

CORRECTED VERSION

RURAL AND REGIONAL SERVICES AND DEVELOPMENT COMMITTEE

Inquiry into retaining young people in rural towns and communities

Donald — 17 May 2006

Members

Mr B. P. Hardman
Mr C. Ingram
Mr J. M. McQuilten

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Mr P. L. Walsh

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Research Officer: Dr P. Chen and Ms C. Tischler

Witnesses

Ms K. Clark, field officer (sworn); and

Mr C. Henry, manager, employment department (sworn), Workco Ltd.

The CHAIR — Welcome, Colin and Kate. I have to read a statement before we begin. Under the powers conferred on this committee by the Constitution Act and the Parliamentary Committees Act this committee is empowered to take all evidence at these hearings on oath or affirmation. I wish to advise all present at these hearings that all evidence taken by this committee, including submissions, is, under the provisions of the Constitution Act and the Parliamentary Committees Act, granted immunity from judicial review. I also wish to advise that any comments made by witnesses outside the committee's hearings are not protected by parliamentary privilege. We are an all-party parliamentary committee, including an Independent, hearing evidence in an inquiry into retaining and attracting back young people to rural towns and communities. Before we begin, could you please state your full name and address, the name of the organisation you represent today and your position within that organisation.

Mr HENRY — My name is Colin Henry. I am the manager of the employment department of Workco Ltd, which is based in Horsham.

Ms CLARK — I am Kathryn Clark. I live here in Donald, but I work for Workco group training. I am a field officer.

The CHAIR — Thank you very much. If you can please provide us with your evidence in about 10 minutes or so, and we will have some time for questions following that.

Mr HENRY — We probably will not take up the full 10 minutes of your time. Workco is an organisation that services across the Wimmera and Mallee down into the Rural City of Ararat and Northern Grampians shire. One of our major functions is the employment of apprentices and trainees. We are the largest employer of apprentices and trainees in this region, employing just under 30 young people in that field. We see young people leaving the area causing significant problems with skill shortages. You would have all heard lots of talk about skilled migration. We are not against skilled migration by any stretch, but we see lots of our young people being migrated out of the area for many reasons and then not returning. We know a lot of people have to leave this area to take up tertiary studies or other occupations who may return at a later stage. One of the greatest problems is that when young people leave a particular area, the chances of getting them back, no matter what their intentions were when they left this area, is always very difficult. They leave at an age where they meet lots of people, make lots of friends and in lots of cases even fall in love. They meet people from other areas and sometimes those relationships do not bring them back to this area, so in many cases they are lost to the area forever.

I think you have heard from other speakers that young people are desperately needed in this area. We believe the young people need greater information about what skills are required in our area and what work is available. A lot of our local industry and employers are suffering. Their businesses are suffering because we cannot get skilled people. In some cases when employers are willing and keen to train they have a very poor selection of people available to offer training to and to train. At Workco, as I said, we are not against tertiary training. It has been recognised that we need many people to be tertiary trained and come back to our communities as professional people. We also see lots of people going away for tertiary training and not making use of that training, if they complete it. We see people even coming back to our area after they have completed their tertiary training and applying for the apprenticeships and traineeships that we are offering.

It sounds quite ridiculous. If you know a lot about traineeships and apprenticeships, you know they really are aimed at people in the main who have not completed tertiary studies. It is a worry for us that people who leave the area and come back in some cases have qualifications that are not of any help to them here and have not helped them get work. It does not help this community if they apply for apprenticeships and traineeships on the basis that they are starting the skills training process all over again. If those young people could have been given perhaps more information about the alternatives available to them locally, they may have started an apprenticeship or a traineeship at 17 or 18, completed one, two, three or four years of that, earned income, remained in the area and then become quite skilled workers. We would like to see lots of effort made to keep the young people here.

It is not just the young people parents and families have also been fairly strongly brainwashed by a lot of people that the only way they are going to survive in the future is to go to university to get a tertiary qualification. That is strongly supported by the universities and tertiary colleges at careers expos, and it is always difficult to try to encourage parents to say, 'Okay, tertiary is a good option, but there are other options. There are other career paths available, and we would like you to consider that'.

