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SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
REFERENCES COMMITTEE

Reference: Current and future skills needs

THURSDAY, 12 JUNE 2003

Roundtable

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SENATE
EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
REFERENCES COMMITTEE

Thursday, 12 June 2003

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

Substitute members: Senator Allison for Senator 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 Barnett, George Campbell and Buckland

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.

Committee met at 1.43 p.m.

BALL, Ms Katrina Mary, Manager, New Apprenticeships Collection and Analysis Branch, National Centre for Vocational Education Research

BARRETT, Mr Steve, General Manager, Human Resources, Mitsubishi Motors Australia Ltd

BATTYE, Ms Virginia, Director, Torrens Valley Institute of TAFE

BENSLEY, Professor Ross, Executive Director, Australian Manufacturing Centre of Excellence

CUPP, Mr Derek James, Training Advisor, Engineering Employers Association South Australia

KATERN, Mr Robert Anthony, Operations Manger, AUTO-CONNECT (Brien Investments)

KUCHEL, Mr Jason Gregory, Executive Director, Electronics Industry Association

MAYSTRENKO, Ms Nadeya, Project Officer, Agriculture and Horticulture Training Council of SA Inc.

MYATT, Mr Stephen Kenseley, Director, Engineering Employers Association South Australia

RICHARDSON, Professor Sue, Director, National Institute of Labour Studies, Flinders University

SHEARING, Mr Colin Bruce, Secretary, Retail, Wholesale and Personal Services Training Advisory Group Inc.

WOOD, Dr Lincoln A, Director of Engineering and Product Assurance, BAE Systems

CHAIR—The committee is conducting a series of roundtable meetings with people involved in various ways with identifying or responding to the skills needs of industries, communities and individuals. The committee is also holding more formal public hearings with those that have made submissions to the inquiry. The committee wants to discuss or explore what it expects will be a wide diversity of views from the community on current skill formation policies and programs and to hear about suggestions for change. The purpose of these roundtable discussions is to allow the committee to consult a broader range of people than is possible through the more formal hearing process, including those who do not wish to make formal submissions.

Although these roundtable discussions are meant to be informal, we are bound to observe one important rule of the Senate in regard to privilege. This discussion is privileged and you are protected from legal proceedings in regard to what you may say. Hansard will produce a verbatim transcript of evidence which will be provided to participants and available also on the

committee's Internet site as official documentation of the committee's proceedings. This recording is not intended to inhibit informal discussion; we can go in camera if you want to put something to the committee in confidence. I point out, however, that such evidence is often difficult to report in an inquiry of this nature; in any event the Senate may order the release of such evidence.

Many of you have provided the committee with some brief written information about yourselves or the organisation or interests that you represent and your key issues in relation to current and future skills, for which we thank you.

Mr Barrett—I should declare that I am one of the directors of the Automotive Training Authority.

CHAIR—I will identify a couple of the issues which the committee has been looking at and which I will ask you to address on your way through, but do not feel at all inhibited by what I put on the table: feel free to raise any issue you think is relevant to the committee's inquiry and to its terms of reference. Can I ask you what your views are about the responsibilities of educators and trainers in meeting the shortages that currently exist in the labour market, particularly as they relate to skills? Should educators and trainers be focusing more on the employability skills than they are on the technical skills, for example? Do they have a role in specifically or directly addressing labour market shortages, or is that something that is incidental to their main role of educating and training? Do employers need to take more responsibility for upskilling and retraining their existing work force to look to the labour market on employment issues such as wages and working standards, which in a number of industries are a contributing factor to skills shortages in those particular industries? Are there any views on the ways to contain skills attrition, such as offering more defined and educational pathways from trade entry through an associate diploma and possibly tertiary entrance—in other words, this whole issue of articulation from the school system through VET, through into the higher education system? If that pathway is opened up, does that increase the capacity for us to attract more young people into the traditional apprenticeships, or into the traditional trade areas? Those are three issues which the committee has been trying to grapple with. As I say, do not feel constrained by those. Feel free to raise any other issues you think are relevant to our inquiry. Who would like to make the opening comments? Perhaps you, Professor Richardson. You have put in some written comments. Would you like to start the ball rolling?

Prof. Richardson—The questions you raise are very comprehensive and it is hard to know where to start. Let me start with a couple of observations and we can develop them from there. The first one is that I think there is a strong obligation on the education system to focus on general skills rather than very job specific skills, because of the well understood phenomenon that people change jobs quite a lot during the course of their working lives and because the formal education system is the one place where you can get those generic, broad skills which are going to be of use to you in a whole range of different occupations.

In the interests of enabling students or graduates to quickly find jobs, there is a very strong temptation to focus on developing skills that have got an immediacy or a currency today. The more you do that, of course, the greater the risk of the obsolescence of those skills in the fairly near future. I think there is a reasonably clear division of responsibility between the taxpayer funded formal education system and employers and the private training system. The taxpayer

funded education system should focus on the general skills, and employers and the private training system should focus on the much more specific, job related skills. That exaggerates the difference, but I think the broad principle is an important one.

The second point I would make is in relation to the situation we have at the moment, and that we have had for the last 20 years—of considerable excess supply of labour. There are a lot of unemployed people out there; there are also a large number of under-employed people, people who are working part time and would wish to work more hours, people who are not actively looking for work but who would like a job if they could find one that was suitable and moderately convenient to them. In that situation, I treat the idea of job shortages or skill shortages with some scepticism. It does not mean that you cannot from time to time have a very specific skill that requires a lot of training or experience that is in short supply; clearly you can. But in most cases, when we talk about a job shortage, what we mean is that the employers advertise and there is not a pool of people who have what the employer views as suitable levels of formal skills training and, more importantly, experience that tailors them precisely for the job that the employer wants them for.

There are all sorts of ways of responding to that. One is that you could make the job more attractive in a variety of ways and therefore encourage more people to apply. Another is that you can lower your expectations about what you will get when somebody applies. In times of tight labour markets, firms find all sorts of ways of inducing people to work for them and then expect to have to train them for the specific task that they have in mind. In times when there is an abundance of labour, firms' expectations of what they can get when they advertise a job rise. That is one of the variabilities in the ways in which the labour market adjusts to shortages and surpluses. It is in the quality or the precise goodness of fit of the workers or the people who apply for jobs.

I am generally fairly sceptical of the idea of shortages and am certainly sceptical of the idea that governments ought to respond and take responsibility for removing apparent shortages. I think that this is an important responsibility of employers and employer associations—to think carefully about how the skills they need are generated, how they are rewarded and how they are retained. Take the trades; take nurses. We know that there are a large number of people out there who have the formal training to do these jobs, but they are not working in these jobs. In my view, that is not a shortage; that is an unwillingness to apply for the jobs given their current characteristics. Perhaps I should stop there.

CHAIR—Perhaps I might ask Mr Barrett—coming from a major employer—to respond to this issue of the general versus the specific skills. When you talk about general skills, I presume you are talking about both employability skills—

Prof. Richardson—By general skills, I mean things like the capacity to read and write, and to deal with moderately abstract concepts, to have some understanding of the nature of the society we live in and so on.

CHAIR—Mr Barrett.

Mr Barrett—I share the view to a degree, and that degree, I suppose, is to the end of secondary education, where there is an expectation about generic training in areas such as numeracy, literacy et cetera, which you have just clarified, Professor.

But as far as university related training, TAFE related training and post-secondary education are concerned, from an employer's perspective, we struggle from time to time just to fill vacancies. We struggle when we do attract graduates from various university courses into our organisation. Some of the skills they enter our organisation with are very generic and not really tailored to the business needs. We have, off our own back, gone down the path of entering into relationships with our local TAFE colleges to look at training that is specific to our needs within the auto industry. We also have a relationship with one of the local universities, the University of South Australia, where they have tailored a graduate certificate in manufacturing management which is actually run on site at Mitsubishi. It is tailored to our requirements without in any way making an impact on the academic validity of that qualification. That has been something which we have worked jointly on together with the University of SA and which is working very well; that program is producing graduates which are, I suppose, suited to our organisation's needs, but those individuals are also armed with skills which are transportable not only within our industry, but beyond our industry.

In recent times, as recently as two months ago, I have had an approach from Flinders University to go down a similar path—to look at, in particular, the area of business and economics and how they could construct some training that is targeted to the auto industry broadly.

