during peak construction. The contractors had the same problem; they were recruiting people from north-west Western Australia to work on the Portland smelter. After the smelter became operational, they would then move on to other major projects around Australia.

**Mr Fetherstonhaugh**—I would like to comment that I think this is all closely related to why we cannot find people with these skills in our own areas. It is because the romance has gone out of the job, so to speak. When I first came to Port Pirie, 23-odd years ago, everyone seemed to have the goal of getting a job in the smelters; once they were there, they would be there for life. To get a good job, you needed to be a boilermaker or to have some sort of trade. But, because of the problems the industry has gone through with massive lay-offs a few years ago, there is now no job security in those areas. As you go through the education system now—and I know this from informal discussions I had with the school last year when my lad was in year 12 there—there literally is not anyone who wants to get involved in those trades because there is no job security or, if you do get a job there, you have to be mobile all the time. That is not their goal.

The kids of today seem to want to have a nice job. They do not want to work at McDonald's and they do not want to be a nurse because it is a dirty, late-hour job et cetera. When they are at school, they want these glamour jobs. One of these whirlwind jobs, where you have to transport yourself all over the state and maybe interstate to keep yourself and your family going, is not seen as being very romantic when you are coming through the education system.

**CHAIR**—Mr Wilson, can I come back to the statement you made very early on that you cannot get the right young people with the right attitude. This is not the first time we have heard that, but it concerns me that that is the sort of response that industry is making to the current crop of young people coming out of the school system. When we were up here about four years ago on the regional unemployment inquiry—and I think it was in Port Augusta, but it could have been Port Pirie—we were told about the very low retention rates of young people past year 10. Is that still a major problem in the school system?

**Mr Wilson**—It is improving. Kids are now going through to year 11 and sometimes to year 12, but it is still a problem at the high school level—certainly in Whyalla.

**CHAIR**—To what extent is VET in Schools operating in this region? How effectively is it operating? What relationships have been built with the local industry and the high schools to try and overcome some of these issues? We have seen around the place—in Gladstone and

Rockingham yesterday—some examples of good partnerships between industry and high schools. They are taking people through the VET system, they are taking them into their enterprises and they are training them. Kids are getting a feel for what it is like to work in industry and are pretty keen after the experience to actually go on and do an apprenticeship. It seems to be a key to overcoming some of this attitudinal problem that exists. To what extent is that happening in this region? If it is not happening, what are you doing to make it happen?

**Mr Eastick**—The common purpose group have just completed a commissioned work to examine this issue. We engaged a local HR consultant with an economist that we work with very closely in Adelaide to survey industry and to survey the education sector to determine the level of connections—real and perceived. Industry was pretty negative about their influence over the education sector. That was pretty universal.

**CHAIR**—What do you mean by negative?

**Mr Eastick**—Negative about their ability to influence the way the education sector operated to provide for their labour market needs. The education sector were of the very strong view that they had good links with business and industry, but when a series of questions was asked as part of the survey to demonstrate how that worked, it showed that it was more wishful thinking than anything else. It is a crucial issue. The common purpose group, as I said in my introduction, does see this as a priority area. It is an area that we have not dealt with until now. But in June we will be having a forum in the region, between industry and the education and training sector, to explore this issue before we determine what strategies to apply at a local level to overcome the problems that are certainly there.

**CHAIR**—Can that survey be made available to the committee?

**Mr Eastick**—Certainly.

**CHAIR**—Thank you. I find that a bit surprising, because there are a lot of good examples around the country where this is actually working. If industry and the education sector are not working effectively together, I am not surprised that you are getting young people coming out with the wrong attitudes towards employment and industry. What about Indigenous employment in the region?

**Mr Wilson**—In this pre-industry course that we started this year, we have two Indigenous youths.

**CHAIR**—Out of 31?

**Mr Wilson**—Out of 31, there are two local Whyalla Indigenous people.

**CHAIR**—How are they performing?

**Mr Wilson**—Quite well.

**Mr Eastick**—The Northern Regional Development Board, of which I am also the CEO, has been funded through DEWRE to employ an Indigenous employment facilitator, who is about halfway through an 18-month contract. We have also done an Indigenous employment strategy

for the region. That showed that in the past most Indigenous people in this region have been employed in the public sector, so there is a task to transfer that employability to the private sector, which seems less safe, less secure, for many Indigenous people. In achieving that, the critical issue for Indigenous people is their lack of effective networks with the business community. Statistics show that most jobs are actually obtained through personal networks—the overwhelming majority. The Indigenous people do not enjoy the opportunity to have, in the main, networks with the business community, and that is a severe impediment to being able to obtain employment, particularly in the private sector.

**CHAIR**—What relationship exists here, Mr Eastick, between the higher education system, the TAFE system and the school system? Is there a campus of one of the universities in this area?

**Mr Wilson**—Whyalla is the only campus outside of Adelaide of the University of South Australia.

**CHAIR**—And is there any relationship between those three elements of the education system?

**Mr Wilson**—I find I am working more closely with the TAFE college, particularly on the apprenticeship side. But the university is certainly very active in the nursing degrees, the IT sector and, to some extent, the engineering sector. But they are finding a reduced enrolment in engineering in the Whyalla campus and, as I understand it, they are closing that down—that will go back to Adelaide.