We think that perhaps more work could be done in schools. Funding for careers advisers and career teachers always seems to be a little pressurised. Career teachers are tending to wear other caps sometimes in the smaller schools and cannot do as much work as they would like to in that area. The schools are where we think a lot of work can be done. Workco actually has a dedicated staff person whose job it is to be in the schools to try to help young people look at the options — if they want to talk about tertiary options, we provide them with information on that — but also to ensure they are fully aware of the range of apprenticeships and traineeships and other youth employment that is offered across the region. That is a position that Workco funds itself to try and stimulate that interest in the schools.

The other major area is VET funding. We acknowledge that the contribution that has been made to VET has been very good in the past. We also acknowledge that that may be reducing slightly, but VET in the schools in this area is giving more and more young people a chance to have a look at other vocational streams. The VET bus has already been mentioned. There was good funding for the VET bus to bring young people from right across the Wimmera to where many employment opportunities were and for their VET training in Horsham. It has been a bit disappointing to see that that has been under threat in the last round; however, it has been funded. We would like to see that activity continue to be funded to give young students a chance to do quality VET work.

School-based apprenticeships are a relatively new concept. Certainly Workco has been heavily promoting this option and encouraging young people in schools and their parents to look at this as an option. We know that a good education is essential if people are to survive in the future, but for those who perhaps are not going to go on to university, school-based apprenticeships are an excellent way for them to start work with local industry and at the same time continue their education. Funding was made available for some coordination and promotion of this service. I think it was two or three year's funding, and that was greatly appreciated. It certainly gave us an opportunity to have personnel out there promoting and building the service. That funding has basically been withdrawn now. It took many years for apprenticeships to become recognised, and it will still take a long time with concept of school-based apprenticeships.

We would like to see a reintroduction of that funding so that the area can have staff out there coordinating and promoting school-based apprenticeships not just to the young students in schools but also to industry. It can only really work if industry is fully aware of it and offers positions. It takes industry a bit of restructuring to have young tradespeople there, for want of a better word, two or three days a week — to reorganise its work force in some cases. The other aspect we would like to see is consideration of the funding model. There are some financial incentives available that are very similar to normal apprenticeships, but in most cases the employers responsible are paying normal wages for their school-based apprenticeships, and in a lot of cases it takes very committed employers to say, 'Yes, we can see the benefits and we will pay those normal full wages'. We recognise that the young people doing these trades are entitled to a wage, but we would like to see other things considered, with perhaps more assistance for local industry to be able to increase the number of school-based apprentices they take on.

Another area that Workco would like to see improved is that of work experience. Many schools in the area are involved in work experience, and sometimes that begins at year 9 or year 10. We would like to see, if possible, activities that get more years 7 to 9 students involved in knowing what sort of jobs and career paths are available in their own local areas. We are still seeing many students coming even out of year 12 who, when asked the question, 'What are you going to do?', answer, 'I'm not sure yet. I am waiting for the tertiary offers. I have put a couple of things in, and I might go here or there'. Then when asked, 'If you don't get that what are you going to do?' they answer, 'There is nothing much around here, so I don't know'. In most of the cases that is because they have not been exposed to what opportunities there are in their own local areas. Anything we can do to broaden their knowledge will give them and their parents a better insight into the fact that they can get a job in Donald or they can form a career in Horsham or Warracknabeal- they can earn money, get skills and be a worthwhile person in their community.

The Try a Trade program that was recently run in Melbourne was very successful. Quite a lot of money went into that activity. We try to run those sorts of activities ourselves in the country. They tend not to have any funding or they have very minimal funding from outside sources, apart from our trying to get our local businesses involved by saying, 'You come along and set up a display so we can show people'. I think there needs to be bigger commitments made to those sorts of activities, which may also help broaden young people's knowledge of what they can do from within their local communities.

Those are probably the main areas. We see the value of young people remaining here to help overcome skill shortages. If they can become skilled, industry can grow. The skilled migration program is a good one. You are never sure how long you will keep those people in your area for. If we can train our young people in our own area, the chances of them staying here are much higher, and if they do become skilled tradespersons there is every chance that they will stay in the area for a significant number of years and provide value to the community.

The CHAIR — Thanks very much Colin. Do you have something to add to that, Ms Clark?