I share the professor's views to a degree, but beyond secondary schooling, I think, from an employer's perspective, we believe there is probably not enough liaison between private sector organisations and the tertiary education sector so that the tertiary education sector gets a good understanding of the sorts of graduates that the private sector needs. And, yes, there is some responsibility upon private sector organisations, including the likes of ourselves, to actually promote our industry and give a broad understanding to school leavers, university leavers and TAFE leavers about the attractiveness of working in the auto industry—in our example. It is a two-way street. It is a two-way responsibility between the education sector and private sector employers—and, probably, I am guessing, would extend to public sector employment as well.

CHAIR—I have just one additional issue, Mr Barrett, which you may be able to throw some light on. It has been said to us that many employers these days are looking for people not necessarily with full degrees but with parts of degrees out of the higher education system and with parts of diplomas out of the VET system. They are looking for the capacity to mix and match. In that respect, the articulation between the two systems is very important in terms of being able to get those outcomes. Is that a valid comment in your experience? Is that what employers are looking for?

Mr Barrett—I take the example of the course that is run by the University of SA for us, where they have tailored their training, plucking various subjects from what they run across a range of disciplines to construct a graduate certificate, which is a recognised certificate and a recognised qualification, to suit our needs. That is literally opening up the shopping basket in a few areas and offering those relevant courses that suit our business needs.

CHAIR—Does anyone else want to comment?

Dr Wood—I would like to comment, if I can. In the comments that I will make, I perhaps need to give just a bit of background on the nature of the industry that BAE Systems is in. It is in the defence and aerospace sector; and, while I speak specifically on company experience, I believe it is quite representative of the industry experience in that broad sector. We draw a distinction between our degree graduates—and those who are perhaps highly skilled paraprofessionals. Let me explain the basis for that.

We have two main parts of the business; one is actually the design business of often safety critical systems. For that we really require formally qualified engineers. If we are going to licence them internally and have them have that licensing recognised by a customer, then it is absolutely essential that we have formally qualified engineering graduates for that. That is perhaps one distinction; a mix-and-match type of approach or partial degrees and partial training simply does not work there.

Having said that, we do not actually seek highly specialised, if you like, engineering graduates. What we really seek are the classical attributes of almost any degree graduate. Sure, they must have the engineering competencies, but I can summarise by saying that we seek are people who can analyse and synthesise, who can specialise and also generalise, who can formulate problems and solve them, who can work in teams and alone, who can self-learn and communicate and who can maintain ethical standards. These are really the attributes that we seek in our degree graduates. Beyond that, it almost does not matter, to an extent, which engineering specialisation they are in, though obviously we have preferences. I should add in relation to degree graduates that the university programs actually serve that need very well. There are some particular elements of that that we would like to influence, and Jason might refer to that later this afternoon.

In relation to our highly skilled trades and paraprofessionals, we tend to employ a lot of those in the aircraft maintenance and repair overhaul business support. Again, it is not a case where you can mix and match there; they are in fact highly specialised. It is necessary, I believe, for there to be a combination of formal education—specifically aircraft related—mixed with quite significant on-the-job experience. It is not a case of just handing it over to the TAFEs and the like; it is really a shared responsibility at that level.

However, in one part of the business we do have significant shortages of skilled professionals—what are known in the business as AMEs and LAMEs, aircraft maintenance engineers and, particularly, licensed aircraft maintenance engineers. There is a shortage; they are all getting older. We are looking down the barrel of major shortages, and that is nationwide. We are not really able to bring automotive tradespeople, for example, into that business. It is possible for aircraft tradespeople to move into the automotive business a lot more easily than it is for automotive tradespeople to move into the aircraft business. It is a fairly restricted and restrictive business, and once we lose them it is very hard to replace them. It is a 10-year cycle essentially to replace them. That is a particular issue that we have. In terms of responsibilities, we certainly understand that it is a joint industry and education provider responsibility. It is not a case where we just believe that we should receive graduates from the education system who are fully trained, sealed and certificated; it is a joint activity.

Ms Battye—On that issue about the employability skills compared with the technical, I think it is both, particularly from a TAFE perspective—a combination of the technical skills. It is encouraging to see that there is now an increased focus again on the key competencies. Regarding the employability skills, I think we need to make a distinction between the personal attributes—such as loyalty to a company, a managed and balanced life et cetera, which I do not believe is the role of the training organisation to develop—and the broader, generic skills: the Mayer key competencies of teamwork, problem solving and communication. I think that within the training packages and the vocational education provision there needs to be an increased and renewed focus on those generic skills.

Mr Myatt—I support that. I think that as the manufacturing industry has changed in the last 15 years to 20 years to a team based approach, with lean manufacturing supply chains, it is extremely important to get people to be able to work in a team sense, to be able to have those creative problem-solving skills. So I would certainly support the view that there is a role in the educational and training process to build that into the curriculum as well as the technical skills, which are undoubtedly a fundamental outcome in the end.

Can I also pick up a point which Professor Richardson made about the issue that it is probably an employer, and employer association's, responsibility to deal with skills shortages. To some extent we have a big role. There is no doubt about that. But I think it is also a little simplistic to imply that the people who have left the industry would come back to the industry if we fixed one aspect of it—wages, for instance. Particularly in the trades area, which we are very interested in, we see people go through on career paths. They leave the tools and move into management positions. They move into other areas and set up their own businesses. They move out of the industry. Like any other sector of career work, people move on. The key issue for us is how we keep a pool of people interested in the trades area. So it is an issue of what we do in the new entrant area, which goes beyond just young people.

There is what we do about upskilling existing employees. I think you mentioned that. It is a critical issue, and it is one area that is bereft of policy at the moment at the national level. Immigration is an issue we need to address. It is a viable area from which to get skills. It is not one we need to rely on totally, but it is one we need. I think the final issue is how we keep our skilled people who want to work on the tools on the tools longer, and that is now being addressed federally. Issues like superannuation and tax policy have to be built into that sort of equation. The real issue for us is how we maintain a pool of interested people to underpin a globally competitive manufacturing sector as we go forward.

CHAIR—I will just make one point. What you say is, in part, true—part of it is experience. But there are some examples where there is a direct correlation between the wages being paid and the working conditions and the shortage of people in that industry. The child-care industry is one example. The Motor Trades Association did a survey in New South Wales a couple of years ago and they found that 52 per cent of the attrition in the industry was as a result of poor wages and working conditions. So there are some sectors where that is a real issue and it is not being addressed. But certainly the issues you raise are also factors in a number of other industries in why we get these gaps in the skills available.

Prof. Richardson—I would like to make one other general observation about what is going on in the labour market broadly that influences the development of skills and who should take

responsibility for it—that is, the decline in the proportion of all jobs that are full time and continuing and the startling growth in the proportion of jobs that are part time and that are casual and, to a smaller extent, are managed through labour hire type organisations. This has tremendous implications for training, because it is very difficult for a firm to take a real interest in investing in the skills development of workers that they do not expect to be around very much into the future. Also, people who are only working on a part-time basis are not going to attract the same level of interest and attention from the employers in the development of skills. There has almost been no growth in the number of full-time jobs, particularly for men, over the last 15 or 20 years. It is really quite a spectacular change in the structure of the economy in ways which are quite hostile to the development of, particularly, structured training within firms as compared with just picking up skills by observation and informal transfer of skills from senior employees to more junior employees.

The other general trend which I think is also worrying in the development of skills is the shift from the public to the private sector. The public sector does much more training than the private sector does, and privatisation has had the effect—not planned but, nonetheless, as a by-product—of reducing the extent of training that goes on, as activities like the supply of water and electricity and so on are moved out of the public sector and into the private sector. The quantity of training that goes on in the workplace has fallen. That increases the importance that we attach to the opportunities for individuals to then manage their own skills development and the obligations and the pressures and the financial pressures for people who are in a very difficult position of having part-time and often casual jobs and then having to not only fund their own living but also fund their own skills development.

One of the trends that we see is people wanting just that much of the skills training that is offered by the VET system or the private trainers that will get them the next job, rather than a more extensive or comprehensive set of skills, and that actually makes a lot of sense when you think of it from their point of view. Also, recent work that we have done at my institute suggests that employers actually do not place a high value on VET qualifications, particularly the lower level skills—levels I and II. There is very little evidence that there is any advantage in getting a job or the pay that you get when you get a job if you have those VET qualifications compared with a similar person who does not have those qualifications. We have to be a bit careful about assuming that having more formal qualifications is always better.

CHAIR—That is an interesting point that Professor Richardson makes, because we have had statistical evidence put to us yesterday by NCVET which shows a spectacular growth in the last three years in the number of people who are in traineeships or in new apprenticeships at that level I and level II. There is a suspicion that a lot of it actually is just direct wage subsidy, rather than any real training or any real skills assessment. Your comments are interesting, because they line up with the empirical evidence that has been produced by NCVET, although they have not gone below that to look at the reasons why there has been that spectacular growth in those areas.