**CHAIR**—What recognition is there, Mr Wilson, between the skills that people pick up out of the school system and the TAFE system and the articulation of those skills and competencies into the higher education system? Is there any interrelationship there or is it a case of never the twain will meet?

**Mr Wilson**—There is interrelationship, but I think there is enormous room for improvement in the communication between all the stakeholders.

**CHAIR**—And is that one of the issues you intend to address at this conference in June?

**Mr Eastick**—It is. It is also an environment in which TAFE in South Australia, as you might be aware, is going through a major restructure. If you have time later today on this campus, you could go through engineering workshops that are basically now unused. The situation in Whyalla is actually significantly worse, where there are many workshops that have basically been mothballed. I am on the board of directors at the Spencer Institute of TAFE. A major restructure of the HR and the infrastructure of the institute is being undertaken at the moment because of that issue.

**Senator STEPHENS**—I want to pick up on some of the issues that you raised in your initial statement, gentlemen, particularly about the regional governance arrangements that seem to be in place. First of all, could you tell us what the status of your group is in terms of decision making, your influence and your networks with the Commonwealth government. You mentioned the ACC and the difficulty that you are having with some of the programs there. To

what extent is your work being taken seriously and being seen as part of the regional strategic planning for South Australia?

**Mr Eastick**—The Upper Spencer Gulf Common Purpose Group is an incorporated association. The make-up of it is: the mayors and the CEOs of the three cities; the CEOs of the regional development boards that are associated with those cities; Senator Buckland, representing the union movement; and representatives from the Whyalla University campus and the Spencer Institute of TAFE. It is quite significantly resourced by the South Australian government through what was the Department of Industry and Trade—now the Department of Business, Manufacturing and Trade. For example, the state government has just given the common purpose group, in addition to significant other funds, \$100,000 to conduct a study into the establishment an enterprise zone in the upper Spencer Gulf.

We work very closely with some federal government agencies—in particular Austrade, who were one of the early federal government agencies that came in and recognised the common purpose group. We have had an export officer for 3½ years for the Upper Spencer Gulf region. We have worked very closely with Invest Australia, who produced a document called *Making a case: investment potential in the Upper Spencer Gulf*. We meet regularly with Invest Australia staff on investment attraction initiatives. AusIndustry, as part of a national movement—I believe we were influential a couple of years ago in getting them to think about it—now have a field officer in the Upper Spencer Gulf who works out of my board's office in Port Augusta, just a short distance from here.

**Senator STEPHENS**—In terms of regional strategic planning, we have talked a lot this morning about it and we have seen the heavy metals industry. What kinds of planning about skills shortages or skills mapping is taking place in terms of the social and community services sector? I imagine that part of your planning to attract and retain people here would be to enhance the community aspects of the region. Do you have a strategy for those things? That is not mentioned in the submission.

**Mr Eastick**—No, it is not. Essentially, that is the province of the individual regional development boards. The working arrangement is that the common purpose group deals with the higher level issues across the region. As I said before, the common purpose group's mission is to identify, develop and implement strategies that will achieve a sustained turnaround of the whole of the region by 2010. As a consequence, our focus is on probably some of the higher end issues. Like the export officer position, part of our strategy is to get businesses export orientated. You might say that the region has been a big exporter—it has been an exporter of lead and steel, and now copper and uranium—but for a more mixed economy we do need to have other businesses in the region being export orientated. They are the types of things that are done at a whole-of-region level.

The individual regional development boards are well staffed. In South Australia the regional development boards would have an average staffing level of eight or nine. I certainly have 10 or 11 people on my staff just in Port Augusta for northern South Australia. Similarly, there are eight in Port Pirie and eight in Whyalla. We work at our own individual regional level, as well as contributing to the overall whole-of-region effort.

**Mr Fetherstonhaugh**—To give an example, just in case I do not have the opportunity later, I would like to table two documents: 'SAMAG Pre-Construction Training' and 'SAMAG—

Strategic Training and Recruitment Process 2001–2003’. Each board has its own employment strategies. These two documents are specific to the SAMAG project—the South Australian magnesium project in Port Pirie. The issue is that if this project goes ahead, which we are obviously hoping for, it will be a unique opportunity for us.

**Senator STEPHENS**—Are those documents part of what you have here—‘Developing targeted education and training to meet industry needs’—or is that a different document?

**Mr Fetherstonhaugh**—It is different. These are specific to the SAMAG project.

**Senator STEPHENS**—Are we able to get a copy of that strategy document?

**CHAIR**—Are they public documents?

**Mr Fetherstonhaugh**—No, they are not.

**CHAIR**—So you want to table them?

**Mr Fetherstonhaugh**—We would like to table them so that the Senate committee can view them later.

**CHAIR**—As it is agreed to table the documents, it is so ordered.

**Mr Eastick**—I think the critical issue is that it is very important to understand the role of the common purpose group vis-a-vis the role of the individual regional development boards. The individual regional development boards have regional employment plans, which are part of the condition of the funding that they receive from the state government for employment creation activities.

**Senator STEPHENS**—I think we are all pretty clear about what it is. The point I am making is that if you are actually trying to look at maintaining the economic health of the region then you also have to make sure that you factor in the social and community service needs of the community. I think that is something you should perhaps take into account.

**Mr Eastick**—The brief for the enterprise zone work that is about to get under way that the state government is funding includes looking at social infrastructure in the three cities to ensure that we actually have the environment that encourages people to come and live and work in those communities on a permanent basis.