Ms CLARK — No I do not, other than offering my support.

Mr HENRY — Kate is a field officer who spends a lot of time trying to recruit employers and trying to recruit young people into the jobs that we have.

The CHAIR — One of the issues in the area I represent is that many of the students or apprentices have to travel quite significant distances to do their training and do not earn a lot of money as apprentices, especially in their first and second years. I suppose anecdotally, just from family and friends, I know that some of them have over time dropped out of those trades because they just felt it was not worth their while spending all that money and travelling to and from Shepparton to do these courses when basically there was no real money from that, no real income.

Mr INGRAM — I will add to that. The cost of accommodation in Melbourne is more than their wage if they are applying to go to Melbourne to study for their apprenticeship. Is that an issue that you see, and what is the solution to it?

The CHAIR — How do you overcome that here?

Ms CLARK — Basically when I first sign up an apprentice, say with an auto-electrician, there is only one place that they can do it, and that is Kangan Batman Institute of TAFE down at Richmond in Melbourne. No other TAFE provider that provides the training for something like that. I explain to them, 'You're going to have to start putting some money away each week'. They know in, say, four or five weeks they have to go to trade school, and I try and get them to start saving some money or to go and see a counsellor at the trade school to see whether or not they can pay off their fees over the first three or four months.

It is very difficult, because they still have to pay for their board while they are here. They have to pay for their travel and the board and everything while they are down there. Admittedly the TAFEs do reimburse them. I know that at Kangan Batman — I am just using an example now for the auto-electrician — they get back \$45 for the week. Accommodation is, I think, \$35 a night with four apprentices sharing one room, and they get \$45 back for staying there. I then turn around and say to them, 'Okay, you have got these bills to pay. You are in the work force now and you have got to start to learn to budget'. I try to help them in that way. I really do reiterate to them that these fees have to be paid. If they go through a group training company like ours, we reimburse them after they have finished, so the next year when they go to pay their fees they get a reimbursement from us to help them pay for the that year.

The CHAIR — Do you find that the counselling and support that you are obviously giving is helping to retain more of those apprentices than drop out?

Ms CLARK — Yes, I hope so. We employ them and then host them. You know how group training companies work. I go and check on the apprentices and trainees and try and help them in that way, just in counselling in that sort of way. Yes, for sure.

Mr HENRY — I think on the point you are making, people like Kate handle that reasonably well. It does not solve their problem, but by the time they are ready to head off to Melbourne for their training they have at least been warned, they are aware and hopefully they may have put some money aside. That is fine for the group training model. With a lot of other apprentices the first thing they find is, yes, the employer says, 'You are off to the institute down in Melbourne, and you have got to find your own accommodation. Someone will pick some money up there for you somewhere along the line. Yes, there might be some travel money'. The apprentice might say, 'Oops! I have not got any of that. Where do I go? I am already on a reduced wage because I have taken on an apprenticeship, and I have already forked out \$300 for my fees, and now they want me to go down and pay some accommodation and actually live in Melbourne'. If there could be some way — and I think it is probably more of a

federal issue — that some of those fees could be paid to an employer who could then prepay the apprentice when they leave or reimburse them as soon as they come back, that would be good. Certainly the group training model does give some support; in most cases they have still got to find the money themselves, but they have got some warning.

The other side of it is that, yes, there has been more and more contraction of the training in the rural areas. Not that long ago in Horsham we used to do electricians and, I think, a number of other trades that have just been taken back to Ballarat. From there they may have even gone back to Melbourne and are becoming more and more centralised rather than decentralised. That puts more and more pressure on young people.

Mr WALSH — I the reaction to that a HECS-type scheme for trades, where the government actually pays those things out of their taxable income and in the future refunds it back?

Mr HENRY — No.

Mr WALSH — You do not want that?

Mr HENRY — No.

Mr WALSH — That is all right. I just asked the question!

Ms CLARK — That is one of the things I say to my apprentices, ‘You will struggle for the first four years, but you will not have a HECS debt at the end of those four years when you have got your certificate’.

Mr WALSH — So with the 300 you have got on your books, what is the split between apprenticeships and trainees?

Ms HENRY — It might be fifty-fifty?

