



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

**STANDING COMMITTEE ON EDUCATION, TRAINING AND
YOUNG PEOPLE**

(Reference: Vocational education and training and skills shortages)

Members:

**MS M PORTER (The Chair)
MR M GENTLEMAN (The Deputy Chair)
MRS V DUNNE**

TRANSCRIPT OF EVIDENCE

CANBERRA

TUESDAY, 27 NOVEMBER 2007

**Secretary to the committee:
Dr S Lilburn (Ph: 6205 0490)**

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents relevant to this inquiry that have been authorised for publication by the committee may be obtained from the committee office of the Legislative Assembly (Ph: 6205 0127).

WITNESSES

COX, MR IAN, Director, Business and Industry Development,
Chief Minister’s Department **10**

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PHAM, MS TU, Auditor-General **1**

VOLKER, MR DEREK, AO, Chair, ACT Skills Commission **10**

The committee met at 9.31 am.

PHAM, MS TU, Auditor-General

NICHOLAS, MR ROD, Director, Performance Audits and Corporation Services,
ACT Auditor-General's Office

THE ACTING CHAIR (Mr Gentleman): Welcome to the education and training committee's inquiry into vocational education and training and skills shortages. I will read out the privilege statement to you.

The committee has authorised the recording, broadcasting and rebroadcasting of these proceedings in accordance with the rules contained in the resolution agreed by the Assembly on 7 March 2002 concerning the broadcasting of Assembly and committee proceedings.

Before the committee commences taking evidence, let me place on the record that all witnesses are protected by parliamentary privilege with respect to submissions made to the committee in evidence given before it. Parliamentary privilege means special rights and amenities attach to parliament, its members and others, necessary to the discharge of functions of the Assembly without obstruction and without fear of prosecution.

While the committee prefers to hear all evidence in public, if the committee accedes to such a request, the committee will take evidence in camera and record that evidence. Should the committee take evidence in this manner, I remind the committee and those present that it is within the power of the committee at a later date to publish or present all or part of that evidence to the Assembly. I should add that any decision regarding publication of in camera evidence or confidential submissions will not be taken by the committee without prior reference to the person whose evidence the committee may consider publishing.

Again, welcome to these hearings. Auditor-General, would you like to make any opening statements?

Ms Pham: Thank you. This office conducted the audit into vocational education and training about a year ago, so our knowledge and information collected during the audit may be a bit outdated now, especially given the number of new developments during the last 12 months in the ACT government VET sector. At the time we did our audit, we tried to identify whether or not the department had proper procedures and practices in place to identify skills shortages and make sure that the skills shortages are met through the delivery of vocational education and training, and also to see whether or not they achieved the outcome that they meant to achieve with their funding. Some of the findings we made during the audit may be relevant to the inquiry. We will certainly take questions. If you want, at some later stage we can explain our findings and what findings may be relevant to your committee inquiry, but at this stage we are happy to take questions.

THE ACTING CHAIR: Recommendation 1 said:

The Department of Education and Training and the Vocational Education and

Training Authority should extend consultation on strategic planning by including more input from Registered Training Organisations, industry and apprentices, trainees and students.

In the annual vocational education training priorities for 2007-08 there is quite a detailed document from which to plan. What other information do you think may be missing from those RTOs or industries that we could look at?

Ms Pham: I have not seen the latest 2007-08 information from the department. At the time we were doing the audit, the information was provided by the training organisation to a national system. That national system combined the information on student outcome, student satisfaction and some other types of information. But that information is not at the course and service provider level, so it does not give you a very good indication about how well a particular course will deliver and the quality achieved for that particular course. The information we got at the time in terms of performance indicators was quite broad, at the whole-of-sector level, not from individual courses. We realise that these organisations collect their own information to help them to do the job better, but that information was not forthcoming to the department.

Mr Nicholas: We looked at the level of information that was coming into the department for its planning processes. Overall, we were reasonably happy with the general level of consultation. It is a complex area. There are certainly a lot of parties involved—the employers, the RTOs, the students and so on. The general thrust of it seemed to be fine, but the advice that we were getting, from the RTOs in particular, was that they did not have an opportunity for significant input into the longer-term planning and they would welcome—we undertook a bit of a survey—more opportunities to participate in that. We also observed that there was not a great deal of input coming from the students or from the learners themselves. The student associations and the collections of individuals were not contributing in any significant way to the strategic planning.