Ms Ball—I would also like to comment on the growth in part-time employment and to point out that there has also been quite a substantial growth in part-time apprenticeships and traineeships as well in the last few years. I do not have the exact figures in front of me, but it is in the order of over 20 per cent. So the flexibility of the apprenticeship and traineeship system is allowing people to be part-time within that. There certainly has been a substantial growth of people in that situation.

Senator BARNETT—Which you would see as a good thing?

Ms Ball—Yes.

Senator BUCKLAND—Were those people in part-time apprenticeships and traineeships in full-time employment to start with?

Ms Ball—No. They cannot be in full-time employment to be a part-time apprentice. Basically, the definition is that it is someone who is not in full-time employment.

Senator BUCKLAND—Is there a particular trade that attracts that type of—

Ms Ball—They can be all over the training system. They may not necessarily be in trades. They could be in the clerical occupations.

CHAIR—The retail industry?

Ms Ball—Yes.

Senator BUCKLAND—So traineeships are taking—

Ms Ball—We do not break our figures into apprentices or trainees, so they are really just in new apprenticeships.

CHAIR—Do those figures include apprentices who are linked to group training companies, who are being paid by host employers for the period they are employed and then are drawing the dole in the gaps in between?

Ms Ball—I could not comment on that but we could certainly get you our figures on the proportion who are in group training companies. We could provide you with any breakdown that you are interested in.

CHAIR—I would be particularly interested to look at that, if they are classified as being part time.

Ms Ball—I can certainly provide that.

Mr Shearing—I will just make a few comments in relation to what the professor, Stephen, Lincoln and Virginia have said. I am not talking on behalf of our industry; I am representing our association that is here today. Retail seems to be the industry that is targeted most of the time in that it is easy to get a job in retail whereas other trade type industries need qualifications. One area we were discussing today as a group was the employability skills in our industry and how the idea of casualisation is certainly profound in our industry although, we, the employers, are looking for people who can be loyal. Some people might have several positions in our industry—in retail, wholesale and personal services—but they hold down those jobs on a casual or part-time basis, but collectively they are one job. The other thing that is bucking the trend is that the larger corporate companies in retail—such as the Coles Myer group et cetera—are actually looking for people who are more secure and stable in the positions. One thing that is

certainly evident in the industry is not necessarily qualifications, as Steve, and Lincoln to a point, were saying before, but more about people who can show those loyalty type skills—the team building skills—and the personal qualities that people require.

The group is also of the opinion that, with regard to the links between secondary school at the top end and industry, there is an enormous gap between where a young person kicks off his or her career path—whatever that might be—and understanding the image of what our industry is all about. There is a role for the government to play in facilitating the image of industries so that it is clearer than it is at the moment. They do not necessarily have to subsidise that process but could provide that facilitation role. The other side with traineeships—and I am trying to capture as much as I can here with regard to the comments—is that we certainly have a lot of part-time traineeships in the industry and also school based traineeships. Some of our employers are suggesting that this is a good way to engage people in training but it should be made a bit more reliant upon that person understanding what our industry is all about. Certainly if we have good RTOs out there, such as the TAFE system, supporting that process then engaging people, mentors or trainers into that process is key to how these young people are going to develop within our industry.

Another issue with our industry is that we have been called a stepping stone to other types of businesses, or people might use the fast food industry, for example, for paying off or saving up money for their university requirements. We have a major issue—and this is more of a personal comment—with secondary schools and the way they paint the picture about university. Some of our employers offer university options to students and pay for them to go through that process. For young people who get out of or re-enter the work force—for example, a married mum getting back into the work force—one thing that is very clear is that at any stage, particularly with young people who turn 21, they can re-enter university through another gateway. As part of my commentary about this, we have similar issues to the other industries, but we also have changing goals. This is because at the moment in the retail industry in South Australia we have deregulation of shopping hours, which is going to initially create, we believe, some huge issues not only in respect of wages and the industrial side of things but also in the time that is spent by owners in business, especially small to medium sized businesses. They are going to be pulling their hair out initially about how they are going to get more people involved in these longer hours, if that is the case.

Then on the other side of it we have regulation. For example, in the food safety area food retailers will have to comply by 1 December 2003 with particular regulations. Training is not compulsory in this state, however, compliance is compulsory in this state. So we are begging the question: if compliance needs to be in place by 1 December 2003 and the act clearly states that people must have skills and knowledge commensurate with the workplace activities, then why is it that training is not compulsory in that process? I think a lot of people around this table would agree that the best way to get skills and knowledge is through training whether it be formal or informal.

They are some of the issues. I guess the other side to it that the professor was talking about was the privatisation of some areas. I really cannot make too much comment there; we are obviously a private industry. But at the end of the day we find that there are many employers out there that have the passion to train their staff because they need loyal people within their staff and people need to be secure within their jobs. So I think there are some trends that our industry

is showing against the trend of the casualisation of the work force. I guess of particular interest is the male and female side. Our industry is dominated by females, particularly the hair and beauty sector of the industry where there is about a 75 per cent female component. We also have very high attrition rates with that and a very big turnover of people at the same time. They tend generally to be females in our industry. About 63 per cent of the work force in the retail industry is female.

Ms Maystrenko—When we are looking at who takes the responsibility, whether it is the education centre or the industry, I think we need to look at the nature of the industry. The agriculture and horticulture industries are made up mainly of farmers, some of whom live in very remote areas. When we are looking at employability skills versus technical skills some of those farmers need employability skills as well. They may be able to take somebody on but they have got absolutely no idea what is involved in taking on a person. In terms of employability skills and things like communication, we had as a target group in equity issues a while ago males needing to learn communication skills. These are males living in very remote areas. In this debate we need to look not only at the big organisations but also at the small businesses.

Senator BARNETT—In Western Australia evidence was presented to our committee that there are considerable skill shortages in the rural sector. Is it similar in South Australia? I would like to throw three other questions back to the panel. The first relates to evidence that we heard this morning from Canada saying that a person entering the work force in Australia today would have up to 25 separate jobs during their working life in five separate economic sectors. That was put to us. Does anyone have a view about whether that is right and consistent? Combined with this trend to a part-time and casual work force, can you talk about the flexibility of our current arrangements? Are they flexible enough or do they need to be more flexible? What can we do to adjust our training systems to take into account the fact that you are going to have 25 jobs in five sectors with the trend towards part-time and casualisation of the work force?

The second question relates to older Australians and their re-entering the work force or reskilling or upskilling to be able to take into account their need to have work, and to meet the needs of the community. We have got an ageing population but we are always focusing on the new entrants, the younger folk in the community. What about older Australians?

Finally, I would be interested in any feedback from the panel regarding the final report of the ministerial inquiry that has been released here in South Australia—we have not had much discussion on it—and whether you agree or disagree with the report and recommendations. What I found to be quite unusual was that the chairman of the inquiry was the minister. The report and recommendations were targeted at the government, and the Hon. Jane Lomax-Smith is the lead minister. I found that very unusual, and I am interested in some feedback. There are a number of questions there. Nadeya, would you kick off on that rural shortage one—whether in South Australia you do have a shortage?

Ms Maystrenko—Yes, there definitely is and it is at all levels, from the unskilled to the very highly skilled. The reasons are numerous. It is a well-known fact that kids these days are not tending to stay on farms, so that is one aspect. The other aspect is from the training perspective within markets. It is very difficult to get training organised in some areas. There is also a cultural factor. There are some pockets, like the Murray Mallee, where we know there is a need for

training but people are just not interested. When we are looking at solutions, we need to look at the whole gamut of things—not just at one way of addressing them but at various ways.

Senator BUCKLAND—Farmers—

CHAIR—Is this on that specific point?

Senator BUCKLAND—Yes. You say that farmers are not interested in training. Does the Farmers Federation or any of the farm organisations provide training opportunities or present those opportunities?

Ms Maystrenko—The Farmers Federation definitely supports training, but then there is organising training itself. Have you heard of FarmBis?

Senator BUCKLAND—Yes.

Ms Maystrenko—That is very popular and it is doing quite well in South Australia, but there are still areas where training is not being picked up. It is mainly the culture. There is still a distrust, for example, in some areas of anything to do with government. So you have to overcome that before you can get people interested.

Senator BUCKLAND—FarmBis looks at the business side of farming, which I can understand. But you say that there are still areas of need. Is this in things like animal husbandry or tractor driving or understanding the environment? Is that the type of training you are talking about?