**Senator STEPHENS**—And stay?

**Mr Eastick**—Yes.

**CHAIR**—I think we have to conclude there. Thank you very much for your contribution.

[11.37 a.m.]

**ANDREW, Mr Gary, Executive Officer, IICF**

**CURRY, Mr Ian, National Project Officer, Australian Manufacturing Workers Union**

**CHAIR**—Welcome.

**Mr Andrew**—I provide executive officer support to several ITABs, which include utilities, the electrical industry, automotive, MERS and SARAT—which is sport and rec.

**CHAIR**—The committee has your submission before it. Are there any changes you wish to make to it?

**Mr Curry**—We have had some difficulty in consolidating a board position on the submission and I understood that arrangements had been made for a verbal submission from the AMWU as opposed to a MERS submission. I thought that had been communicated to you, I apologise if there has been some breakdown in communication

**CHAIR**—I was not aware of that but we will accept the submission. The committee prefers that all evidence be given in public, although the committee will consider any requests for all or part of the evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I now invite each of you to make a brief opening statement.

**Mr Curry**—Thank you for the opportunity to make a submission. The AMWU seeks to make a supplementary submission to the written submission that was made by the national office of the AMWU some time ago. There have been some recent activities in the training arena that are of enormous concern to the AMWU. My role for the AMWU includes my membership of the State Training Authority in South Australia, the Vocational Education and Employment Training Board and the regulatory authority, which is the Accreditation and Registration Council.

We see some difficulties and dangers in opportunities that are being picked up to effectively render attempts by industry over the last 12 to 15 years to consolidate a national structured approach to vocational education and training. We think that the recent initiatives are geared more towards rendering the program into little more than an employment subsidy program. The rights of states to make legislation in respect to the protection of the apprentices and trainees in vocational education and training are being undermined by certain provisions of the Workplace Relations Act, particularly as they apply in the context of Australian workplace agreements.

In my capacity as a member of the Accreditation and Registration Council in South Australia—and I understand this to be common across all of the states—we are now confronted with disputes relating to differences between trainees and their employers over matters pertaining to employment conditions. Crown law advice, provided through the relevant department in South Australia to the dispute resolution committee of the Accreditation and Registration Council to those that sit on those panels, is that an Australian workforce agreement can be constructed in such a way that it conflicts with state provisions that apply to contracts of training and the conditions that apply to those contracts of training, including employment

conditions, such as to render them invalid or such that the federal legislation under section 109 of the Australian Constitution takes precedence to the extent of any inconsistency.

There have been three recent employment ‘schemes’—and I should be careful how I describe them, and publicly I am describing them a different way—being promoted in South Australia targeted at schoolchildren as young as 14, whereby the provisions of an Australian workplace agreement are written to deliberately and consciously take away the right of the state to apply its own vocational education, employment and training legislation in relation to dispute resolution in particular, and to take away some aspects of the bill which provide powers for the state to make restitution in terms of wages and other provisions, including determining that a contract of training has not in fact been lawfully terminated. Issues relating to probationary periods where the state reserves for itself the power to establish a probationary period for a contract of training are being undermined by Australian workplace agreements that make different provisions for probationary periods.

The crown law advice provided to us—I am paraphrasing it, of course—in respect of the traditional apprenticeships, as most of us that have been engaged in the industry are aware, is that they are exempted. The state is permitted to make laws in relation to, for instance, workers compensation, occupational health and safety and apprenticeships but the Commonwealth makes a distinction, apparently, in the case of traineeships. The explosion in training and contracts of training in recent years has predominantly been in the traineeship area. Here in South Australia, we have about 30,500 apprentices and trainees in training. The overwhelming bulk of those traineeships are short-term contracts of training—that is, the nominal duration of the contracts is short term. The recent schemes that we are seeing include the introduction of part-time contracts of training for schoolchildren as young as 14 at up to eight hours per week of training. When you calculate the nominal duration of the contract of training, it ceases to be a 12-month contract of training and becomes a 4¾-year contract of training for a 14-year-old schoolkid who is asked to operate without pay for the first 13 weeks of their employment.

In recent times—I am talking about the last few months—we have seen a number of these sorts of schemes where the nominal duration of a contract of training has blown out from 12 months to as much as over 10 years. We thought we would take the opportunity, if permitted, to raise this issue, because it has important implications if we are to develop truly national training arrangements for Australia and for Australian industry. If we are genuinely talking about vocational education and training—meaning education and training in the context of the world of work—rather than what appears to be a headlong rush into an employment subsidisation program, these issues need to be resolved. We sought the opportunity to put a supplementary position to the committee that would perhaps see some consideration of an amendment to the Workplace Relations Act to provide a similar exemption for traineeships to that which applies in the case of apprenticeships.

The Australian Manufacturing Workers Union has a longstanding history of being politically and industrially opposed to the use of Australian workplace agreements per se. The incidence and penetration of Australian workplace agreements into the general community is limited. It is limited because the instruments themselves are not productive; the instruments themselves are not genuinely individual. But the incidence of Australian workplace agreements in the context of the general community standing at 1.7 per cent pales into insignificance with the growing incidence of something of the order of seven per cent here in South Australia in the context of contracts of training.