Overall, our view was that there were further opportunities for input. As Tu was saying, we have not had an opportunity to read the latest material on this process, but we were aware that the department had responded quite positively to our recommendations and were intending to undertake some wider consultation.

THE ACTING CHAIR: Thanks.

MRS DUNNE: Mr Nicholas, you talked about surveying the RTOs. Was their survey work done with students?

Mr Nicholas: We did not survey the students ourselves, no.

MRS DUNNE: I want to go to a couple of issues that are of particular concern to me. One of the issues that have come up is that often there is discontinuity when people are doing school-based new apprenticeships. They might do certificate 1 and 2; usually that is what they do at school. A fair number of those students may go on to other TAFE training but may not complete the training in the discipline that they started at school. The other issue for me is that there is a fairly large non-completion

rate. Is there anything in the audit that points to the reasons for that? And are you aware of work that might be done?

Mr Nicholas: The short answer is no; there is not a lot in the audit report that points to the reasons for that. We did identify that as being an issue. In our view, very little information was coming through to ACT VET planning, if you like, that dealt with why there was a dropout, what was happening or why there was not a significant take-up in some of the training. That was an area that we had identified as a particular weakness ourselves, and we have—

MRS DUNNE: But really an area for further investigation.

Mr Nicholas: Further investigation was needed, yes. As Tu was saying earlier on, a lot of the information seemed to be at a very high level—the information that was being used and coming into the department. It was not down to the individual program, or indeed to the individual RTO. From the basis of the stuff that we saw during the course of our audit for the department, it is difficult to put together a picture as to why there were high dropout rates in training in a particular field or why there was not a high take-up. So yes, we were pointing to that need as well.

Ms Pham: Even the information collected on that particular aspect was not done properly in the sense that you have the information on the students commencing apprenticeships, for example, in any particular year and then on the students completing the VET courses in a particular year, but you do not follow the same course—to know whether or not the pupil who started actually finished the course.

Mr Nicholas: There is no track of it.

MRS DUNNE: So that what you are actually measuring is the—

Ms Pham: The total.

MRS DUNNE: The total amount of training given, rather than in some way having the capacity to track individuals or individual groups of students.

Ms Pham: Yes.

Mr Nicholas: That is right.

Ms Pham: That is where we think that at this stage it is not possible for us to look at the real outcome and the value-added result to the industry. There is no information which says that in this particular year, for example, we identify a shortage of 1,000 bricklayers; we provide training for these bricklayers; then three years down the track the shortage is met or reduced. There is no way that we can identify any particular high-priority area where we can say that the outcome of the money spent in reducing that shortage—that we are confident that that actually was the case.

MRS DUNNE: Part of the problem, and one of the concerns I have, is that a lot of the measures are simply quantitative—like numbers of hours of training provided. It is not even broken down into disciplines. So you cannot tell whether we are putting

money into low-end stuff like retail rather than addressing some of the higher-end skill shortages.

Mr Nicholas: That would probably be available from individual RTOs, but it does not appear to be collected in totality for the VET sector or by education.

MRS DUNNE: Correct me if my understanding is wrong, but I want to reflect it back to you so that I am sure that I have got my head around it. You are saying that a lot of the information goes from the RTO to a national body, and then it is aggregated for the ACT and comes back to the VET area.

Mr Nicholas: It is aggregated as a whole, yes.

MRS DUNNE: Are you saying that there is a problem with monitoring the effectiveness of particular courses provided by particular RTOs?

Mr Nicholas: We would say that there is a problem in monitoring effectiveness overall in that sense.

MRS DUNNE: Yes.

Mr Nicholas: There does not appear to be monitoring at the Department of Education and Training level of individual RTOs to that extent—or in individual programs it did not appear to be occurring while we were doing the audit. The ACT is placed in a pretty interesting position. We have two-thirds of the funding and two-thirds of the training being provided by one provider, the CIT. That gives them the opportunity to undertake some very significant internal review processes themselves. Much of that is then made public through their reports and their annual reports et cetera, which give a bit more information. But we are not sure whether that information is being used—

MRS DUNNE: That is not something that you have looked at?