Ms Maystrenko—Yes. It is the hands-on stuff, the doing stuff. It is from the unskilled to the skilled to the highly skilled area. There is a great shortage of people with tertiary qualifications as well. You find that graduates are snapped up and paid quite good salaries in a lot of cases.

Senator BUCKLAND—Is the culture that you are talking about a matter of, ‘Dad did it this way for 50 years, and I’m going to do it this way for the next 50 years,’ or am I looking at that wrongly?

Ms Maystrenko—I think that is part of it, but it is not even just doing what Dad has been doing. It is the fact that there is a mistrust, quite often. With training, you might have people interested in training and then finding out that it just did not meet their needs. You hear of cases where somebody, instead of talking about the industry, is bringing their knowledge from another industry’s perspective—for example, occupational health and safety talking about construction rather than the actual industry. That puts people off completely. It only takes one bad experience for everything to be clouded.

CHAIR—What about in relation to the other questions that Senator Barnett raised?

Prof. Richardson—Regarding the question about whether people entering the work force today could expect 25 jobs, I am actually rather sceptical about these numbers. Largely, in my view, we do not have a good empirical base for forming that view. I know it is a very popular view, but in order to understand whether that is really happening you actually have to trace the

same individual over a long period of time, and Australia in particular does not have good data sets that enable us to do that. So we do not have a good empirical base for forming that view. The one thing that we can say is that, if you look at the average length of time of the typical job, there has been very little change over the last 20 years.

Senator BARNETT—And what is it?

Prof. Richardson—It is about seven or eight years. But there is a distribution, and the distribution has not changed very much. What has changed is the reason people lose their jobs. People are more likely to lose their jobs today because they get fired or the job disappears in some way—that is, it is involuntary—rather than cease the job because they quit voluntarily. That, of course, feels very different when you are on the receiving end. In terms of the duration of the job, it does not matter why the job comes to an end.

The other thing that is important to note is that women's jobs have predominantly been short term, low paid, with poor conditions and casual. Women are now moving into jobs that tend to be longer term, better paid and so on as women move into a larger variety of jobs across the entire spectrum. So their experience is getting better in terms of the expected duration of jobs, and for men it is getting a bit worse. And of course the men do not like that, they notice that and they speak up. That might be part of what you are hearing. But if you look at the entire work force, you will not see much evidence that the typical job does not last as long as it used to. There is a bit of scepticism from me on that one.

On the question of whether part-time, casual type jobs make us flexible enough—'flexible' is a word that most people approve of; it is a good thing to be flexible—I think it matters enormously which side of the employment relationship you are on. The flexibilities that we have seen emerge in the labour market, particularly with the quite conscious shifts in policy that are intended to increase flexibility, have been very beneficial to the employer—that is, it is much greater flexibility for the employer, and in many cases much less flexibility for the worker. In the current environment, where we have an excess supply of workers, the balance of power, if you like, is on the side of the employers and they are the ones who are able to take advantage of the increased flexibilities.

Should circumstances change and we have an overall shortage of workers then I am sure the flexibilities will start to benefit the workers, because employers will have to devise ways of attracting people to apply for their jobs and one of the ways they will do that is to construct arrangements that appeal to individual workers. So are we flexible enough? That is not an answerable question, in my view. There have been big increases in the degree of managerial prerogative in determining the characteristics of the work contract and that has, I am sure, been beneficial to the employers. I am not sure that it has been beneficial to training, for the reasons that I mentioned before.

The question of older workers is extremely important. We do not yet have a shortage of workers, so we are not yet at the point where employers or anyone else is especially interested in cultivating productivity of the older workers, but I think that time will probably come by the end of the decade. Then we will see increasing efforts by employers to retain older workers. At the moment, it is still the case that if you lose your job and you are an older worker the chances of getting another job are very small. It is still a bleak picture if you are an older worker. There are

lots of impediments to getting additional training. The older workers themselves are not very keen, for what I think are quite good reasons. There is not a lot of convincing evidence that it pays off. You have to have quite a long time horizon before you want to make the effort to invest in a new set of skills. You have to think you are going to be using them. As people get older they are getting increasingly irritated by the idea of having to learn skills on the off-chance that they might get to use them. If they could see a job at the end of the process then they would be interested in doing a training course—if they knew that it was actually linked to a specific job at the end and they were going to get that job—but that is not normally the way it is presented.

My only other comment on older workers is that the training that goes on by employers on the job is very extensive in this country. Some of it is structured training and some of it is informal training, but a lot of it happens right across the age spectrum of the entire work force up until the age of about 55 or 60. Then it starts to drop off, but up till that age it is happening. Workers are learning additional capacities on the job from their fellow workers and through structured training that happens in the workplace largely with the active assistance of the employer. That is a very important part of our whole skills nourishment and development structure that happens outside the formal training system. On the skills report: I think it is terrific; I was a member of the inquiry! But I do actually think it is one of the better government reports I have seen in a long time. I think it was very well done.

Mr Kuchel—I will come back to some of the questions that you initially asked, but before I do I will make the observation that, particularly for engineering, in the past in South Australia—and I think the same applies to most of Australia—the government played a very large role in training our engineers, both by taking on engineering graduates and also by taking on people at lesser levels straight out of high school and encouraging them to go through various levels of training with our tertiary institutions. That was done in a large way with our utility providers, the Defence Force, CSIRO, DSTO and other organisations like those.

I should add that the private sector benefited from that by taking, in many cases, employees who had 10, 20, 30 years experience specialising in particular areas of engineering and science and by then being able to use that expertise in the private sector. Probably to a large extent, the private sector relied very heavily on that role that government played. That is not to say that private industry should not have been playing in that sphere as well; to some extent they were. But certainly government involvement was very heavy in that area.

Over the last 10, 15, 20 years, we have seen privatisation of our utility providers. Even the defence forces are looking to outsource any noncombatant personnel, and they have outsourced much of their work. Many of the companies that have taken up those contracts from the government have initially, of course, sought to source people who were previously employed by the government. But, a few years into their contracts, they have started to realise there is no ready pool of people to fill the jobs any more. There seems to be a grappling by private industry as to how to cope with the training or getting of suitably qualified and trained engineers and scientists into their business, because they have not taken on the role where the government left off in training up engineers and scientists, in particular.

I will just step back to the electronics industry's perspective on the questions you asked before. In particular, you asked who has responsibility for addressing the labour market skills shortages. Our industry has taken quite some time to look at this issue from its own perspective.

Over a period of some five years, it has come to the view that it needs to take a significant role itself in addressing the skill shortages that we have in the electronics industry. What is clear is that there is also a role for the educators and trainers and for government, both state and federal.

I have read with interest a number of reports that have come out over the last few years, including recent ones. It seems that people are looking to place blame or determine whose fault it is that we have skills shortages in particular areas, and to question which particular group ought to be fixing it—should it be industry, should it be the educators and trainers, should it be the government? As I have said, we have certainly come to the conclusion over the last five years that industry has a large role to play, but there are aspects that we cannot do alone and we need the support of the educators and trainers—and governments, as well.

The area where industry needs to take a role is what I referred to before: providing more training within the work force and supporting traineeships, cadetships or other methods of putting existing and potential employees through further education and training, both in house and externally. We also have a major role to play in marketing what our industries are about. I think this goes beyond the electronics industry; in fact, Colin spoke about the retail industry, where we have a major role in marketing what it is our industry provides and what it is you can do if you become, in our case, an electronics engineer.

We need to market that to teachers, careers counsellors and students themselves. In fact, we are embarking upon some programs to do that. If teachers do not understand what the opportunities are or careers counsellors do not fully understand what a job in electronics, retailing, or whatever is about, and if that is where students are getting their information, then there is a significant gap. The industry has a significant responsibility to play a part as well. Industry also has a significant role in working with the education providers, particularly in engineering and sciences, where the technologies change rapidly and there is a need for industry to let the tertiary providers know quickly what they need now and what they will need in the future. That is certainly not an easy thing to do, but to expect educators and trainers to do that on their own is unreasonable.

It is particularly important that those items I mentioned where industry has a role to play are supported by government. In particular, what is needed are the culture and incentives that industry may need broadly to engage in training, as we are in the transition period from government having played a major training role to private industry taking that role on board. More importantly, we believe there is a real need, particularly at the federal government level, for government to have a policy on how it wishes Australia to look in future in terms of the jobs and industries that this country supports, rather than letting other parties—whether they be educators, trainers or other people—determine what is available for students, or the ad hoc approach—perhaps I am being a little unfair—of making all things available and saying, ‘Pick what you want to do,’ as opposed to having them prepare for what we might need in the future.