I do not believe Australian workplace agreements were ever intended for use with indentured or contracted trainees and apprentices. I think the intention was to provide an alternative, we believe, flawed as they are, in the general industrial community. Notwithstanding our opposition generally to Australian workplace agreements, we find that the incidence of them and the growing trend towards the use of them in connection with contracts of training to be a disgrace. They are being used deliberately to undermine the states' powers to make legislation to protect the interests of apprentices and trainees.

**Mr Andrew**—Further to the comments that Ian has made, I would like to preface my comments not only as a result of my responsibilities with ITABs that have a significant manufacturing focus but also as a result of my observations, having worked in the industry virtually for all of my short career. What I would like to do, if you will allow it, is to draw attention to some observations about the value the manufacturing sector brings to the economy.

**CHAIR**—I am happy for you to do that, provided you keep it very brief because we are interested in asking you some questions about the issues that are emerging in this inquiry.

**Mr Andrew**—The extract that I want to refer to is cited from a recent report from the Australian Industry Group, *Industries in the regions*, where they examined 12 regions. They looked at the reported \$9.5 billion in sales. That required raw materials to the tune of \$3.8 billion, capital improvements to the tune of \$371 million and an approximate salary component for that activity of about \$1.5 billion. The observations out of that report is that, for the economic benefit which totalled \$15.2 billion, if consideration was given to the state and federal tax regimes for company, payroll and personal income tax, the flow-on effect of the manufacturing sector to the broader community more than doubles for every dollar that is spent within the sector.

The issues that I would like to briefly raise, further to Ian's industrial and legislative arrangements, are the broader ones that are often not perceived or understood. That includes service to the industry to ensure that we have the competence and expertise that we require within the industry—therefore, the service that is provided by registered training organisations and teaching staff. There are concerns regarding VET in School strategies that are becoming popular nationally. I have a personal concern about the calibre of expertise of teachers that are expected to deliver those programs, providing entrance into the industry. I am becoming less confident about their capacity to do that and to provide that service for us in the future.

This is particularly important as the sector sees that there are four pools or sources of expertise in the future: school leavers; the development of the skills and expertise of the existing staff; immigration programs, which, to my knowledge, have not proven to be successful with various small and large sectors; and the development of a strategy to encourage existing staff to remain within the sector. In South Australia, we are faced with a significant age profile problem within the sector. The last research that was carried out indicated that 16.6 per cent of the sector was expected to leave or retire within five to 10 years. For us, that means about 14,700 individuals. We are having trouble just maintaining current employment levels, let alone replacing those who are leaving the sector.

There are assorted other issues. It is probably appropriate in my closing comments, as we are here at Port Augusta, to say that the resource sector is of significance to the sector at a state and national level. The commodities resource forecasts significant projects to the tune of billions of

dollars—currently listed in excess of \$101 billion of resource projects likely to come on line within two to five years. A lot of these projects are still subject to financial, environmental or native title closure, but the trend over the last three years with our ITAB activities has indicated that those projects are being brought forward, not delayed—and they are significant consumers of the occupations that the manufacturing sector relies on.

**Senator BARNETT**—I want to focus on some of the solutions. You have thrown up some of the problems, which is understandable, in terms of job shortages and skills areas. Mr Andrew, have you got some suggestions in terms of how you would attract the skilled labour that is needed to meet the need? You talked about 14-odd per cent going out in the next five-odd years. How do we attract them to areas such as this?

**Mr Andrew**—There is no single solution. There is probably a three-pronged or 10-pronged attack. To start with, we have to make sure that our staff are trained and competent to perform what we expect of them. Therefore, I would suggest that any TAFE teachers that are considered in excess are not paid redundancy to leave the system but encouraged or induced to provide support in other areas where they could bring value. There are assorted other strategies. Apprentice subsidies in terms of commencement, progression and completion payments could be increased to provide more attractive alternatives to apprenticeship arrangements for the industry.

**Senator BARNETT**—Who pays that subsidy?

**Mr Andrew**—That is a federal government subsidy with regard to apprentice contracts. At a local level, the current User Choice policy precludes the ongoing development for people within the industry—certainly those that have been there for more than three months—beyond the traditional trade requirement of certificate III. So there is an active policy position within South Australia that hampers those sorts of things.

**Senator BARNETT**—Specifically, what policy positions? Are you talking about the state policy level?

**Mr Andrew**—Yes, it is the User Choice policy.

**CHAIR**—Do you want to add to that?

**Mr Curry**—Manufacturing is a consumer of, usually, higher-level qualifications in terms of training and qualification outcomes. The areas that the manufacturing industry seeks would tend to be in qualifications areas from AQF3 through to AQF6. The User Choice policy is geared towards an encouragement of AQF1 and AQF2 qualifications. They are relatively quick and easy; they tend to have a nominal duration of 12 months to two years. Although the development of skills sets for manufacturing have a longer lead time, the outcomes are generally higher. The User Choice policy cuts off funding for delivery at the AQF3 level. So we are between a rock and a hard place in the first instance. Everyone is looking for immediate gratification in today's society, it seems, and you have to make a longer-term commitment, which is more difficult to attract—

**Senator BARNETT**—You mentioned longer-term commitment. Have you got any suggestions yourself, Mr Curry, with regard to short-term and long-term solutions to the skills shortages?