Mr Nicholas: We are not sure that information is being brought in by the Department of Education and Training and then used in its broader planning and strategic planning processes.

MRS DUNNE: But when you were looking at your audit, you were not looking at the extent to which, say, the single largest provider was doing that sort of monitoring and—

Mr Nicholas: No. We did not look at the individual RTOs in that sense, no.

THE ACTING CHAIR: But you have made a recommendation. Recommendation 4 talks about that collection of data.

MRS DUNNE: Yes.

Mr Nicholas: Yes.

Ms Pham: The department audits the RTOs every year to make sure that they meet

the terms and conditions of the funding, but the audit is very limited—in terms of their administrative process and their documentation rather than the quality of the course they provide and the outcome of the course.

MRS DUNNE: You anticipated my next question. Thank you.

Ms Pham: They set a number of so-called standards within a quality framework that the department tries to audit against, but it is very much towards output and procedure rather than outcomes and quality.

MRS DUNNE: I was going to ask a question that flowed on from that, and it has completely gone.

THE ACTING CHAIR: My next one was going to follow on from that. In response to your recommendation 6, the government said that the comparisons between large registered training organisations that receive substantial public funding—such as CIT, which we have been talking about—and smaller registered RTOs are likely to be not only difficult but invalid. What are your thoughts on that response?

Mr Nicholas: I guess we are talking about benchmarking in a general sense there, and benchmarking has always got some difficulties. I do not think there has ever been an organisation you have tried to benchmark against or with that has not said, “We are unique.” They all come down to that.

I think that there are some general themes that we could explore. I do not believe that the benchmarking-type processes that we are looking at or suggesting are necessarily invalid; they just have to be treated with caution—or the results therefrom. I think it is difficult. In some respects we are talking about supplementing the national information that is available and doing something within the ACT itself. That has resource issues, obviously, and the department needs to trade off what it can see as being a benefit out of that. We see some advantage towards getting additional information. It should not be a write-off. There are further avenues that can be explored by the department.

Ms Pham: I think it is about value for money. Suppose you have a fixed amount of money and you know that there are a few options. For example, suppose you have additional funding for hairdressing, and that is identified as a high-priority vocational course and you have an option for it to be delivered by CIT or another body outside CIT. You would like to know how much it costs CIT to deliver that course compared to another training organisation so that you know you can get best value for money or better value for money. Or you could make sure that the one that is more costly will deliver the same course, assuming a better quality is provided.

THE ACTING CHAIR: The outcomes, yes.

Ms Pham: Yes—that you do not pay for an inefficient trainer compared to CIT, or vice versa. That is what we tried to get at.

MRS DUNNE: So what you are saying is that you cannot compare the quantum of what CIT does with the quantum of what an individual RTO does, but you might be

able to compare courses in a similar field.

Ms Pham: The cost, yes.

MRS DUNNE: There is one that I know more about than others. The CIT delivers training in carpentry, as do CITEA, the MBA and the HIA. You could look at that sector, for instance, as to who is providing the most efficient way—

Ms Pham: Better; that is right.

MRS DUNNE: And are all the people who are coming out of the process trained to the same standard.

Mr Nicholas: Indeed.

Ms Pham: Yes.

MRS DUNNE: And that is the sort of information you are looking for?

Mr Nicholas: The importance is exploring differences—not just saying, “Look, this one here is achieving a higher rate of throughput or completion than the other one.” It is exploring those differences. There will be valid reasons. The department’s response suggested that one RTO might be receiving a higher proportion of learners with disabilities, and therefore they might take longer. That is fine. That does not invalidate the benchmarking process; it just means that one needs to be more careful in interpreting the results. That is the theme we have tried to suggest here. It is not that you just take a benchmark and use that as the final outcome; you explore the validity of any changes. But, as you and Tu are suggesting, benchmarking across similar sorts of programs or similar sorts of activities across a range of deliverers would be quite valid and quite useful, we believe.

MRS DUNNE: You made recommendations about improving the level of reporting and the level of consultation, but those recommendations were made before cuts were made to the VET section in the ACT department. Do you have any feel for the extent to which your recommendations can be taken up, given the staff cuts in the area?

