

TRANSCRIPT

LEGISLATIVE ASSEMBLY ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into sustainable employment for disadvantaged jobseekers

Melbourne—Tuesday, 3 September 2019

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WITNESS

Mr Gary Workman, Executive Director, Apprenticeship Employment Network.

The CHAIR: Welcome to the public hearings for the Legislative Assembly Economy and Infrastructure Committee's Inquiry into sustainable employment for disadvantaged jobseekers. All mobile phones should now be turned to silent. All evidence taken by this Committee is protected by parliamentary privilege, therefore you are protected against any action for what you say here today, but if you go outside and repeat the same things, including on social media, those comments may not be protected by this privilege.

All evidence given today is being recorded by Hansard and is also being broadcast live on the Parliament's website. Rebroadcast of the hearings is only permitted in accordance with the LA standing order 234. You will be provided with a proof version of the transcript for you to check and verify. Transcripts, PowerPoint presentations and handouts will be placed on the Committee's website as soon as possible. I invite you to make a 5 to 10-minute opening statement to the Committee. Thank you for being here.

Mr WORKMAN: Thank you. I probably do not have a lot additionally to say from our paper that we submitted. I am from the Apprenticeship Employment Network. Our members have been government funded in Victoria for around the last 30 years. They employ around 7,000 apprentices and trainees—very strong in regional areas and right across multiple industry sectors.

The model was set up 30 years ago to support small businesses and also to give employers a little bit more confidence that they could take on a young person and support them for four years, and if that individual company could not support them for four years, they would go back into the pool and be placed with another host employer. I think a lot of these issues that we have been talking about have been around for 30 years, unfortunately. They just seem to be getting a little bit bigger in some aspects.

One of our key issues is that for a lot of people, when they try and solve these problems, their first priority is to give people more training. We do not necessarily see that as always the best option going forward. The more training you provide an individual, sometimes will frustrate the individual because they have not actually got a job; they are just going back into training programs. But it also puts barriers with employers. A lot of the incentives for an employer to take on an apprentice or trainee are related to the level of qualification that they currently already have, and they are linked to their pay scales. We are seeing a lot of people come out with diplomas and university qualifications and then fall into unemployment. When they go back to get a job with an employer seeking to take them on as an apprentice or trainee they are not eligible for the employer incentives, so you are actually creating an additional barrier to the employers to taking on someone who has not got the appropriate skills that they are necessarily looking for.

So we are always cautious about just providing more training for young people. We think the training needs to be really closely linked with the employment opportunity and having that employment opportunity almost solidified before the training commences. We certainly think employability skills and a lot of the programs that employment service providers undertake are worthwhile, but we see sometimes that goes too far. When you are dealing with entry-level qualifications like a lot of apprenticeship and traineeship pathways are, it does not take much before they trigger to be a second-year wage or a third-year wage. Then the employer is saying, 'They don't have the productivity. I'm expected to pay a second or third-year wage and the person's not at that level'. So it just creates another barrier for that individual.

That is probably the key message we wanted to get through in our conversation. We think there could be a lot more take-up of apprentices and traineeships in general. We see around about two-thirds of our youth go down a university pathway. Of that remaining third, only around about half go into an apprenticeship or traineeship, so the numbers are fairly low compared to 20 or 30 years ago, when there was a lot more of an even split between pathways post-secondary school.

The CHAIR: I went to a tech school growing up, and that was an all-boys tech school. Traditionally trade was a male-dominated area, clearly. So just in relation to apprenticeships—and we are talking about disadvantaged jobseekers here—if you are a female and you are disadvantaged, there is a double barrier there. Is that trend changing in terms of females?

Mr WORKMAN: No, we still see a higher number of females in hairdressing, child care, nursing and education, and we see all the males in the traditional trades.

The CHAIR: Which are the higher paid.

Mr WORKMAN: Which are the higher paid, yes. We see the same issue. The problem, if you are looking at young youth that are leaving a secondary school environment, is they are just not exposed to what opportunities are available. Whether they are male or female, their career advice is provided by a secondary school teacher who has gone through a university pathway and they might not even understand the options that are available.

We ran a program with the Commonwealth Government, which we mentioned in our paper, where we provided young people a chance to try multiple experiences through either unemployed youth or school-based youth. The idea was to design a program at a local level where you had employers willing to take on work experience people—with the option that there is a job at the end of this if we can find the right match—and then put young people through multiple experiences. We surveyed the participants at the beginning and at the end of this program. Fifty-five per cent of the youth changed their mind from what they wanted to do. So they came in saying, 'I want to be an electrician or a hairdresser'. Just through a 12-week program and having real-life experiences, 55% changed their mind. We think that is a direct correlation that only 50% of our youth complete their vocational training in general. We are making poor choices right up-front so young people do not have the chance to actually try. We think the more opportunities you can give young people the earlier they will make a better choice, they will get better results, we will get better completion rates and it will just flow from there.