**Mr Curry**—In relation to how you attract people, there is some debate going on. I am a member of the South Australian skills inquiry that Kay Schofield is running for the state government. There is a debate afoot in relation to whether there are skills shortages or whether there are recruitment difficulties. It is a debate that has gone on in the nursing sector in terms of whether we have enough nurses. Statistically, apparently, we do. The difficulty we have is that we cannot get them to come and work in the industry because the conditions of employment, the way they are treated, the hours of work et cetera are problematic for them. I think we suffer very significant problems along the same line.

We have to start doing things in relation to apprentice rates of pay, for instance. We have now got a society that provides VET in Schools opportunities, new apprenticeship access programs and pre-vocational programs. The entry age for an apprenticeship these days is no longer the 15 or 16 years that was my experience when I commenced my apprenticeship. You are more likely to be a 17- or 18-year-old, you are more likely to have completed year 12 and you are more likely to have been exposed to a greater range of life experiences and educational opportunities, so your skill level when you enter the work force is substantially higher, and yet the rates of pay that apply to apprentices on commencement still sit at 44 per cent of the benchmark rate.

**Senator BARNETT**—But you still have this high youth unemployment rate, including in Whyalla, so how does that fit with your argument?

**Mr Curry**—I think we need regional development strategies. We cannot approach this on the basis that it is a training issue or a recruitment issue. It has to be integrated into regional development and social development strategies. A lot of those are done in partnership between the Commonwealth and the states; a lot of them are done individually by either the Commonwealth or the states. The state has an economic summit commencing tomorrow evening, and the major focus of attention for many months in the lead-up to this economic development plan has been how we integrate the social strategies with the industry and economic development strategies of the state. When we look at things like the Mobil refinery, for instance, there are opportunities there perhaps for some government intervention to maximise and exploit the resource that might be there and may not be there tomorrow—who knows?

We have to start looking at issues associated with the development of more approaches similar to the Partners in Rail approach, which took a development opportunity in a regional area, drew together the various government agencies—state, local and Commonwealth—and drew in the social inclusion agencies, the training agencies, the economic development agencies and industry and unions as well to try to leverage and get more bang for the buck, to use that term. We are not good at that and we have never been good at that, and the time is nigh for it. We are crying out for those sorts of integrated approaches.

**Senator CROSSIN**—Mr Curry, we have heard quite a lot about young people leaving school with an attitude that employers do not particularly want, which I find to be either a grossly exaggerated or a fairly broad-sweeping comment. The question I have for you is: what about the employers' attitude? There is high youth unemployment—we know that. I relate to some of the

comments that you have just made about their actual conditions of work and their rate of pay. I think we need to actually get inside these young kids' heads. If what you say is right, surely they must say to themselves, 'Why would I bother to do an apprenticeship or a traineeship and get 44 per cent of the salary when I can either sit around at home on the dole or I can go into the IT or the hospitality industry and get much more?' Are they some of the sentiments that you are getting from some of the young people out there?

**Mr Curry**—I think they are exactly the sentiments that are being expressed to us. I am involved in what is known as the New Face of Manufacturing project, which is doing research into the reasons why we cannot attract youth into our industries. Reports like the ACCI and BCA employability skills report bemoan the lack of employability skills in today's youth, identify those skills as being 'skills' such as loyalty, commitment, honesty and integrity. I have a 19-year-old and a 17-year-old who have both left year 12 in the last 12 months. One spent two years doing it, because she missed her tertiary entrance ranking by half a point. Apparently 96 point something was not enough to get into pharmacy, so she went back, had another go and improved her TER by another half a point. Unfortunately, the TER requirement had gone up by half a point, so she has gone off to do something different. She is committed, disciplined, intelligent and articulate, but, because she is a product of the society that we have left for her, she is a cynic—as a lot of young people are—

**Senator CROSSIN**—That is my experience.

**Mr Curry**—because they look around and we are telling them to do as we say, not as we do.

**Senator CROSSIN**—Could I also ask you about the AWAs. We are finding the same thing in the Northern Territory, I have to tell you. I am glad you have raised it, because I had not thought about the issue until you mentioned it today. In the Northern Territory they specifically rule out the ability for the apprentices or trainees to take disputes to what we knew of as the apprenticeship board. In the Northern Territory, I think the NAC is the quasi-apprenticeship board—the same people who monitor and place the apprentices. A lot of young men in the Territory have been told to either sign an AWA or not start their apprenticeship, and so they walk. Is that your experience?

**Mr Curry**—Absolutely. In the scenario that you have raised, the NAC does play a role. NACs are a feature of the Commonwealth incentive regime, basically; they are not a feature of state regulation of vocational education and training. The circumstance in South Australia—and the example that I referred to about people being asked to do without pay for 13 weeks—is that an apprenticeship is nominally for 12 months but they find later that it is for 4¾ years. It would be difficult to set up a regime with dispute resolution that involved the NAC, where the NAC in this particular case is an employer organisation, which is also the registered training organisation, which also has a memorandum of understanding with the direct employer. They have the business sewn up. They are one of the principal employer organisations in South Australia and it would be an absolute disaster to have them involved in dispute resolution beyond the right of the state to provide decent benchmark protections.

**Senator CROSSIN**—When I have raised this in estimates hearings, Commonwealth officials have told me that that does not happen, but it does happen, because the people who sit on the board of the NAC are the same people who sit on the board of the registered training organisation. So, even though it might be registered as a totally different company, it has two

arms in the company—one arm provides the training and one arm regulates the training. The Commonwealth just has not looked at the next layer of operation in the NACs in some instances, I find.