Ms Pham: We do not believe our recommendation will cost a lot of money. We think we need a better, more streamlined process and better procedure put in place or an obligation put on the RTO to supply information. It should not be the type of recommendation that requires a lot of resources to implement. Indeed, streamlining certain planning processes could lead to savings. In collecting more information, it is not about collecting information alone but actually analysing it in such a way that it adds value into the service delivery.

When we looked at how the department collects information—for example, to identify shortages in certain areas and translate that into action in terms of where the money goes—the process was sometimes not that robust and transparent. We did not at that time work out how that information about unmet need or need, collected from industry sources or a variety of stakeholders, was translated and analysed in such a way that it led to a list of priorities.

Mr Nicholas: For example, we found at one stage that we had 11 out of 19 industry groups identified as priorities. It makes it very difficult to focus on any particular area when you have got more than half of the range, if you like.

MRS DUNNE: Everyone is special, yes.

Mr Nicholas: One of the recommendations—

MRS DUNNE: Before you go on, is that a reflection of actual need or are you saying that the analysis is not rigorous enough? Are you saying that there should be fewer, more targeted priority areas?

Mr Nicholas: It is a bit of both. If you identify 11 industry groups as areas of need, then that is fine; that just shows that that is the depth of the need or the unmet demand in the ACT. But our view would be that prioritising requires attention to fewer rather than more. If you scatter your priorities everywhere, you are really not prioritising; you are really not focusing your resources or your efforts on any one, two or group of areas. We would tend more to saying that further analysis is required in order to focus attention in a more concentrated manner.

THE ACTING CHAIR: Off the back of Mrs Dunne's question, in regard to your recommendations, have you seen evidence that your recommendations are being responded to on the ground?

Mr Nicholas: The short answer is that we have not gone out and looked at these particular recommendations to determine what the take-up is. The government response was quite positive in terms of both the immediate response to the report and the later government response. I attend the education audit committee as an observer, and the department reports on the progress of implementation of recommendations through that. They indicate, from my recollection, that all these recommendations have been attended to. There is some sort of satisfaction we can take in that respect, but it does not necessarily translate to some firm action on the ground. We have not looked at it at that stage.

MRS DUNNE: What do you mean by "attended to"?

Mr Nicholas: I mean that the department has taken action to implement the recommendations that we have made and the information that has been conveyed to the executive and to the audit committee through the various reporting mechanisms within the department show that those recommendations have been implemented. With respect to my attendance at the audit committee, for example, they go through a pretty rigorous review process. If they see weasel words in responses, they tend to focus on those and try and get down to what is actually happening. So there is a degree of satisfaction that they have been acted on. As I said, we have not gone out into the field and followed up this particular audit.

Ms Pham: Our process in following up recommendations of past reports is that usually in the first year it is a matter of keeping a watching brief by attending internal audit committee meetings, monitoring their response to the committee and seeing that

they are all positive. But we take the word of the department as it is provided to us. At a later stage, normally two or three years down the track, we would do a follow-up audit and go out into the field and see whether it actually happened. But at this stage we are quite happy with the positive response from the department and their actions so far.

MRS DUNNE: You are saying that at this stage you are happy with the performance of the audit committee but do you envisage revisiting this audit and, if so, when?

Mr Nicholas: I will leave that one to you, Auditor-General.

Ms Pham: Our intention is that every three years we do a major follow-up audit having regard to the recommendations of the previous audit. This one may be one that we follow up. Given a number of developments in the industry generally and at a national level, a lot of new approaches have been introduced in other states—a new way of providing VET services. I expect there will be a lot of changes in the future if the ACT department follows emerging trends and issues. It will be interesting to see if our recommendations become less relevant in the new scheme of things.

Often, the recommendations are relevant and valid, given the current structure and given what we knew at the time. As the department moves on with new initiatives, and maybe a new VET model altogether, some of these recommendations may or may not be relevant two years down the track. Some education departments, such as in Queensland and South Australia, are moving to a different model altogether which requires more work with the industry. So they are not looking only at the supply side; they are looking at the demand side as well. Certainly, that means that you increase the skills knowledge of the workforce on the supply side, and you decide how best to deploy and choose the skills set on the demand side. So it is a new world out there.

