

TRANSCRIPT

LEGISLATIVE ASSEMBLY ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into sustainable employment for disadvantaged jobseekers

Shepparton—Wednesday, 20 November 2019

MEMBERS

Mr John Eren—Chair

Mr Gary Blackwood—Deputy Chair

Ms Juliana Addison

Ms Sarah Connolly

Mr Brad Rowswell

Ms Steph Ryan

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WITNESS

Mr Sam Birrell, Chief Executive Officer, Committee for Greater Shepparton.

The CHAIR: Sam, thank you for being here this morning. 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 that privilege. You will be provided with a proof version of the transcript for you to check. Verified transcripts, PowerPoint presentations and handouts will be placed on the Committee's website as soon as possible. If you can give us a 5-minute presentation, then we will ask questions as we go. Thanks for being here.

Mr BIRRELL: Sure. Thanks for having me. Thanks for your interest in this topic and in Greater Shepparton. Firstly, I am the Chief Executive Officer of the Committee for Greater Shepparton. The Committee is an organisation that advocates to levels of government for things that improve Shepparton. We have four strategic pillars, and those are that we want a productive community, a connected community, a creative community and an inclusive community. So our remit is beyond being a business lobby—we are trying to improve the whole of our region. We are funded by the business community, so businesses elect to be members. We have over 100 members in the region of significant businesses at various levels. The Committee has been going since 2013 and is a real example of the collective effort that this region has been involved in to try to turn itself around, with some success.

In relation to the topic of disadvantaged jobseekers, I just make the point that Greater Shepparton has an unemployment rate of 4.4%. The youth unemployment rate is approximately 13.5%, which is high and concerning. However, it is down from 16.5%, I think, last year. You can check those figures, but we are seeing that trend down. It is positive to see that. There is a significant collective effort around youth unemployment from organisations such as the Lighthouse, from us trying to get business involved in the education system and from a lot of other projects that are trying to create change.

We have got an overall issue in Shepparton with an economy that is firing quite well in some different areas than previously. Sections of agriculture are positive but other sections are somewhat flat because of obvious reasons, mainly irrigation water availability. But the overall workforce shortage does hold us back a bit, so we need a multifaceted approach to that. Part of that is the attraction of professional, skilled and semiskilled workers from other regional areas and metropolitan areas, which is really challenging because other regions are going through a similar issue. We need a new approach to migration. Shepparton has probably been one of the most successful areas for successful migration and multiculturalism possibly in the world. But we do need more assistance from the Federal Government to allow and encourage skilled migrants to be able to work in regional centres.

A more long-term approach and a sustainable approach that we have to be involved in is a grow-our-own approach. So better education from early years through to job training, more integration of business into the education system and the school system—and we are trying to lead the charge as best we can. That means the business community finding what students are interested in from a young age and using social capital networks to steer them onto pathways. Just an example of that is yesterday I helped with some mock interviews at Wanganui Park Secondary College. All I see in those kids is potential, but in some cases a lack of social capital is holding them back. I will give you an example: one girl is very interested in being an auto mechanic for outboard motors. What we need to do is make sure that early on she gets in contact with a business that services outboard motors and that they can take advantage of that person. Their education and their work readiness is critical to us solving this issue.

The GROW program, and the GROW Manager, Leanne Hulm, which the Committee for Greater Shepparton administers, is using an effort to get better procurement and seeing that better procurement and the economic activity flow into creating opportunity for disadvantaged jobseekers, and there is some early success which Leanne will draw upon. I will leave it there. I am happy to take your questions.

Ms RYAN: Sam, thank you for being here. I think you touched on it, and council touched on it earlier, that any conversation about unemployment in the region and the difficulties around employment also has to include the issue of water. What kind of role can the State Government play there? And is the current situation, which has led obviously to a lot of job losses through basin communities, impacting on younger people's desire to get into the agricultural sector in your view?

Mr BIRRELL: Well, yes, it has. Anything that impacts on our economy means that young people look to perhaps the cities for opportunities. I will go back to the first part of your question—anything the state and federal governments can do. Whilst we support water trading, because in difficult years it is good that water does find its way to commodities, so if a dairy farmer owns water, the ability to sell that water to one of our fruit growers in a tight year means that a dairy farmer has other options and a fruit grower does not. So a dairy farmer can buy feed with the water that he or she makes from selling that water, and the fruit grower has a pool of water that they can use, and there is no option but to water that fruit tree. So we support trading, but we feel like trading has got to the point where because of the lack of transparency we just do not know if people are profiteering out of that system and whether the water markets are working for better production of irrigated produce. So all the inquiries that are going on are positive, but just continuing to make sure that the markets serve growing produce and employing people.