The Irish government is a good example. Over 30 years ago, they determined that the future for their country and for much of the world would be in technology related industries—in electronics and information technology. I am sure that 30 years ago they were not thinking of biotechnology, but more recently that has come into their view as well. They took a whole-of-government approach and took the policy that engineering, science and advanced technology related areas were the areas they wished to concentrate on and that if the education sector—not

just the tertiary sector but from secondary and upper primary school—policies were around promoting these engineering and science related courses, then they would have an opportunity to develop a work force which would enable technology based industries to thrive.

They have proved to be very successful in that. Even during the dot.com era when industry went down suddenly, like much of the rest of the world, the Irish universities found that their students were not going into technology related courses, but the government played a role in promoting those courses and technology and science. It said that this sort of thing went in cycles and if students went into these courses then, they would have the opportunity to get jobs when they got out. Their industry has picked up and is growing and those jobs are available. So there is a significant role for government to be able to look into the future and see what we want. I have used the technology and engineering example, but that is not to say that it does not apply to other sectors as well.

There is a need for educators and trainers to work with industry actively to keep abreast of what industry does require. Coming back to some comments that were made earlier by several parties, there is a need for our students particularly at a university level to receive the general education that is required. But in the areas where students currently receive the specific skills training, there is a need for that to be tailored more for industry needs, particularly in rapidly changing industries. There are some more points I could probably make but those are the main ones I wanted to make today.

Mr Shearing—I would like to make some very quick comments about what Senator Guy Barnett asked before. The professor had remarked upon that before and Jason also had mentioned that a little. I get back to the industry which I come from—the retail, wholesale and personnel services industry. It could be quite possible for people to come in and out of the industry, as they do. We are talking about older people here. They might not possibly have 25 jobs but certainly there might be many jobs they need to hold down because of the attrition rates et cetera.

The other issue we have in the industry is the unfair dismissal laws, which impact upon that as well, and owner's reluctance to take on people at an older age. We believe that impacts on that. The other side to this is a statement I want to make about what Jason said about career counsellors at schools. I do not know whether people are aware that in this state you cannot have a careers counsellor position in a public school unless you have had 10 years current experience as a teacher. I find that a bit off when these people would need to be out in careers themselves and understanding the reality of what careers are all about. I have a major issue with that. At the end of the day, teachers have a real tough job in this state with what they have to get on with in their core business. It is a massive responsibility on people such as ourselves to assist the process. The industry has a big part to play in this.

I guess that answers another question about the recommendations that come out of the skills inquiry. I feel it goes a bit light on that. A lot of the recommendations that are made in this inquiry have been opinions that have been given before. A lot of the rhetoric through here is about social inclusion—whole of government, if you like—which I would certainly agree with. But recommendation 4 says:

The Government should reaffirm its commitment to providing multiple and different transition pathways for young people from education to employment with continuing emphasis on:

- completion of year 12 or equivalent;

There are a lot of young people, as we know, who may not ever complete year 12 or who have a problem with completing year 12, who would be quite suitable in many industries round here. But we do not know how to capture those sorts of people.

What it does not mention in any of the recommendations in the report is an industry led process. At the end of the day, we are talking about skills formation. Surely industry—and all of us here are saying the same thing—has a big part to play in this process and government has its part to play as a facilitator in that overall process as well. My comment to the skills inquiry—John Brownsea from the State Retailers Association asked me to make this comment—was that the recommendations do not go far enough and are a bit light on the ground. There are some recommendations where we would expect the answers anyway.

Going to the reskilling of the workplace, apart from the unfair dismissal laws we have other issues involved in our industry and what Jason was talking about is the image of the industry. It has to start at the primary and secondary level of education. If we do not get that right, how can we expect to get it right as it permeates the vocational education and training sector and the higher education sector as well?

Mr Myatt—I was also going to pick up on a couple of points that Senator Barnett asked about. I think the older Australians area is important. I guess it is a question of how old is older? One of the issues I was looking at was simply the area where you have somebody in the company at the moment who may be wanting to upskill their present level of skills for use by that company. That sort of activity in my view is not picked up in present policy to a great extent. Present policy does focus on new entrants to a large extent and I think we need to look at this area in the cold, hard light of day.

The other issue I want to talk about is the Schofield inquiry, and Sue needs to be congratulated on the record for what I think is a challenging report. It questions a lot of assumptions and makes interesting reading. From a manufacturing point of view, though, we are somewhat bewildered by a recommendation to put a training levy on manufacturing in this state on the basis that we have one on construction. I will not go in depth, but the reality is that in practice, when you put a training levy on Mitsubishi and Holden but not on Ford and Toyota because they do not manufacture here, and you certainly do not put a training levy on Mercedes, Saab and Hyundai, it does not make a lot of sense for us in terms of a final competitive position for the state's manufacturers. As the senator indicated, that report is awaiting government response and we will no doubt have our say at the appropriate time.

Ms Battye—I would also like to address some of the issues raised by Senator Barnett. The changes of people's jobs through their lifetime highlights the importance of real lifelong learning. It must become more than a mantra—we should look at opportunities for lifelong learning, moving in and out of education, and making it a reality. That of course means additional funding for the area which has the greatest flexibility—that is, the VET sector, particularly the TAFE sector. It is interesting to note that the average age of TAFE students is

about 30. That highlights the fact that we are meeting the needs of retraining and constant upskilling. It is not just entry-level training that is provided.

Senator BARNETT—Is that consistent around Australia, to your knowledge?

Ms Battye—I believe so, yes. A very high proportion of those students are part time. Often the training is in areas not so much related to people's current jobs but to people seeking to change employment, which highlights some of the flaws in the thinking about training packages. That is the topic of another inquiry. I believe that a lot of the questions that you posed right at the beginning, Senator Campbell, are answered in the skills inquiry, particularly in relation to the spread of responsibility for addressing skills shortages. I took great relief, coming from the training sector, to read that it is not a failure of the training system that is leading to skills shortages but it is a very complex mix, as Professor Richardson stated earlier.

A couple of other issues from the report that are particularly pertinent to this inquiry is the advice against knee-jerk reactions to immediate perceived skills shortages and a comment that that is part of a normal business cycle. We often hear about the shortages in boilermakers. So do you put on a course for boilermakers? It is not that simple, and those issues have been raised earlier today. Another significant feature of that report is the extent to which skills acquisition and development has a social imperative as well as an economic imperative, and the fact that they have to be seen and worked on together is a very significant issue for this inquiry.

CHAIR—I will come back to one point which you might want to comment on also, Professor Richardson. On the issue of skills shortages, it is true that Kaye Schofield said to us that, in her view, the only areas where there were real skill shortages were manufacturing or the traditional trades, such as boilermaking, fabrication skills, metal trades and engineering et cetera. That is an issue for us because we will have in this country over the next three to five years some \$25 billion to \$30 billion worth of major project work around the country—in Western Australia, South Australia, Queensland and the Northern Territory—where there will not be any skills shortages because people are talking about wages of \$2,000 a week. There will be no trouble getting the skills in those particular projects. The problem is going to be the stripping that will occur out of the rest of the sector, such as in general engineering in the metropolitan areas, and what that will mean for the future sustainability of those companies and those industries. It may well be that they crash over that period. To get in there and restart might be a major issue which will leave a skills gap in our economy generally. We need to ensure that there are enough people to address that.

That raises the issue of the older worker. The Western Australian government has put in \$150 million for a training program in Western Australia which is looking at upskilling and cross-skilling people who have essentially got trade qualifications in the areas where it is perceived that there will be demand for certain skills. It may well be the older workers who finish up filling the skills gaps in traditional areas, such as fabrication shops and small engineering companies in the Perth region, while the younger work force head north to make their fortune. It is the only area where I know that a government is doing that in a specific sense. It seems to me to be what needs to be done to deal with the issue of older workers.

Ms Ball, I do not know whether or not NCVER has any figures on this, but when I was in the UK a couple of years ago they told me that they had 3.6 or 3.8 million people over the age of 50,

of whom only 168,000 were actively seeking work. They said there is a very clear bias in the community amongst employers against engaging older workers. Those people have gone off and have lived off their superannuation or disability pensions or whatever. They made the point to me that they were advertising for workers. They were dealing with people in the 50 to 60 age group who had been clerical workers and administrative staff and yet they themselves were advertising for clerical workers and administrative staff and never made the connection that these people were employable by them. They actually started to employ them after a period of time. That is a real issue. There is a perceived bias out there and I do not know what we do to address it. I do not know what the figures are in this country for the number of people in that age group as opposed to the number of people in that age group who are actively still seeking employment.