MRS DUNNE: As the provider of most of the training services in the ACT, do you envisage auditing some or all of the programs at CIT?

Mr Nicholas: That is not in our short list of proposed performance audits. We have many possible audits, obviously. There is no reason why we could not. We have not factored that in at this stage, though. It is the same with a follow-up. It could well be that, in two or three years time, we really need to do a full re-audit, if you like, of the VET rather than just follow up these recommendations. I suspect there will be sufficient change to warrant a re-examination rather than anything else.

THE ACTING CHAIR: Do you have some thoughts about who else might be able to make submissions to this committee as this inquiry goes on?

Ms Pham: When I did some research into the VET industry, I found a lot of work done by the departments of education in Queensland and South Australia, where they introduced a new model for VET. There are some current thoughts that the way we deliver VET services at the moment will not address the skills shortage because we only look at one side of the equation. We do not manage the demand side of skills; we look at the supply side of skills. Therefore, it will not work. I think some departments have been exploring new models or at least trying some different models altogether, in order to bring the industry together. They have different models. I think it may be

very timely for the inquiry to hear from experts from other states because I think they are moving ahead.

MRS DUNNE: Can you give me an example of the sort of demand side models that they are looking at?

Ms Pham: I saw a paper written for the Queensland vocational education and training department—and we will table this for the committee—which talked about the new idea of having a dual skill policy regime. It would have an industry skill policy and an individual skill policy. At this stage we identify the skill need and then we train the individual for that skill need, but their aim goes further than that. The industry needs to do a lot more to utilise and deploy the skills or to introduce workplace initiatives so that it can also manage the demand side so that it complements the supply side, because the supply side alone does not work. That is what they are talking about—having very heavy involvement by the industry sector. The industry sector actually has a significant role to play in the VET sector compared to what happens now, where it is all about the department and about training by institutions. They have a totally different model. I have very limited knowledge of these things so I am speaking with—

THE ACTING CHAIR: We will see if we can get some information.

Ms Pham: I could certainly come back, if the committee would like me to, with some names that I understand are very highly regarded in the VET sector—

MRS DUNNE: That would be very useful.

Ms Pham: who have introduced new ideas and models. Hopefully that would be of some benefit and relevance to the committee.

THE ACTING CHAIR: I am sure it would, yes. Thank you very much for coming in. We will get back to you with a copy of any questions we may have.

COX, MR IAN, Director, Business and Industry Development, Chief Minister's Department

VOLKER, MR DEREK, AO, Chair, ACT Skills Commission

THE ACTING CHAIR: Welcome to the committee's inquiry into vocational education and training and skills shortages. This morning we will be hearing from Mr Derek Volker AO, the Chair of the ACT Skills Commission, and Mr Ian Cox, Director of Business and Industry Development, Chief Minister's Department.

I will read the privilege statement to you. The committee has authorised the recording, broadcasting and re-broadcasting of these proceedings in accordance with the rules contained in the resolution agreed by the Assembly on 7 March 2002 concerning the broadcasting of Assembly and committee proceedings. Before the committee commences taking evidence, let me place on the record that all witnesses are protected by parliamentary privilege with respect to submissions made to the committee and evidence given before it. Parliamentary privilege means special rights and immunities attached to parliament, its members and others necessary to the discharge of functions of the Assembly without obstruction and without fear of prosecution.

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Mr Volker: The Skills Commission has deliberately prepared a short paper as an aid to consultation with interested groups. It includes 41 recommendations in a draft form. We are now in the consultation process. That will continue through to the end of December, in terms of receiving submissions, holding some public meetings and having discussions with groups and individuals who express an interest in making contributions to the whole process. At the end of that period, the Skills Commission will prepare a report which takes account of the consultations to go to the Chief Minister, and we would hope to do that early in the new year, probably in February. I think the report is succinct. The recommendations are reasonably clear, we believe, and so far the response has been positive. There are some issues, obviously, where people have particular concerns, and they will be taken into account when we revise the report.