What we are finding also is that a lot of the water is bypassing us at the moment and going to a high-value commodity in the Sunraysia, which is almonds. Whilst almonds are a fine crop and a good bulk commodity, I would argue that the dairy industry and some of the other industries, whilst not as high value commodities in relation to the amount of water that they use, employ a lot more people along the supply chain. Between a litre of milk being produced on the farm and becoming some cheese that someone buys in China, there are a lot of people employed, so there is a lot of value-adding. I think what the State Government can do is look at making sure we have a diversified agricultural portfolio across Victoria and not just sort of allowing some commodities to boom while others fall away, and then all of a sudden if we find the almond price falls away and we have lost the dairy industry, that would be really regrettable.

In relation to this Inquiry, yes, the dairy industry has been a great source of lower skilled employment, whether it be from milking cows or working in the various dairy factories. If we have got less water, we have got less milk and we have got less opportunities for those people.

Ms RYAN: Do you have any data around the changes within the ag sector over the last 10 years or so that you could provide to the Committee—

Mr BIRRELL: I could provide that.

Ms RYAN: in terms of the way it has impacted Shepparton?

Mr BIRRELL: Yes. The GMID Water Leadership forum commissioned RMCG for the impact of the Murray-Darling Basin plan. I will not make the figures up because I cannot remember what they are, but I will forward you those figures. There was a significant amount of jobs, productivity and economic activity that had left the region as a result of the lower water future. That is partially due to the plan and partially due to the drought.

The CHAIR: You were mentioning the visa issue just earlier. There is an article in today's *Herald Sun* on page 12 on the Federal Government introducing two new visa categories: 491, skilled work; and 494, the skilled employer sponsored regional provisional visa. Whilst this accommodates obviously a skills gap, it may further marginalise some of those disadvantaged jobseekers, for example, in areas like this who are seeking work and employment. What can the State Government do further to enhance their opportunities in terms of training the local people that live here into jobs that are available?

Mr BIRRELL: The Government has initiated the Shepparton Education Plan, which we support. Although it is not supported across the board, we do support Greater Shepparton Secondary College. We see it as a framework. We say it is not a guaranteed success, nor is it flawed from the start. What we want to do is get the business community into this new school and make sure that what kids are being taught is relevant to future industries, particularly in the region, and that every time a kid shows the aptitude for something, they find their way to that business owner who can put them in touch, whether it is the outboard motor mechanic or whatever. So the State Government can do that.

I would argue that if we do not allow our businesses to attract the required skilled people, whilst there is a shortage, from overseas, all we do is hold back those businesses for the disadvantaged jobseekers that we have right now. So, yes, long term we have got to improve our educational standards. The State Government has got

to throw everything at that. If we get education right here, I think we have solved 70% of our problems, whether they be social, workforce or economic. But we cannot say, 'Let's not let some people who can do jobs that can't be done here into the country', because if a business cannot find the skilled engineer that it needs, then all of the people who would be employed because that skilled engineer can do a job at a Furphy's or wherever it is do not get employed either because the engineering activity does not take place. So it is getting that balance right between making sure that we can continue to find the skilled workers we need—and health is ground zero for this, with the issues that GV Health are facing—making sure we can find those people, whilst at the same time training our own so that in seven, 10 years we have got work ready, motivated kids coming out of our school system.

Ms ADDISON: John, can I just follow up on that? What is your feel on free TAFE? Is that delivering on identified courses that we think are relevant to different regions through the free TAFE program? Are we seeing any positive flow-on effects from that yet?

Mr BIRRELL: It is too early to say. Generally, I am supportive, and it is a good idea. I can tell you that it has seen a reduction in enrolments at our Latrobe Shepparton campus, which is sort of regrettable. It would be good to see kids go to university where they have that aspiration. You know when you enrol in something and you do have some sort of financial commitment to it, there is a part of you that you have staked something on it as well. I wonder whether with the free TAFE, whilst it is good and it removes a barrier for some people, that means that person does not have a stake in getting that qualification. I do not know whether that has played out—

Ms ADDISON: I was just going to say: do you have any data to support that, or just a—

Mr BIRRELL: No, I am just raising it. I think it is a bit early to see. You would have to talk to TAFE and say, 'What are the drop-out rates?'. It would be good for the Government to analyse free TAFE and say, 'Okay, here's a bunch of people who are doing TAFE that wouldn't have otherwise had it not been free', and also look at whether there is any increase in rates of drop-outs. I think that is worth looking at. I do not have any data to say whether it is or is not. If it is the former and we are getting a lot of extra people becoming qualified who would not have, and that was the financial barrier, then that is a fantastic outcome.

Ms CONNOLLY: Sam, one of the things that we have heard from a lot of young people is that it is really hard to know. You think you are interested in one industry or one job and then you go into that and decide that maybe it is not for you and you move on to another one. Have you heard comments from industry and then from young people about the need to have more traineeships or internships? Work experience is really only for a couple of weeks for kids in grade 10, which is hardly an opportunity to see what they do on a particular farm or in a particular industry wherever it may be.