Ms Ball—We do not collect those sorts of figures. The ABS labour force surveys would be helpful there. Also, the Intergenerational Report that was done last year looks at the number of older people on disability pensions and so on. We do have statistics on the number of existing workers in apprenticeships. There has been a huge growth in people over 40 doing apprenticeships and traineeships. A lot of them are existing workers who are upskilling. So there is growth within the apprentice and trainee system, with older people gaining further skills.

Prof. Richardson—Could I respond to that. The older workers do not get looked after by the training system. I think Mr Myatt made this point. In fact, Australia does extraordinarily well in terms of the proportion of middle-aged workers who are actively engaged in the formal training system. When I say ‘well’, I mean that there is a higher proportion in Australia than in almost any other country in the world. That is consistent with your figures that the average age of TAFE students is 30. I think lifelong learning is actually happening in Australia, and is probably better than almost anywhere else. We should be pleased with ourselves for having achieved that. When it comes to the proportion of older workers now, I take it you are meaning 50-plus or 55-plus.

CHAIR—Well, 45-plus. That seems to be the benchmark in Australia.

Prof. Richardson—At 45-plus most men are employed—certainly in the work force, if they do not actually have jobs. An increasing proportion of women—and probably half of women at that age—are employed. When you get to 55-plus, the numbers drop off quite rapidly. Only about half of men aged 55 to 65 are in full-time jobs. A fraction of them are in part-time jobs and the rest of them have withdrawn from the work force or are unemployed. So there is a very big pool of underemployed. That is one of the points that I started off making. We have a lot of surplus labour in this country, and that is one of the reservoirs of surplus labour.

A lot of this withdrawal of older people from the work force is not voluntary; it is not their preference. What happens is that they lose a job and are unemployed. If you lose a job and you are 50-plus, your average duration of unemployment is very long. It is much longer than if you are a younger person. Often the unemployment comes to an end not because you get a job but because you leave the work force. How people support themselves is a very interesting question. The use of the disability pension is one way. People do it, but you have to persuade yourself and someone else that you are disabled in order to qualify for that, and that is a pretty nasty process.

I think that we have a reservoir of both labour power and skills amongst that older group of people who would be very pleased to be called back eventually or to have opportunities for jobs.

You are not going to get them to be enthusiastic about training in the abstract. Only if training is clearly associated with getting a job are you likely to get the unemployed ones interested in it. There is a real bias that employers still exercise against employing older workers.

CHAIR—Is there an argument for restructuring the redundancy provisions in this country and the requirements on companies, where there is a shift or a change in their labour force, to provide longer time frames between notification and termination and also some sort of compulsory training requirement? It appears that it is much more effective to train people while they are still in employment in an environment in which they are comfortable, and which they have probably been going to for the past 30 years at seven o'clock every morning, rather than try and take them out of that environment and get them into a totally alien environment they have had no experience of.

The one example in this country that I am aware of which was very positive in that sense was the BHP closure in Newcastle, where there was funding provided. There was a two-year lead time on that closure. Most of those workers, if not all of them, finished up in alternative employment arrangements. Many of them were trained as TAFE teachers, passing on the skills and experiences that they picked up at BHP. They were obviously required to be given the training as trainers as opposed to whatever specific industry skills they carried. That seems to me to be a very good model for what we ought to be trying to achieve in terms of dealing with this question of the more rapid movement and changes in not just the labour market but also in the economy generally. The Scandinavian countries were doing a lot of this longer-term planning for changes in their economic base for reskilling workers into different industries in the eighties and nineties. There were a number of examples where that occurred. What are your views about taking that approach?

Mr Shearing—Are you also suggesting in that model—and I think some of the discussion is around people changing jobs quickly, and that transition—shorter courses for people? Are you suggesting that for older people?

CHAIR—It may be shorter courses; there may be longer courses. I suppose that to a large extent it will depend on the skills set that the people possess in the enterprise that is closing down or the industry that is going out of existence, where cross-linkages can be made with other industries that they can be readily skilled up to be employed in.

Mr Shearing—I do not know about this bit of research or whether there has been research on people who are re-engaging in the work force—older people who have been out of the work force for some time, the people 50-plus years old—and re-engaging in training I know anecdotally that people at that age have said that they have not done that type of training for a very long time. It might be that we need to formalise the informal training in a workplace setting with shorter courses. The TAFE system or the private RTOs can still be engaged in the mentoring arrangements for that process as well.

CHAIR—I have always held the strong view that, if you are dealing with a work force that has been in employment for a considerable period of time, an effective way to train them is in that environment, which they are comfortable with, rather than taking them into an alien environment. I remember when BHP closed down in Wollongong in the early eighties, the LAP put in place was a spectacular failure. That was primarily because they would not go to the

TAFE colleges or into the school system to be trained. They had an image of sitting behind little desks with their knees up around their chins somewhere, alongside other school kids. That is a reasonable view for them to take, because that is probably the image they were left with when they left school 20 or 30 years ago.

Prof. Richardson—I think there is a lot to be said for the idea you are putting forward of anticipating the job coming to an end and then retraining for some future job. There is no doubt that you are more likely to get a job if you are currently employed than if you are unemployed or not in the labour force and you start looking for a job. That is another reason for the attraction to the idea of extended notice if your job is coming to an end. You could imagine that that would work only for big employers, and you can imagine that there would be quite a difficulty, depending on the quality of the employee relations in the enterprise, in maintaining commitment and effort from the work force if they knew their jobs were coming to an end in 12 months or whatever. There are issues there, presumably, about people being pretty angry and not wanting to be too cooperative. But in certain circumstances, if you have the right employee relations and a big company that is capable of managing that, I think that would be a very excellent model.

CHAIR—I often wonder what would have happened in South Australia had Mitsubishi taken the decision to close down. What was the number of employees you had?

Mr Barrett—In and around the year 2000 we had just over 4,000 employees. Our permanent work force is now around the 3,300 mark. The restructuring program we went through in 2000 saw around 600 employees depart, predominately from our white-collar staffing areas, through a voluntary program. There was not the need or requirement to enter into a forced redundancy program.

As part of the voluntary program, we also provided support, through career counselling and career assistance, for those individuals who wanted to opt for that. Only a very limited number elected that option. It is probably fair to say that the majority went into retirement after leaving the organisation at the time. Just picking up generically on the point, I think there is some danger, from a commercial perspective, in having a prolonged period of notice. I share the views that the professor made: you do have to have an extremely good working relationship with employees and/or their representatives in the workplace to ensure that you do not have industrial sabotage or related issues during a prolonged period of time. I think the BHP model was a very good model and it seemed to work very well. But commercially, I think, for most organisations, the decision to cease a business, or a portion of their business, tends to be a decision that is made fairly quickly. For commercial reasons, my shareholders would want to see the effect of that decision being put into place very quickly.

While I have the microphone I will also thank Mr Myatt for his comment of support in relation to my company. I have not as yet read the inquiry, so I cannot comment from the perspective of having read it myself. But if there is a suggestion of a training levy which we would be hit with in South Australia, and our competitors interstate would not be hit with, once again, that would bring an additional cost imperative, from a business perspective, for us to deal with and would put our competitors in Victoria at yet another advantage. That would be a concern for Mitsubishi. I say that not having actually read the report, but I thank Mr Myatt for his comment and I understand why I am a member of his organisation.

Also, if I may make another comment—I know that Senator Barnett has gone but he raised the issue about flexibility. I think perhaps there is some confusion about flexibility versus company loyalty or career development within one employer. I share the professor's view that it is drawing a pretty long bow to suggest that the average employee would have 25 separate jobs in their lifetime. Based on an average employment of 50 years, that is a job every two years. The professor, quite rightly, pointed out that it is very hard to find any empirical data to support such a contention. Anecdotally, the evidence tends to suggest that a school leaver or a university grad will move around within their career to obtain more knowledge and perhaps more revenue for themselves, and to move up the hierarchical ladder. In knowledge of that fact, organisations such as our own are looking at a far more structured approach to career development, to provide some career opportunities within our own organisation, beyond our organisation in our overseas affiliates, within the automotive sector in general and through the partnerships that we have with our suppliers.

That is something which we realise is an issue for us: if we are going to retain people for longer periods of time and build up loyalty to our organisation, then we need to be mindful of the fact that individuals want to have a career and rapidly develop in their career. It is an issue which we are mindful of and we need to address. One of the ways to address it is, once again, in partnership with educational institutions that can provide that educational development side to an individual within their career in an organisation.