THE ACTING CHAIR: There seems to be a strong trend in focusing on retraining older people to address the skills shortage but there is also attention to apprenticeships which include young people. After what happened last weekend, what are your thoughts on the new federal government's plan to invest in trade education in secondary schools?

Mr Volker: I think we need a little more detail to see exactly how that will work itself through. That would fit with the sort of approach we have in mind. It is necessary to

put all of this in context. What has emerged from our deliberations, and taking account of a report from Access Economics, which was commissioned by the Skills Commission, on ACT and region demographics and trends, is that we are facing some issues deriving from the state of the population in Canberra and the region.

If you look at the situation in terms of where there are shortages, you are looking not just at what are traditionally the skilled trades; they are pretty much across the board, from the professional level, the high-technical area, managerial, through to traditional skilled trades, semi-skilled, down to what used to be called unskilled, even though now you really have to have some training to do just about any sort of work in the modern labour market.

Because of the demographic trends, as the population ages, the expectation would be that you would get lower participation rates. We believe that you can do some things to help to maintain participation rates, which in the ACT are the highest in Australia, pretty well right across the board. A couple of areas where you can do that are with women and with older people. There is a particular point about older people in the ACT where the commonwealth superannuation arrangements, the 54-11, mean there are a lot of people who still have a lot to contribute, who are keen to do so, but who are able to take superannuation arrangements from the commonwealth. We have made a few recommendations in that respect.

The point we are making is that if you look ahead there is a major problem coming up. We say that if it is not tackled we could well have a crisis. It is not just a skills issue; it is one of labour generally and of population. We have also made some suggestions about how that might be tackled. That then leads you into some other areas which would require considerable planning in terms of providing the infrastructure, housing, water and services to sustain a larger population. That is going to require a considerable amount of planning.

I think the approach of the new commonwealth government will be helpful. The arrangements that the previous government was proposing for technical colleges also could have been helpful, but the difficulty with that was that they related mainly to levels 1 and 2 in terms of competency, and you really have to look at 3 and 4 to make great inroads into improving the overall quality of skills in the community. We will have to wait and see the detail, but I think any additional resources that become available will be helpful.

MRS DUNNE: On the subject of levels 1 and 2, one of the things that we see in the figures is that school-based new apprenticeships have a fairly high participation rate in the ACT. Students at school often do levels 1 and 2, but there is a high dropout rate so that they do not take that skill level to a higher point. They might go on and do other training, and eventually get full trade qualifications somewhere else. Do you see that as a problem? I see that as a problem. There are some pluses in it. It gets people into the mode of thinking about trade training in particular, but not all the skills shortages are in the trades area. Do you see that as a problem—that it is not the best way of channelling our resources to have people who go so far and then stop?

Mr Volker: There are a number of aspects. It is not necessarily a real difficulty. One of the key things is to get people on the steps, the pathways, to developing their skills

and developing an interest in maintaining skills and up-skilling as time goes by. We have had quite a few anecdotal comments indicating that one of the difficulties in the school system has been that there are quite a lot of young people who lose interest and are not very enthusiastic, and there have not quite been the sorts of arrangements in place to enable them to regain enthusiasm, to do something that is going to fit them for their life and for being a productive member of the community.

The government recently announced money for pastoral care, which we assume will help by identifying people fairly early on who have problems in this respect. Hopefully they will be able to come forward with arrangements which will help them to overcome whatever the problems are that are causing them not to realise their potential and to prepare themselves for life and work.

More generally, there is a major issue that we will face as time goes by—that is, if we are going to have economic growth and improvement in the conditions of work and life of people, we will need to have ongoing learning. How you fund that is a really big issue. If you look ahead to, say, 2020, one interesting point is that two-thirds of the people who will be in the workforce in 2020 are already in the workforce. We make a mistake if we think that what they take from whatever the education system is will be sufficient to enable them to survive and to prosper in the labour market in the future. That simply is not the case. There will have to be re-skilling and up-skilling as time goes by. One of the really important things will be finding how you fund that, how you organise things, and how you encourage people to adopt an attitude and a culture of ongoing learning of that kind.

MRS DUNNE: People have been talking about lifelong learning as long as I have been involved in education. We do not seem to have any answers.