Ms THEOPHANOUS: Just on that completion rate issue, what are the reasons that trainees drop out of their apprenticeships and their training, and what can we do as a Government to incentivise them or to support them to continue their training?

Mr WORKMAN: I think it all comes back to the initial decision. We tend to have a system in Australia where we sell the training; we do not actually sell the job or the occupation that it is linked to. A lot of people get their information through social media or friends or television. They are still guided by their parents in a lot of the decision-making processes if they have got a good, supportive network. Parents have been pushing the youth towards university for a long time now; university has been a relatively free and easy path for a lot of young people. But we do not actually give them the chance to say, 'What does this career look like? What are the job opportunities? Where is this industry going in the next 10, 15, 20 years? How is technology going to impact on it? What are my career options?'. When we have surveyed young people they can only name a dozen career occupations. We have got 500 different qualification pathways out there that we offer training in, so even careers like—

Ms THEOPHANOUS: So then are you saying that they are dropping out because they are not making the right decision to begin with?

Mr WORKMAN: Correct. They get into the job or into the training and they go, 'This isn't what I expected' or, 'It's too hard' or, 'I haven't got a great match with my employer'. The first thing we do is sign them up to a four-year commitment in an apprenticeship on day one, before they have had a chance to try it. We do have pre-apprenticeships in some of the licensed trades like electrical, plumbing and carpentry, but again we are assuming that that young person knows what it is to be an electrician or a carpenter before they start.

Going back, I went to a technical school myself. We had a co-ed technical school so I did hospitality, I did sewing, I did sheet metal, I did carpentry. I actually went and did some cabinet making. It was my work experience as a 14, 15-year-old and I did not like it so then I came back to pick something else. I had that environment. It did not cost the Government too much money, it did not cost the employer an opportunity to employ someone. You are giving people that sort of environment to make a more informed choice going forward. I think we have just dropped that out of our education system, and we do not actually provide them with unemployed people either.

Ms THEOPHANOUS: I come from a university background so I do not have all the detail around that system and the TAFE system, but at university—and I did decide to change my track and the course that I wanted to do—there was a course adviser there. You were able to have subjects that you had already done accredited to the course that you had then decided to do in the future. Are there those avenues in the apprentice space as well?

Mr WORKMAN: We are getting better at that. In some TAFE colleges there might be some career advisers and mentors and support people, but it is very little. You are relying on your individual network to provide that advice or you are going back—

Ms THEOPHANOUS: If you have started a course, can you have part of that course taken into account if you change?

Mr WORKMAN: We are not very flexible in the VET system either.

Ms ADDISON: Recognition of prior learning.

Ms THEOPHANOUS: Recognition of prior learning, yes.

Mr WORKMAN: And also in the statistics from a VET perspective that is treated as a cancellation and a recommencement so that is why completion rates are so low. People are moving around, not liking it and changing their course. But the problem is that if you chew through someone's eligibility for a free course the first time, the second time you are expecting the employer to pay for it. We do have free TAFE at the moment, but again I think that could be better strategically aligned to give free training to people who have a job, not necessarily just offer free training to everyone. So I do not think we will improve completion rates in that space.

Ms ADDISON: Gary, anecdotally my husband is a fitter and turner. His father was a fitter and turner, his grandfather was a fitter and turner.

The CHAIR: Like my father.

Ms ADDISON: Mike was always going to be a fitter and turner. That was the way that he grew up and that was the opportunity that was offered to him. I live in Ballarat and apprenticeships are seen as rare as hen's teeth, that you really have got to know someone or Dad's got to be an electrician to be able to get that. Is that your experience, particularly in regional areas, that it is not what you know, it is who you know in terms of accessing apprenticeships?

Mr WORKMAN: Look, to some degree I would say that, especially in electrical. Electrical is the most popular apprentice trade by a long way, also the highest paying in a lot of people's minds. But we do not have those issues with refrigeration and sprinkler fitting or plumbing. We actually have hundreds of vacancies in the area of automotive mechanics and diesel mechanics. The perception is those industries are dead because we do not manufacture cars any more, but we have got 5 million that we need to service, we have got 3D printing, we have got autonomous technology coming. The kids are told to shy away from those industry sectors.

The best success in apprenticeships is young people who have a parent or a relative who has been in the trade; they get far better support and advice and they probably get stronger advice earlier so they give better completion rates. The problem we have with employers is a lot of them have moved to cheaper employment models—what is easiest for me. We have subcontracting arrangements, we have labour hire, we have a mentality in Australia where everything gets subcontracted out. So a big builder who develops a subdivision for 100 homes, that developer does not build too much at all. They tender out everything to the cheapest and quickest partner, so you are expecting a small business owner to say, 'I've got a three-month window of work. I'm not making a lot of margin on these programs, and I've got to now take on an apprentice for four years'. So their continuity of work is unstable. I think all of those issues certainly have not assisted youth in terms of taking up an apprenticeship or traineeship.