**Mr Curry**—It would be my view that the Commonwealth is less than interested in the way the state chooses to deal with the regulatory problems that some of the Commonwealth's facilitation tosses up. I should say that I am a director of a registered training organisation that our union is involved with. It is a private training organisation and it is also a new apprenticeship centre. It is an issue of enormous concern to our union. We are committed to making sure that it acts responsibly and that it does not get itself involved in conflicts of interest between its training side and its new apprenticeship centre side. If you add the advocacy that is required by an employer organisation, in a particular instance a dispute was taken, our jurisdiction was challenged to hear the dispute, and the defence and advocacy on behalf of that employer was delivered by the organisation which was the NAC, the RTO and the employer organisation. It is an impossible situation for a state to deal with.

**Senator CROSSIN**—On another matter, what effect has the defunding of the state ITABs had with your manufacturing, engineering and related services ITAB?

**Mr Curry**—Mr Andrew was the executive officer of the manufacturing, engineering and related services ITAB and I am a member of that ITAB. I am the chair of Food Training SA and I have an involvement with another couple of state ITABs and a couple of national ITABs. The defunding of state ITABs has taken \$1.3 million out of a \$1.9 million allocation for industry advice. We are not blind defenders of ITAB networks, but we are passionate advocates for industry. By that we mean employer and union involvement in strategic planning to meet industry needs. We take the view that the word 'vocational' means of or pertaining to a job or an occupation. That puts it into our sandpit. That is where we do our business, and we are interested in the future of our industry. We need to have a say. That say has to be coordinated and it has to be integrated.

If there is one area where employers and unions have collaborated effectively, there is no doubt that it is the vocational education and training area in the manufacturing industry. We have lost the services of Mr Andrew. He is now responsible for the operations of four or five ITABs, and I am now having to spend enormous amounts of my time chairing a central body that is doling out little dribs and drabs of money to the industry parties to try and get some coordinated industry advice. It is a very difficult proposition for us.

**Senator CROSSIN**—Has the state government picked up the funding role in any way and made up the difference that the Commonwealth has withdrawn?

**Mr Curry**—The state has put in something in the order of \$99,000 less this financial year than they did in the year prior to the announcement of the reduction in Commonwealth funding. We are advocating furiously for more money, but there is the inevitable political position of the state that it is not going to pick up a conscious decision by the Commonwealth not to fund. We are in a no-win position. We will be left with a less effective voice in the strategic planning for VET area, which will then be left for statisticians to do—and I sit on the VEET Board as well. We are absolutely committed to having an effective involvement, but it is almost impossible to provide sound advice to government without the resources to do it. Our union funds me to work

on a national level and I am left to pick up the pieces of what had been a very effective ITAB in South Australia that had the active support of employers, unions and industry.

**CHAIR**—Mr Andrew, I have a question to put to you. I understand the point that you are making about the incentives and the balance between long-term training programs and short-term training programs. That is one of the issues that this committee will be addressing. I want to come back the comments you made earlier on about the concerns you said you had with the VET system. We have been to a number of areas where the VET system appears to be working effectively in overcoming this attitudinal issue that is raised constantly about young people not wanting to go into trades, the industry being dirty et cetera. I think a lot of that is driven by pressure from within the home too for people to improve themselves and be better than their parents were.

We have had a number of very good examples of VET systems where they have been working with local industry, preparing the kids, getting them a bit of time in the factories, and providing an understanding of what it means to work in industry. There are a couple in Western Australia we looked at specifically done by Alcoa but also one that was very much linked into the maritime industry—there is a maritime cluster down around the Fremantle area—and it was linked into the maritime cluster and specifically targeted at that area. There was also one that we saw in Gladstone where the local high school had a relationship with the power generation company. They had provided them with their training rooms and lathes to work on so that they actually felt as though they were in a work environment doing that type of work and getting a bit of grease on their face. That seemed to us to be a very effective positive program and all the kids we talked to had a very positive attitude towards it. What are the concerns that you raise about the VET system? Is it the concept of it overall or is the fact that it is not meeting needs in more general terms?

**Mr Andrew**—In South Australia we have a program in schools under the Engineering Pathways Program. There are 11 schools involved in South Australia and one has chosen to become part of that program in the Northern Territory. The program to recent times has operated very effectively. It normally caters for up to 220 year 11 and 12 students. It consists of all subject streams having a specific manufacturing and engineering focus without exception. Probably in excess of 90 per cent to 95 per cent of participants are offered full-time employment as apprentices before they complete stage 2, year 12 of the program. The program has extremely successful outcomes. The difficulty that I have is that, with the increased incidence of embedding industry standards down into in-school activities, I have less confidence in the teaching staff and their capacity to deliver.

What we would like is a program that is structured so that we have competent staff within the schools program complemented by a journal of experience that those staff from the Engineering Pathways Program have developed as an experience diary. Due regard should be given to what they have completed in the program so that it articulates into an apprenticeship contract and they are given full credit for it. That is not occurring between the schools programs we have in South Australia and RTOs. If we talk to the individual students, all of them without exception say, 'This program helped me; I have the right attitude; I can comprehend what the industry is about. I have arrived in the industry with a level of confidence so that I can perform the duties expected of me.' I have concern that my teaching staff running those programs in South Australia may not be seen to have or may not have the depth of experience that is required within the program for the future.