CHAIR—I have a couple of quick points. On the issue of statistics—and I think you always have to be cautious of statistics and what they throw up, because they can be misread—I have a number of young friends, particularly those who have a higher tertiary degree, who have a tendency to change jobs very rapidly in the initial stages. It is about getting a breadth of different experiences on their CVs, which they say makes them much more employable over the longer term. They are looking to change jobs about every 18 months and go elsewhere so that they can say they have worked for somebody else and have built up their skills. They are broadening their skills base all the time. When they want to settle down or look for a longer-term job, their saleability in the labour market seems to be enhanced because of the different skills and experiences they have had. This seems to be a trend running against how it was 20 or 30 years ago, when the more employers you worked for the less employable you were. People were looking for stability, as opposed to flexibility. Maybe it is the difference between people with higher education levels and people who are at the level in between.

I did not take from my reading of the skills report—perhaps Professor Richardson can confirm this—that there was a suggestion about a compulsory levy in the auto industry. In fact, they were talking about voluntary levies—that it was a matter for industries themselves to make the decision to have a levy and it could be facilitated if that were what the industry wanted. That was my reading of what was being proposed. That might help relax you, Mr Barrett.

Mr Barrett—Thank you.

Senator BUCKLAND—I was going to address a question to Professor Bensley, but I would like to hear the comments of others. During the last decade or so we have had industry, particularly manufacturing industry, going through a restructure. Part of the restructure has been the redesigning of jobs and empowerment of individuals within the industries. Another part of it has been for industry to concentrate on its core business—that is, manufacturing—and

eliminating their in-house training programs for tradespeople, in some cases trainees. I am wonder what your views are in relation to that being a contributor to the loss of our perspective on skills and the availability of skills. Have we reduced our ability to train people for industry? Some manufacturing industries are now saying that they may have to go back to in-house training to be able to have generic skills for their particular industries, rather than call in the labour hire firm as and when needed. Have any studies been done on the effect of restructuring?

Prof. Bensley—I do not know about any studies, but we are involved with a consortium which Mitsubishi is also a member of that brings together nine different organisations and is linked with TAFE institutions and the three universities. Our experience in the context of that cluster reflects a number of things. The average age of the TAFE faculty that provides input into the training of trade based people is something of the order of 50-plus. Our reading of that is that there is a significant gap between the experience base from which they operate and where industry currently is placed in terms of the technologies that are being used. A question is then being raised about the credibility of the training that is being provided. The same thing applies when it comes to looking at managerial or leadership training. Our experience at more senior levels, looking at managerial training, is that those who were providing the training were again 20 or 30 years outside the real job world for which they were training people. The issues that they were picking up in the curriculum and the methodology being used was very much out of kilter with the needs of the consortium, to the point where the only way we were convinced that we were going to get the learning outcomes that were being looked for was to plan a far more active role in the design of the curriculum, the delivery of the training and the education and its assessment.

What emerged from that experiment was a much more active participation by industry partners with the tertiary sector in order to provide what was being looked for. Increasingly, that is being done in the context of the enterprise rather than in the context of the university or the TAFE sector. The outcomes have been very significant in terms of the difference and the transfer of those knowledge and skill sets into practical outcomes, as against what we were getting prior to that. It has reinforced for us that industry cannot sit back and expect that the tertiary sector will be successful in training people for them if they do nothing but pay the bills and provide the employment link. There has to be a much more active engagement between the two parties, to the point where both of those programs are essentially staffed by a combination of university and TAFE facilitators and industry experts, so that the currency and relevance of what is being taught does not become an issue.

CHAIR—That is becoming more and more standard operating procedure, is it not? More and more when you go to enterprises around the country you find TAFE teachers in the enterprises delivering training and setting up curriculums. A lot of that has been driven by the technology, too. There is no way in the world that TAFE, for example, could fund the technology that is being used in the automotive industry. You have to take the teachers and the students to where the technology is that they are going to be using. That itself is driving the agenda. My own experience is that TAFE seem to have got their act together in that respect and are much more flexible, being able to go out and deliver these programs in the enterprises, as opposed to having the workers come to them.

Prof. Bensley—That is true, but the difference between that and what I have described is that the product itself is the result of engaging the industry and enterprises with the entity, so that you

are providing a very different product than the off-the-shelf product. Often what you are finding is that the product is provided in situ but it is an off-the-shelf generic product rather than something that has been customised to the need of a particular industry sector.

CHAIR—In a lot of the examples that I have seen around the place, it may be the off-the-shelf product but modified to suit the needs of particular enterprises with specific training requirements built in. To that extent, it has been customised to suit the customer or the needs of the enterprise, rather than essentially deliver what TAFE feels ought to be delivered in that area. I have seen a lot more willingness to be flexible in the way in which programs are delivered.

Prof. Bensley—I think in part that was being forced in that a lot of organisations were seriously looking at becoming RTOs in their own right in order to be able to provide what they were not getting through the TAFE sector.

CHAIR—Yes.

Ms Battye—To give an example of the extent to which TAFE is working in enterprises and the beneficial effects across training, one of those is here in Adelaide at the Virginia Horticultural Centre. The Virginia area north of Adelaide has about 1,200 growers who obviously have very small businesses. Six hundred of those people are Vietnamese. We have had an extensive program there, first of all with a skills recognition process with these people, particularly the Vietnamese, who have had significant career changes as a result of being refugees and have been working successfully as growers. First of all, we conducted skills recognition and then we identified the training needs that were required. TAFE staff have been working alongside them for the skills recognition and then using the facilities in that area for training. As part of it there have been some very high-tech glasshouses—they are polyester houses now—with high-tech irrigation systems. Again, that could not be replicated in our own training facilities, so we have been using those facilities and working with the growers to make best use of the research findings. There is also technology transfer through the process.

Mr Shearing—I would like to make a comment, with Virginia and Professor Ross Bensley. This is anecdotal, but my company developed a model called ‘enterprise based skill centres in retail’, and that worked exactly the same way. The company went in and provided an opportunity for structured workplace learning to go an extra step. An association was built up with an employer, who engaged an RTO to provide the credentials. You built a relationship with the enterprise, and it became very enterprise specific. It meant that you then had an ongoing relationship with the enterprise in which you were providing structured workplace learning. Through that process, the people who were participants in the program benefited by getting their credentials and jobs, and the enterprise benefited by being able to upskill and professionally develop their own staff as they provided liaison and mentoring to the people being trained. So it was basically like an employment pool happening there and then and incubating within the enterprise.

Senator BUCKLAND—I am conscious of the time. There are a couple of questions I want to put. One is to Mr Shearing, and it comes out of what was said earlier about the number of trainees in the retail sector. I am aware that it is the case that there are a high number. I wonder, though, how many of those trainees complete their traineeships and how many obtain employment at the conclusion of their traineeships. It seems to me that quite a few do not

complete them—they come up a few weeks short, quite often, for reasons that may be questionable in many cases—and that there do not appear to be a high percentage who retain employment at the end of their traineeships. Do you have any statistics or anecdotal evidence on that?

Mr Shearing—I certainly do not have statistics with me. There are certainly issues around employees completing their contracts of training early or not completing their contracts of training—both cases occur. There are a lot of issues around traineeships in the retail industry. I certainly cannot speak on behalf of the industry—I am here representing a group—but there are issues. The employer-employee relationship may not be working, and I can give you anecdotal evidence of that. In some cases, the young person—or it could be an older person—in a traineeship does not work out for an organisation. It could be that that happens near the end of their traineeship. In South Australia, I think we have a pretty good track record with traineeships because the RTOs that are engaged in the traineeship system generally adhere to the qualifications training framework in providing that process of skilling a person appropriately to a qualification. Unfortunately, there have been some cases in South Australia where perhaps that has not happened, and it is time—

Senator BUCKLAND—Are there any statistics you could provide us with or point us to?

Mr Shearing—Yes, there are actually. There was a state training plan developed last year, and that provides some of that information. I am not sure whether the NCVET has that information as well.

Ms Ball—We would be able to provide you with some statistics on completions in retail occupations. In terms of where people go when they finish their traineeships, we would have some information, but it would come from our TAFE student outcomes survey; the number of retail apprentices and trainees who are captured in that, who respond to that survey, may be quite small. We would be able to give you some limited information on how many are still with the same employer or are in employment afterwards.

Senator BUCKLAND—I would appreciate it if that could be provided to the committee.

Prof. Richardson—Could I also add that in my institute we have done a project looking at why apprenticeships and traineeships come to an end before the completion of the contract of training. In that, we surveyed both the employer and the trainee/apprentice, and matched the two. So we got the employer's perspective and the trainee's perspective in a matched pair. If you are interested, I could provide you with a copy of that.

Senator BUCKLAND—We would be very interested.

Prof. Richardson—It is not confined to the retail industry.