Mr Volker: There are, in fact, some possibilities. There is some work being done at the ANU on how you might be able to do some funding of this. That, of course, is primarily a matter for the commonwealth. We make a mistake if we think that the ACT can suddenly launch off into a system whereby it might be able to fund that sort of arrangement. But we can encourage the commonwealth to adopt an approach that would be viable and would at last deliver the sorts of things that some of us have been hearing about for a very long time.

THE ACTING CHAIR: Do you think that that sort of training can occur whilst people are in the workforce rather than having to leave employment and do it separately?

Mr Volker: I think there is a mixture here. One of the problems with the ACT, as you know, is that we have so many micro and small businesses that it is very difficult to arrange things on the job in those circumstances. It is also difficult for them to release people so that they can go and spend, say, 12 months or six months up-skilling themselves by doing courses. As time goes by, that is probably going to be necessary. One of the tricks in all of this is to work out how you can do it. Group training is probably one way of doing it but it may well be that we find that education institutions will work out that there is a substantial market for up-skilling training, with shorter, more concentrated courses. If you have the means of funding that then that should really be the way in which people will be able to engage in ongoing

learning and up-skilling. I do not say it is easy. It is a very difficult one, and nobody anywhere has really come up with a solution that is viable. There are a lot of people working on it. The Leach report in the United Kingdom is worth looking at because it suggests a way, in the UK at least, to upgrade skills very substantially.

One of the problems we all face now is that there is increased competition for skilled people—however you define “skilled”—and it is going to get worse because the European Union is now talking about a blue card which will have the objective of bringing in an extra 20 million skilled people by 2020. They have to come from somewhere, and that will be the market generally. So it will not be nearly as easy for countries like Australia to find people overseas who are skilled when you have got the European Union, as well as the United States and other countries, competing for skills. That is why it is imperative that we develop our own skilled people and that we do that as quickly as we possibly can.

THE ACTING CHAIR: Do you think that—and this deviates a little bit from the ACT—a national approach to a blue card system in Australia would be—

Mr Volker: In a sense, we have got that with 457 visas. If you look at the number of people who are in Australia, I do not know what the figure is at the moment, but you are talking about some hundreds of thousands of people who are here. We tend to think, in terms of overseas workers and the migration program, of about 140-odd thousand, but in fact there are probably 400,000 or 500,000 people at any one time in Australia who have visas or permits entitling them to work here. Most of those, obviously, are only here for very short periods. Some of them are in high-level business positions. But with the 457 visas there are quite a lot more people who are able to come into the place.

MRS DUNNE: I agree with you and I suppose you are playing to my prejudices: a lot of the issues about skills are not necessarily about skills but about the population mix. You have touched on it there—that we are actually in the global skills market. Do you see a benefit? You say that we have to grow our skills here and be reconciled to the fact that people will leave our little skills market, but the aim is to try and encourage them back—to go out and do the things that they do but see this as their final destination. Is that part of the—

Mr Volker: Indeed. In fact we have got a working group which is just being set up to look at how you can make Canberra more attractive to young people. I think we have got to recognise that, in the nature of society and the human condition, some young people will want to leave. We really want to make Canberra as attractive as possible to give as many opportunities as possible so that you can minimise the number of people who move, while recognising that clearly there will be movement of that kind, but hopefully we can encourage them to come back, and also encourage other people to come into Canberra and the region. Professor Parker, the Vice-Chancellor of the University of Canberra, will be in charge of that working group and will consult widely around the place about the things that influence people about whether to stay here or whether to go and whether to come back and then try to work out how we can take most advantage of the findings.

Another thing in the report which I think is important is that so far we have not really

taken much advantage of the large numbers of young people who undertake education and training in the territory. That is something that we really think we can benefit from, both interstate people and those from overseas. Until recently it has been difficult for international students completing their courses to obtain permanent residence. There has been a regional program which has given bonus points, as it were, for graduates to go to some regional centres. It seems anomalous, given that at the moment we have got about 2.26 per cent unemployment and shortages all around the place, that we have got a substantial number of people who are graduating in the ACT but have not been able to stay on as permanent residents. So that is something that I think we need to talk to the commonwealth authorities about again. The anomaly is that if you went to Adelaide you could graduate there, stay there and become a permanent resident, whereas in Canberra, which one would have thought was at least as much of a regional centre, you cannot do that. So we would be looking to do more in that respect.