Mr BIRRELL: I would probably answer it by saying that work readiness is a level and a state of mind and an achievement in itself. There are résumés that I was looking at from Year 10 students at Wanganui Park yesterday. It was just great to see some opportunities for part-time work. I think those skills are able to be transitioned. Young people now who can get that basic level of work readiness, whether it be being a reliable employee on a dairy farm or an orchard or at a fast food outlet, I think once there is that ability to turn up and be a key part of a team and feel part of a team and feel that worthiness that paid employment gives you, then good kids can find their way where they need to go.

As far as traineeships, it is interesting: it would be good to talk to some more employers about whether some sort of a government traineeship is the way to go or just supporting an employer to deliver the training that is required within the business. I think there is a combination of things there. If a kid goes from Year 10 into TAFE, a traineeship and something else and they have not actually set foot inside a workplace until they are about 20, I think that is possibly regrettable and not good. The more experience that people can get in the workplace the better.

Ms CONNOLLY: So would you say that industry and businesses here are really willing to open their doors and let young people come in and have a go, have a try, see what it is about, to make better decisions about their future when the time comes?

Mr BIRRELL: They used to be. I think we went through a period where we have not done well enough as a business community for a variety of reasons. The whole effort behind the Committee for Greater Shepparton, some of the things that we have done here, is to try and have that thought leadership and say, ‘Guys, we’re all in this together. Your business is not going to thrive if we’ve got a bunch of young out-of-work people running around. There’s a workforce shortage’. So I think it is becoming apparent that we as a business community have not done enough to make that happen and that we need to open our arms and bring more young people in, if not only for our own business growth and access of that human capital but also for the social cohesion. I mean, business is going to do better in Shepparton if youth unemployment is at 4% rather than 14%, and I think that is evidenced by the number of members we have who see that that is a goal worth attaining. So that is something we are trying to move forward towards in a really big way, and hopefully Greater Shepparton Secondary College, being one entity, is a way that we can really put the business community into that school and make it work in that way.

The CHAIR: What are your views or your membership’s views on jobactive and Jobs Victoria in terms of some of the incentives that are provided both federally and along state lines. Do you have a view on that?

Mr BIRRELL: Can I not comment on those programs specifically, because I am not aware of them. If I could make a more general point on some of the incentives to employ people who are long-term unemployed, I do not know if the take-up has been all that good or if the business community looks on that all that favourably. What the business community wants is productivity. Yes, they have a heart and they want to help people, but at the end of the day it is so competitive out there and they need productivity. Often there is a reason as to why someone has been unemployed long term, particularly in the economy that we have. It is because for a variety of reasons they have struggled with some things, whether it has been some addiction or some social issues. I think the business community needs that person to be made work ready and then given an opportunity. The GROW program is looking at that to assist long-term disadvantaged people, whether it be people who have a disability or people who have certain issues who are finding difficulties, and to say to the business community, ‘What level do you need this person to be at for you to take them on?’, and then work on that side of it, rather than sort of the incentive. So I would say that probably sums up where the business community’s attitude towards that is—focusing on the person getting work ready.

Ms THEOPHANOUS: Do you think Government has a role to play in breaking down some of the stigma related to forms of disadvantage—like disability, like elderly employees, women—so that businesses do not necessarily see employing those sorts of people as an impost and a cost and a risk but rather as an opportunity?

Mr BIRRELL: I support all the initiatives that Government has towards making this a more inclusive community. I think in Shepparton we have been relatively good. I will not say that we are where we need to be, but I did write an article recently in the *Shepparton news* based on the fact that it has always been a bit more important in Shepparton what you can contribute to the economy rather than what you look like, your background or who you pray to, and I think that ethos has been really good. I think that—hopefully—that is getting better. As the workforce shortage impacts us more and more, if there was an inclination to say, ‘I won’t hire that person because they’re from this background’, I do not think that is there as much anymore. What there might be is some language difficulties or some cultural difficulties that might make it difficult for a person to work within a workplace. We have made some significant efforts around that, presenting to people, to other employers—successful employers who have got a multicultural workforce or have employed some people with disabilities—saying, ‘This is how we made it work’. But also, not gilding the lily on that, we had a great local company say, ‘I’ve got the best results from employing people from a migrant background or a refugee background, but when I tried it when the language skills weren’t up to a certain standard it was a disaster’. So we really need to get the language skills to a certain level, and then these people thrive. I think it is just making sure we help everyone get work ready. I see the discrimination as not being there as much anymore. If I am an employer, if someone can do the job, then some of those other things are not there. Making sure the person has the ability to do the job is probably the most important thing.