Ms CLARK — Less. On my caseload I have more apprentices than trainees. Mine is probably 70:30, if that.

Mr HENRY — Probably overall, based on that, it could be around the 60:40 mark — 60 apprenticeships and 40 traineeships for anything from one year traineeship to a two-and-a-half-year traineeship.

Mr WALSH — So then, Kate, Colin said that one of your main jobs is hunting up (a) employers and (b) apprentices. Are more employers wanting apprentices than there are apprentices available?

Ms CLARK — Yes.

Mr WALSH — There are in what particular trades?

Ms CLARK — The rural skills — farming.

Mr HENRY — Metal fabrication.

Ms CLARK — Yes, metal. Not so much carpentry now, because that is what a lot of young boys want to do. I do not find that a problem any more, and I have got quite a few carpenters.

Mr HENRY — Motor mechanics — we have had trouble getting them in some of the smaller centres.

Ms CLARK — Yes. Also auto-electricians; I cannot get auto-electricians, not just in Donald but in Warracknabeal.

Mr WALSH — As in apprentices to go in?

Ms CLARK — Yes. I have been knocking on doors chasing kids to come and have a trial. It is phoning them up and saying, ‘Would you like to do this?’. It is really hard.

Mr WALSH — Can you give us some potential ideas for the report we are writing? What would be some ways of actually trying to solve that problem?

Mr HENRY — I think more emphasis; we were very successful in removing trade-type training from the education system; we just about got it down to zero. Certainly that has been acknowledged now and there has been some return. Unfortunately the closest tech school, for want of a better word, we may see is Ballarat or Bendigo, and yet 15 or 20 years ago probably every one of these schools had a significant trade components so people could actually get in there and get their hands dirty — that is in some of the trades we are talking about; we are probably going pretty well in office skills infotech and those sorts of areas — but there were far better facilities. We would like to see that sort of emphasis increased so that young people could be given the opportunity if they were not going to do a school-based apprenticeship of doing the VET-type training and having the facilities with employers, but also having some more of that type of facility in the schools themselves. It becomes a resources issue — equipment, teachers, facilities.

Mr INGRAM — We have got a problem in our area in particular trades where the training is done locally that in some industries rural small businesses are bearing a larger portion of the apprenticeship training yet once the apprentices finish their qualifications they are poached by organisations that do not make that commitment to training, whether they be larger organisations locally or in the city. Is that a problem with those apprentices you do push through, and if it is, how do you solve it?

Ms CLARK — I do not find it a problem in my area as such, because a lot of the apprentices who finish are good at what they do and are given lots of incentives to try and keep them there. I know that they are approached, and then their employer offers them more money or whatever to keep them on board.

Mr INGRAM — I will redo it. In the industries we are mainly talking about is the training and apprenticeships load borne equally? Are some doing much more than their share and some bludging?

Ms CLARK — Definitely.

Mr HENRY — Poaching is a problem once people get qualified. There are those who do not want to train or who might train one or two apprentices will always be out trying to get them. A lot of the bigger contractors only want to take them on when they are trained and have got their certificates. I am not sure what the answer is, but it is probably better assistance or more assistance to those who are actually training apprentices, so that in some cases instead of having one apprentice they can have one and a half or two apprentices and have a better chance of having more skilled labour around in two or three years time.

Mr INGRAM — Should the industry share the cost of providing the apprenticeship training more fully so that basically those who are not employing an apprentice actually pay part of this ongoing cost for the other employees?

Mr HENRY — A tax on not employing people? I am not sure, once you start getting into taxing the industry, whether those dollars or those skills will actually come down to areas like this. It may work fine for BHP to pay some money, but whether we in these more remote communities or smaller country areas would see the benefits down the line of more apprentices being trained, I do not know.

Ms CLARK — It does cost a lot of money to train an apprentice.

Mr INGRAM — That is what I am saying. So the employers are putting that on, doing a favour for the community — —

Ms CLARK — For the community, yes.

Mr INGRAM — And for the broader industry. I am trying to work out how you reconcile that, if you like.

The CHAIR — Colin and Kate, thank you very much for coming along and for your interest throughout the day. You will get a copy of the transcript in about two weeks. You may correct any errors but not change any matters of substance.

Witnesses withdrew.