**CHAIR**—The head of Challenger TAFE at Rockingham said to me in an aside yesterday that they were impressed with the very high retention rate of people who go through the system to the end of their apprenticeships. The completion rate is very high with people who have been through that system, so it seems to be doing something good. One of the issues we discussed over there—and I would be interested to hear your views on it and to hear whether or not something similar is happening here—is the issue of articulation between schools, TAFE and the higher education system and the capacity of people to carry their competency based skills to go on to further and higher education.

We heard that in Western Australia a consultant is being commissioned by the state education and training minister to look into this articulation issue, and the Pro Vice-Chancellor of Murdoch University, who was at the roundtable yesterday, was very positive in supporting this. In fact, they have a campus in the area which has on it the school system, the TAFE system and the university system. They have a specific campus where all three elements are involved, and they say it is working very well. We did not see it because of time constraints. Is there any attempt here to put something like that together in terms of the articulation issues? The other side of it—and I did not ask this before—is that in the examples we have seen, one of the things that seemed to make it work effectively was the industry participation. There were major companies that were prepared to be involved in the process and to provide the opportunity for kids to actually get into the system and into the workplace. I think Alcoa, for example, were even paying them a wage while they were there.

**Mr Andrew**—Without exception, the strongest advocates and those supporting and trying to encourage full articulation from the VET program are the industry parties that constitute the MERS ITAB in South Australia. To a lesser degree, there is the arrangement and the opinions held between the schools and the RTOs. The arrangement for the schools to be given permission to deliver the program is under a VET in Schools agreement, commonly referred to as a VISA agreement in South Australia. They are the negotiation arrangements that usually would be considered as hard ball between the TAFE and the schools as providers. What we want are standards put into the program that become an imbedded part of all subject areas of the program, and that is what is being achieved within the Engineering Pathways Program and the schools.

**CHAIR**—I think the report that is being done for the Western Australian government is looking at doing this in a structured form, because at the moment it appears that most of it is in direct negotiations between the institutions and what arrangements they come to. As the professor said yesterday, it is not just the institutions but even units of the institutions that are making arrangements, but there is no structured form in which this takes place.

**Mr Andrew**—The MERS ITAB tries to bring a higher degree of structure into it. There are formalities in place, but usually we become the compliance officers to make sure the expectations within VISA agreements are reasonable.

**Senator STEPHENS**—Mr Curry, I just wanted to come back to the comments you made in relation the arrangements for trainees. You were talking about the idea that students as young as 14 could be caught up in what to me seems a very dubious process of being locked into an employment and training contract and about the capacity for those kinds of arrangements to undermine what is overall a wonderful policy initiative—VET in Schools. Firstly, do those

kinds of arrangements exist only in the manufacturing area or are you aware of them existing in other industries where the VET in Schools programs could be jeopardised?

**Mr Curry**—Firstly, I am not aware of any of those arrangements in manufacturing areas. Generally speaking, awards and certified agreements would preclude apprenticeships at those levels. There is no industry demand for apprenticeships at those levels. The ones we are seeing are tailored towards hospitality, retail and IT, and I am seeing them because I am a member of the dispute panel that has to pick up the problem and try to deal with it. So they are not a major issue in manufacturing. The incidence of AWAs is negligible. We do not want them to be a feature of the manufacturing landscape.

**Senator STEPHENS**—I know that Senator Barnett was not in the room when you started to explain this, and I was certainly struggling as you were talking—I was trying to understand the implications of what you were saying. Perhaps you could just elaborate on the implications of that kind of practice in terms of those three industries.

**Mr Curry**—The Vocational Education, Employment and Training Act is the regulatory framework for the protection of apprentices and trainees in South Australia. One of the provisions—I think it is section 41 of that act—says that the Industrial and Employee Relations Act, the industrial legislation of the state, does not apply to apprentices and trainees to the extent that there is any inconsistency between those. That act attempts to quarantine dispute resolution and disputes over the employment of apprentices and trainees to a dispute resolution process contained in the act. That dispute resolution process culminates in a dispute resolution committee, which includes the industry parties and an independent chair. According to the crown law advice the state government has provided to the dispute resolution committee, an AWA has the power, under section 109 of the Constitution, to override the state legislation where it conflicts with the contents of the AWA.

In the example I provided to you, the critical aspect of the employment arrangement was an agreement with a 14-year-old apprentice. The target age group was 14, and there were in excess of 120 of these apprentices, so it is a major issue. The employer, in evidence to the dispute resolution committee, said that the AWA was necessary to avoid the national training wage awards requirement to pay the apprentice during the first 13 weeks. They intended to unilaterally cancel the AWA once they had got through the 13 weeks. The 13 weeks is significant because the 13-week retention triggers the Commonwealth incentive. The entire wages of every one of those trainees were paid using the Commonwealth incentive. There was no employer contribution whatsoever to the payment of those apprentices. Once they had done their 13 weeks they would be back paid—or the intent was that they would be back paid but, to my understanding, not one of them has been paid one red cent so far.

**Senator BARNETT**—How far through the 13 weeks are they?

**Mr Curry**—Some of them are six months into their contracts.

**Senator BARNETT**—You are saying that they have not been paid for that 13 weeks?

**Mr Curry**—We have asked for a progress report from the training apprentice management branch of the department. The latest report, which we got several weeks ago, was that none of them had been paid any money. This is an organisation that has been established to use

Commonwealth incentives in order to drive the organisation. It has two permanent employees—the managing director and another employee—and the other 120 were trainees. A lot of those trainees have cancelled their apprenticeships because they have been made aware of what the actual nominal duration of their program was to be.