Senator BUCKLAND—No, I understand that. It would be better if it was not—retail was just the area that Mr Shearing mentioned. There is another thing I want to ask you all, particularly those who employ people. It comes out of the perception that is not so much promoted today but has been promoted over the last few years by the 'happy hamburger' places that encourage young people into their enterprises with the idea that after a bit of training after school when you

go to work and things like that you will be better prepared to move into industry in general. I am just wondering how many here find that those enterprises provide good employees for the future, be they apprentices or employees of any nature. Are there any views on that?

Mr Barrett—Once again it is partly anecdotal in that we find, at varying levels and varying classifications of employees in an organisation, that school leavers who have had some form of work experience—be it part-time work after school or on weekends, or even a structured work experience training program they have had during their schooling—tend to be looked on more favourably than somebody who has not gone down that path. This is probably for two reasons. One is that it shows the commitment of the individual—that they are willing to actually get off their backside to go out and find a job and understand what being in employment is about, albeit for limited times or a limited amount of time per week. The second is that, whilst in employment, they will pick up what business is about and how they go about presenting themselves in a business and gain an understanding of their requirements in a business—be that a greengrocer store, hamburger chain or any other form of employment. It conditions the individual to a business way of life—having to be there at certain times of the day for a period of time, having an understanding of what they have to do in a job, performing the job to the best of their ability, and hopefully getting some feedback from their employer about how well they are progressing in a job. That tends to stand a person in better stead compared with someone who has not had some degree of that experience as a school leaver.

Mr Kuchel—Again this is anecdotal evidence. However, whilst the electronics industry has a significant shortage of graduate electronic engineers, there are some graduates that we know our members have looked to employ where they have found that, whilst their skills are satisfactory, there are other aspects to consider—their attitude to employment, their expectations about what they should earn and a range of other factors. It certainly would appear that those who have had prior experience in the workplace—even if it is for a relatively short period of time or from part-time after-school work or whatever it might be—perhaps have a different attitude and a different understanding of what is required in the workplace. That, matched with the skills they have gained going through the tertiary education process, makes them far more employable than those who have not had such prior experience.

Mr Barrett—For a number of professions whose training is in the tertiary education sector—nursing is a good example, and perhaps medicine is another—part of the courses themselves is a requirement that there be on-the-job learning at a tertiary level, in order to complete or fulfil their qualification. In some disciplines that does not apply; engineering is probably a good example from an automotive perspective. It would be good to have, as an example, more structured links between industry and those institutions that provide engineering graduates, to have—as a part of the curriculum—some placement within an organisation so that they do get on-the-job skills, in order to obtain their qualification.

CHAIR—As a person who has been around in industry in a past life, I find that surprising. Cadetships were a common feature of industry 20 or 30 years ago. You would always find half-a-dozen cadet engineers wandering around the place, learning what life was all about. That seems to have faded into oblivion. Why has that cadetship structure disappeared?

Mr Barrett—I am not sure of the reasons why it has disappeared, but there is probably a need to reintroduce it in some form, perhaps in a more structured form than currently exists, within some particular professions.

Mr Kuchel—Our association has reintroduced cadetships. Again I do not know why the cadetships that we had in the past seem to have disappeared, but those employers who have taken on cadets through our program, over the last two years, are surprised by what they get out of it, as if it is some new concept that has been developed. Clearly it is not. It would seem that, if we could find ways of engaging more employers to take up this sort of option, perhaps through incentives or simply promoting it as an excellent way of engaging young people, in particular, into the workplace, that would be very useful.

We also find that it very much overcomes the issue of employers having a much higher expectation of the skills that somebody would have on graduating with an engineering degree, for example. Many employers complain, perhaps not rightly, ‘They are not ready for the job. We have got to spend all this time training them on the job,’ et cetera. In a cadetship program, typically, we do the last year of a degree over two years. During that time with the employer, the student gains probably the equivalent of two years full-time experience, even though it is two years part-time experience. That is quite valuable, and the employer considers that employing them when they have finished their degree is just as good as employing somebody with two or more years experience—probably more, in fact, because they have the experience with the employer’s company.

Prof. Richardson—Could I make one quick point. I think that one of the big challenges for you and your inquiry, and for anyone who is interested in the skills development system in Australia, is the small employer. The big firms have skilled HR managers and the capacity to think and respond to these sorts of—

CHAIR—They used to give the engineers a job!

Prof. Richardson—Although the small employers employ a minority of workers, they are nonetheless important. It is a very different picture, and the employment relationship is more likely to be a tenuous one—a contract, short-term, casual sort of thing. The quality of employee relations is often not very good. And there is a much greater variance in experience: sometimes it is terrific and sometimes it is terrible. To give you the punchline of that report I was referring to, on why traineeships come to an end, it is often because it is actually a very complex thing to get good work happening from the person viewed as a worker, at the same time as you are getting a good training experience happening when the person is looked at as a student. You need both those things happening, and you need the employer and also the employee to be happy. It is a very difficult dynamic to get all that working well, particularly amongst the small employers. The group training company and ways of getting industry associations to act as a resource and a collective voice and so on seem to me to be important as a way to think about bringing the small employer into the fold.

CHAIR—If it is any comfort to you, Professor Richardson, we have just completed an inquiry into employment in small business, so we have been down that track. I have a very strong view that one of the things that has to come out of this is a look at the group training system and those structures to see what can be done to strengthen and expand it, and make it more attractive to

apprentices or trainees so that we can get them into the system. Certainly, that is the only way I think we are going to be able to marshal the resources in such a form that we can maximise the number of people in training.

Mr Myatt—I know we are running out of time, but I just want to echo those comments. The small end is the end that is causing us concerning nationally. I also want to echo the concerns about the accolades for group training. I am a director of a scheme in which we have 300 young kids pursuing AQF3 qualifications. There are some examples I can share with you outside the meeting on pilot projects, where we have gone to the tooling industry in Adelaide, in particular. They are small companies with only a handful of employees but collectively they have underwritten an intake of young toolmakers for that three- or four-year period, which they will share when they hit a peak in their production cycle and need an extra pair of hands. So there are a couple of examples of where—

CHAIR—That is similar to the Austool experience.

Mr Myatt—That is correct. It is where a small group of companies that perhaps do not have the financial wherewithal to underwrite a four-year contract themselves are happy to contribute on a collective basis.

CHAIR—I have heard some very good examples of group training companies, and there are very bad examples out there. It is a matter of finding how we get them all up to the standard of the good examples and looking at the infrastructure that is available to them.

Prof. Bensley—I have another concern. It seems that, across the nation, the experience of the uptake of apprenticeships and traineeships at the lower level has been exceptional. But part of our concern is what is happening at the higher level. Where companies aspire to, and are required to, operate in a globally competitive environment, where you need to have access to world-class knowledge and skill sets, the real problem begins to become very stark. I think that one of the things that would enhance our capacity to address some of those issues would be if, at those higher levels, we could put contracts of training in place beyond level IV so that we have tradespeople who have successfully completed a certificate III level or whatever who, by virtue of where the technology is going and where the enterprise needs to position itself, continue. That necessitates ongoing movement in terms of acquisition of additional knowledge and skill sets. If that could be supported by the same kind of program that is provided at the lower level, I think you would find that there would be a much greater uptake, and it would then translate into improved competitiveness.

CHAIR—I think this is partly an issue of looking at the incentives structures that are there, too. I think that the way the incentives structures are currently geared tends to favour short-term training arrangements rather than the longer-term, higher-skilled end of things. It is looking at how that incentive structure works. Perhaps some recommendations or restructures may be the way to go.

Mr Shearing—I would just like to go back to what Professor Richardson was saying. Certainly, in the retail industry a very large proportion of businesses are small and medium-sized, employing a lot of people across the country, as you would probably appreciate. We certainly have different issues with respect to contracts of training in different states. We have an

issue here in this state at the moment with our contracts of training. But, certainly, the emphasis at the higher level is another area because we are talking about business owners. In our case, we are talking about management skills. I do not know about the diploma level, but certainly at certificate IV level, which we are trying to get back to where it used to be, that is an important priority as far as skill sets are concerned within our industry.

CHAIR—Have you looked at the recommendations out of our small business inquiry?

Mr Shearing—Not at this time, no.

CHAIR—That is one of the issues we addressed: the lack of business skills within the small business community.

Mr Shearing—I would certainly concur with the professor on that.

CHAIR—On behalf of the committee, I thank all of you for coming along this afternoon and for your contribution. It has been extremely valuable. Hopefully, we will get a set of recommendations out of this committee that is of as high a quality as the recommendations out of the skills committee.

Committee adjourned at 3.45 p.m.