Ms ADDISON: Can I ask another question? I have got about 10. With adult apprenticeships, what percentage of apprenticeships in Victoria would be adult apprenticeships as opposed to younger school leavers or others?

Mr WORKMAN: They are certainly getting older. Most of our school leavers are finishing year 12. That makes them more expensive for an employer. I think the average age is around 21½ now as a starting point. Until just recently the mature age salary that you had to pay kicked in at 21, so that was another barrier, but the Commonwealth have just added an additional employer incentive for apprentices aged between 21 and 24.

Ms ADDISON: Great.

Mr WORKMAN: So that does assist to offset the wage differences. But they are getting older. We also find a small proportion go through university, stumble around in employment—various jobs—do a bit of travel and when they are in their mid-20s say, ‘Geez, the friend I used to go to school with is doing really well. I want to now be an apprentice and start’. But it is a lot harder when you are in your mid-20s. If you have got a family, if you are living away from home, the wage is really a training wage. It is not supposed to be a wage that supports you. A lot of people say, ‘The apprentice wages are too low’, but our argument is, ‘Well, if you go to university, you’re not paid a wage to study’. It is the same mentality here.

Some people will take that as an investment and spend their time and effort doing it, and I think the rewards are there long term. We have skill shortages in just about all the trade occupations, so once these people get through to completion and they have got their qualifications, I think the long-term employment rates are over 91% in the same occupation that you have studied. It is by far the highest category in all the training avenues that the government researches.

Ms ADDISON: Is there a mood amongst employers that they have got a preference? Obviously a 16-year-old does not have a licence. Getting to work sites, if it is a building apprenticeship or something like that, is much more difficult. Is there a preference for the more mature perhaps—to get your VCE—or what are you seeing in terms of the industry?

Mr WORKMAN: Yes, look I think there is a good balance there. We can pay them less when they are a little bit younger. We do have school-based apprenticeships, but in Victoria there are only about 3000 of them, and we are trying, or the Government is trying, to start up a Head Start program. Travel is a big issue. If you have not got your ways and means to get into work, that can be a problem. But the other side of that is if they are a little bit more mature, they have got their drivers licence, they are a little bit more reliable, they turn up, they understand what work really needs to be. Some employers will go one way, some will go the other, but the average age is certainly trending up.

Ms ADDISON: That is it for my questions, everyone.

Ms CONNOLLY: Do you have any thoughts on how to have young people at school able to access work experience to get an idea of what path they might like to follow?

Mr WORKMAN: Yes. We have hinted at a couple of examples in our paper. One was what we called the Multi-Industry Pilot Program. This is just where you are getting a group of employers who potentially have a job available, getting a group of young people who do not know what they want to do next; you get them together, rotate them through various roles, try and find the best matches, and then hopefully that will lead onto a more sustainable outcome. We have piloted that in Victoria in the past. As I have mentioned before, 55% of them change their minds, so we think that will help get better completion rates.

The other model that we have seen overseas, in Switzerland—they have youth unemployment at 3%, and they think they can do better—is they have an embedded vocational pathway. It is compulsory that two-thirds of their youth have to go down a vocational pathway, so they get work, they get employability skills, they get hands-on skills in a particular industry while they are still doing their academic studies, and that is compulsory for two-thirds of the youth. Then by the time they are 18 they have got their academic qualifications plus a skills qualification. After that quite a few still go on to university, but the employers have already had someone that they have worked with for the last three years of their secondary schooling. They match their skills and economy needs pretty closely with their vocational programs in school, so all their youth get a job, they make sure that their economy needs are met. And this is all funded by employers. Government fund very little of this model because employers are actually getting the skills they want at a very cheap rate. The counterargument is they are young, you are getting—

Ms CONNOLLY: Cheap labour.

Mr WORKMAN: Cheap labour. They have got weak unions in Switzerland, but it is a model that the employers have really adopted. They see advanced manufacturing, IT and financial services as their sectors that

they want to stay strong in, in a pretty competitive environment in Europe, and they are finding youth unemployment really low. They have got a model that can work.

I know we have got other issues. We have got a big country—I think Switzerland is about 8 million people; we are about 5 million, say, in Victoria—but we think parts of that model could easily be implemented here in the secondary school pathway to help stop disengaged youth from dropping out of the system and then trying to pick them up later on when it is a lot more expensive.