Ms THEOPHANOUS: And in your view, is work readiness something that happens prior to them being employed through career accreditation initiatives, or is work readiness really something that can only be achieved through on-the-job training, with support?

Mr BIRRELL: That is a really good but complex question. Look, a lot of the people who are sitting in this room are probably work ready because they grew up in a family where work was a central part of human aspiration and achievement. Whether it be being elected to Parliament, achievement is something that you had instilled in you, if not from your parents then people that you grew up with. We have got a lot of people in Shepparton who are growing up in families where that is not the case—people who have low aspirations, low self-esteem, and will never consider themselves to be able to be employed. The most important thing for us to do, in my opinion, is to make sure that those people—their children, when they come to school—do not feel like that and that the business community gets in there and says, ‘There’s no reason you can’t get an apprenticeship as an auto mechanic or become a diesel auto mechanic at Kreskas Bros’, which is the company that takes most of the milk products from here to the Port of Melbourne to go to China. ‘There’s no reason you can’t do that—earn a really attractive salary, buy your own house and travel’. It is creating that aspiration for people that do not have it. Work readiness, as I say, is that state of mind. We develop the drive in these kids. As the business community, our responsibility is to do that.

Ms RYAN: Sam, we had Amanda Tingay from council here earlier, obviously talking about, amongst other things, neighbourhood houses. Have you got any reflections, I suppose, in terms of work readiness? I think neighbourhood houses in country communities are often the ones that are intersecting with the community and helping with that. Have you got any general reflection on the role of neighbourhood houses and how the Victorian Government can provide more support to neighbourhood houses locally?

Mr BIRRELL: Definitely neighbourhood houses are a really positive thing. Also, the Lighthouse and the Lighthouse’s Haven—you could class them as neighbourhood houses. Any way that you can get marginalised young people stabilised, safe and in contact with people who can talk to them about aspiration and another path in life, any mechanism for that to happen—and we have got so many retired older people who are out there who would love nothing more than to spend some time trying to help the next generation, particularly kids from a marginalised background—the more of that we can do the better.

The CHAIR: Can I just ask about social procurement? Obviously if a government does not have a policy of social procurement in the contracts that tenderers put in for—and we are seeing it through our rail infrastructure build and infrastructure that we are building across the state; we are implementing in those contracts that a certain section of that is to be social procurement. I do not blame the employers to a certain extent. They feel they have got enough on their plate to run a business rather than to worry about somebody else’s social problem. Governments get them ready. What do you think of social procurement?

Mr BIRRELL: Social procurement is a great concept, and it is a great thing. My experience is that if the social procurers are out there and are willing and have set something up, the people who have got the contracts for your infrastructure project or who run government services will get some direction from you. What you need is the link between the two, and that is what we have tried to turn the GROW project into here—having someone join the dots between the person who wants to find some social procurement but does not know how, and the social procurement, who is ready to go but does not know how to approach that person.

The way the GROW program has worked, and you will hear from GROW Manager Leanne next, is that we run that—it is not a bureaucracy; we have a government grant to run that project. We are a private organisation, so we are doing that with some government assistance. I think when a private organisation runs something like this and is charged with working with the business community, it works really well—or it can work really well. It is working well in our way. For example, and she will give you an example of this, but for Leanne to go down to the Shepparton Art Museum worksite, Kane know that they have got to find some social procurement, and they want to. They genuinely want to. But they do not understand perhaps Shepparton; they do not understand the landscape, the map of where things are. If Leanne can put them in touch and join those things together, then that is a really good outcome. So I encourage that effort to have the right person linking. Yes, you need to put the conditions in the tender for—I will say—local as well as social procurement. Yes, you need to put the right conditions in, and I think those conditions can be a little bit more targeted to regional areas. If you look at what ‘local’ means in some of these tender documents, it means Australia and New Zealand. So some regional procurement, but make sure that the tier 1 person who is doing the infrastructure project has the support to be able to find the social procurement and local procurement that is out there.

If I could make one more comment on that, it is not just for infrastructure projects. If you go to a lot of the hospitals around Victoria, someone will give you some processed peaches. They will not be from the Goulburn Valley; in fact they will not be from Australia, and that is because of the silos. I think health purchasing in Victoria is in a silo, trying to get the best bang for their buck, and that is fine. Another silo of government is trying to help SPC to survive, and they are almost working against each other. So I reckon those procurement rules have got to look at what advantages a local business that you want to see and that you as the government get a lot of benefit from, such as SPC. Purchasing their products for your services, which are the prisons and the hospitals—I think that needs to be looked at a lot more closely.

Ms CONNOLLY: That is a very good last point.

The CHAIR: Good. Thanks for attending.

Mr BIRRELL: Thank you.

Witness withdrew.