**Senator BARNETT**—Are they trainees or apprentices?

**Mr Curry**—They are trainees—‘new apprentices’.

**Senator STEPHENS**—I will just take one step back from that. Are some of these 14-year-olds school based trainees?

**Mr Curry**—Yes; they are doing school based apprenticeships.

**Senator STEPHENS**—I suppose that highlights for me something about the reputation of this organisation. Is this organisation a registered training organisation?

**Mr Curry**—They have an association under a memorandum of understanding with an employer organisation which is the registered training organisation. They are auspiced through a memorandum of understanding to deliver the training on behalf of the registered training organisation. I think the training is in a declared vocation of business administration. The work that some of them had—it is almost a labour hire company—was that they were hired out to a local department store to stock shelves. I do not know how that contributes to business administration but that was the work that they were given.

**Senator STEPHENS**—Or to skills development.

**CHAIR**—Mr Curry, does the additional submission that the manufacturing workers union is putting in contain all this information?

**Mr Curry**—It will.

**Senator STEPHENS**—Good.

**Senator BARNETT**—When will we receive that?

**Mr Curry**—We can have it to you in the next 24 hours.

**Senator STEPHENS**—I have a final question. I think that this has a capacity to undermine VET in Schools and if it is happening in this instance, it is probably happening in other places. My question to you in conclusion, because there are other people who want to ask you other things, is: were those 100-odd young people from one school or one region?

**Mr Curry**—They were from a variety of schools. There could have been eight or 10 schools involved and there was a heavy marketing program that goes on that is aimed at parents and the schools to get involved. There is an element of duty of care in relation to the school, because this place does not have premises of its own actually to house these kids when they do not have a workplace to send them to. So they leave them at school and leave the school to take care of

them. It is an absolutely appalling abrogation of responsibility back to schools that are ill resourced to deal with it.

I have differing views about VET in Schools. I am a great supporter of VET in Schools but I have to say that I have not seen much of it. I have seen a lot of people picking up on subsidies incentive and resource funding programs to assist them with their work experience programs. We need to make a distinction between work experience and legitimate VET, where there is a job context, because that is what vocational means. We have lost that vocational aspect of it. VET has to happen in the context of a job. A lot of what we are doing in schools is pre-vocational. There is a place for that and I am a great supporter of it, but I think we are creating an expectation that by doing VET in Schools you will get a job. That is not the experience that we have had and the state is unable to provide any data whatsoever on the number of people who have ever got a qualification out of VET in Schools.

**Senator STEPHENS**—I have to say that we perhaps have seen some very good models of best practice in the last few days that have heartened us.

**Mr Curry**—I would be heartened to see them myself.

**Senator BUCKLAND**—Where do you see the future of the traditional apprenticeship scheme going and what importance do you place on the traditional apprenticeship system?

**Mr Curry**—We place a very heavy emphasis on the need to maintain the traditional approach. The skill sets that make up the vocations are really the answer. We are in some cases driving training from a delivery point of view or a supply side rather than a demand side. The demand for skill sets is at the higher end. There is no doubt that there are logical groupings of skills that make up occupations. They have evolved over the years into what we know as the traditional trades, they continue to evolve, but the major feature and elements of those are that they tend to higher skill levels and they tend to substantial skill sets that require substantial lead time and effort in training. They require that because that is where the industry need is. You cannot artificially generate that.

We have to get demand driving supply, rather than supply driving demand, which to my mind is what is happening in the certificate I and II areas. The future of traditional trades will depend on our ability to attract people to them. There is still a demand for comprehensive skill sets and that will be the future if our manufacturing industry is to survive. We will not survive on the basis of certificate I and II. Our capacity to take intellectual property, knowledge, research and development and exploit them will determine whether or not we have a place in the future of the global market.

**Senator BUCKLAND**—Would your view about that be the same, Mr Andrew?

**Mr Andrew**—Yes, it certainly is. The difficulty I have is that the traditional trades—the traditional apprenticeships that Ian referred to—usually are at least a contract of training of four years duration. Certainly, in the case of our sector, certificate III and beyond—probably IV, V or VI—are the desirable skills sets that Ian refers to. If we are to refer to Australian Standard Classification of Occupations codes, there was a series 1 and we are currently in series 2. Out of the ITAB we looked at the definition of related trainees in our sector. Under series 1 in 1997 there were 2,440-odd in South Australia. By the redistinction and redefining of the occupational

description with ASCO series 2, it reported 16 related trainees in the manufacturing sector the following year. So the trend, the need or the activity at below traditional trade level is still continuing to grow at an exponential rate, but you are not able to identify it through ABS data searches. It is a concern. I hope the activity is legitimate. What we want to report is that that activity is what we see as legitimate for a certificate III traditional trade contract of training arrangement that is covered by award arrangements and award instruments to protect the incumbent.

**Senator BUCKLAND**—I have a number of questions I wish to place on notice.

**CHAIR**—That is fine. Thank you, Mr Curry and Mr Andrew. We have a group of young trainee chefs or cooks ready to serve us dinner, and I think they will cut our throats if we are late.

**Committee adjourned at 12.26 p.m.**