Ms CONNOLLY: The other question I have is around some of the trades, traditional trades, that people want to be able to access, or young people want to be able to access. How does it go taking on disadvantaged youth, like with serious disadvantage or disability? Being an electrician sounds glamorous, but you can die doing that job, and people have. So how does it work then? Are there particular trades that socially disadvantaged youth are more likely to pick up work in?

Mr WORKMAN: Yes. We see hospitality, horticulture, landscaping—those sorts of sectors are fairly strong in picking up the disengaged youth. Again, when you look at landscaping and horticulture, they are sectors that traditional Australians have veered away from for a long time, but there are skill shortages. We have run programs with nurseries, with local government that need workers in those areas. We have got thousands of job vacancies in the auto industry, from spray painting, mechanical, diesel—those jobs are pretty safe. We would call them entry-level skills, and you can have a career pathway that leads onto other areas, but no-one is taking them up at the moment, whether they are disengaged, long-term unemployed, school leavers—there are vacancies that are crying out that we cannot fill.

Ms CONNOLLY: For early school leavers or people who could potentially get a traineeship, do you think it is that they do not know or their parents do not? I mean, I do not know that about this.

Mr WORKMAN: I think they do not know, or if they do, the media response to the auto industry is that it is a dead-end job.

The CHAIR: Yes, the perception.

Mr WORKMAN: We talk to young people about, ‘Well, we’ve got autonomous cars coming. Who’s going to service them, who’s going to code them, who’s going to look after them?’. You have got 3D printing, and in the future your car will come in, you will take off a panel, you will 3D print out the next one and you will put it on. So the industry has got all this exciting technology, but we do not sell it that way. We still think of the grease monkey-type mechanic that was in the corner shop 30 years ago, whereas that sector has now moved on a long way. Your car is basically a computer already, so getting people excited about that—

The CHAIR: High-tech manufacturing.

Mr WORKMAN: Yes, yes.

Mr BLACKWOOD: That comes back to career teachers too not being up to speed with I guess the modern-day mechanical opportunities.

Mr WORKMAN: That is right, yes.

Mr BLACKWOOD: And across a range of jobs—technology has improved a range of jobs.

Mr WORKMAN: Yes.

Mr BLACKWOOD: But they have not had the opportunity to keep pace with that.

Mr WORKMAN: No.

Mr BLACKWOOD: There are different degrees of interest from career teachers in what information they give the students too. That is not a criticism; they are mostly under-resourced and overworked.

Mr WORKMAN: Yes, and you cannot expect one person to know 50 different pathways and qualifications and the leading technology in all those sectors. So I think you could leverage off the industry associations and other groups better. But I still think from what we have looked at over the last 20 years that getting young people to actually get their hands dirty and try something is the best way they will make a more informed choice going forward.

The CHAIR: Just on that, in your submission you mentioned that on-the-job training is probably the best method of training while looking for work. So how can we as a State Government encourage employers to provide new employees with those opportunities to undertake formal training?

Mr WORKMAN: Look, I think you have got some really strong policies around the Major Projects Skills Guarantee, and you have got some targets trying to support the disengaged or disadvantaged jobseeker communities. Again, you have got the supply and demand side of these things. It is: how do you reengage employers? Employers have walked away from the sector a little bit because they can find cheaper labour just for the short term that they need quickly. While they are able to get that, they are not going to invest long term. It is changing their thinking to probably have a look at what are your long-term workforce needs? How do we support you for the next five to 10 years, not for the next five to 10 months? And then, how do we build that conversation?

You have a model in Victoria that can already do that. It is well and truly under-resourced, and it provides the flexibility of employment, so it can move from one host to another to another, if it has to. I think I heard some of your earlier speakers. We have got hundreds of programs, some of them duplicate. Some of them have got gaps. It is: how do you support the disengaged jobseekers with housing, with transport and with a job? If you can tie those three things together, then you will look at the training. Do not necessarily look at the training upfront. We keep putting them into all these training programs, and the feedback we get from a lot of people that are in this situation is, 'I get frustrated because I've been promised a lot of training and that at the end of the training I'll get a job', but at the end of the training that commitment stops from everyone, and then they are left in limbo a little bit, and then they are promised more training will help solve their problem. We have got to stop that constant training of people. I know we have got to get them to a certain level to be employable, but after that I think you have really got to put the acid on employers to say: are you willing to take a risk with this young person? This is the support we can provide you, these are the incentives to help support the wage, but put them into a job before you give them any more training. I think that is our biggest problem with our system. It is not just a Victorian problem; this is Australia-wide, state and Commonwealth.

Ms CONNOLLY: That is really interesting.

The CHAIR: Time is almost up. Any last questions anybody wants to ask?

Mr WORKMAN: No? We are all good? All right, thank you.

The CHAIR: Thank you.

Ms CONNOLLY: Yes, really interesting. Thank you very much.

Witness withdrew.