One of the really important things is to engage the whole of the business community in endeavouring to encourage people to stay here if they are residents or to decide to remain here if they are from interstate or overseas. We are proposing that there be more internship-type arrangements, work experience arrangements, so that people get the feel of working locally and hopefully getting some ties that will bind them to stay here after they have graduated or completed their training and so forth.

MRS DUNNE: On that issue, do you see merit in, say, other models? The institution that springs to mind is the University of Limerick where everyone who goes through the institution does basically a semester's internship in the industry. Do you see that as a model—perhaps not to that degree of sort of compulsion but to encourage people to stay here in our emerging technology areas? For instance, once upon a time the planning authorities here used to have internships where they trained planners but we do not anymore.

Mr Volker: I think it would be helpful and desirable to have that, but we have got the difficulty here, as we were talking about before, of a whole lot of micro and very small businesses which simply cannot cope in many instances with that. If we are to make that sort of system work we have got to get the commonwealth in particular onside, I think the ACT government as well, and as many other employers as possible, to participate. But the commonwealth really is crucial when you look at the proportion of the workforce that is taken up in commonwealth employment. From my own point of view having been in the commonwealth public service, I know that it can be tricky to find the resources and the time to be able to handle that sort of situation. But, if we are really serious about encouraging people to stay on, we have got to encourage them to try to do something in that respect and we—

MRS DUNNE: I suppose that means probably a return to the sort of mindset in the commonwealth like when you and I were in the commonwealth. In earlier times there was more emphasis on training at a lower level, but now it seems to be only the graduate scheme and there do not seem to be as many possible entry points to obtain those work skills.

Mr Volker: I think that is right. In some respects the world has passed on from the sort of world that some of us inhabited some time ago, but—

MRS DUNNE: For better or worse.

Mr Volker: I am not sure that it is for the better. One of the really important things is that with a lot of outsourcing there has been less emphasis on training inside the service.

MRS DUNNE: So the commonwealth just goes and sucks up people that somebody else trains.

Mr Volker: Exactly, or at least the people providing the services have done that. I think one of the difficulties—and it is all very well for us to be criticising the commonwealth when we have no jurisdictional responsibility—is also that in outsourcing contracts often there is nothing about training, and that seems to me to be a deficiency, particularly in the IT area where there is so much competition that there ought to be more emphasis on training people. The commonwealth has got itself into a bit of a bind in that respect by not putting emphasis on training.

THE ACTING CHAIR: Particularly in that area where you have new technology coming out weekly almost; if there is no provision for training you are going to get behind fairly quickly.

Mr Volker: It becomes very specialist too. If you look at the total numbers of people who have IT qualifications it does not necessarily follow that they are suitable for the particular vacancies that arise because it is becoming very specialist. I think that is an area that the commonwealth probably really will be looking at as the—I was going to say fetish—emphasis on outsourcing maybe is wound back over a period.

THE ACTING CHAIR: You touched on young people earlier on. Your report specifically goes to attracting and retaining gen Y, and in that you have said that you perceive that there is going to be a difficulty in keeping gen Y women in particular and that employers and business will have to be more flexible. What sort of suggestions can we make to employers and business?

Mr Volker: One of the crucial things is to have more flexible work arrangements to fit in with the family responsibilities and the other needs of individuals and of people as parts of families. We are suggesting that the ACT government might set a lead in that respect. One of the things we are also suggesting is that, given the difficulties it has got of competing with the commonwealth and with the private sector, paid maternity leave should be extended to six months. There are a number of reasons for that. One of the things that really are highlighted in the report is that, if you take account of demographic trends, we are going to face a massive problem in terms of providing the workforce for community care for older people, and in the short term there is a real problem coming up with childcare. The Access Economics report points to possibly as many as an extra 7,000 formal childcare places being needed by 2015, and that is in comparison with the present total number of 30,000.

MRS DUNNE: That is a thousand places a year.

Mr Volker: Indeed, yes. So another reason for proposing an extension of paid

maternity leave is in fact to try to dampen the demand for childcare in that early period of, say, nought to six months, which is often where the shortages are and where it is difficult to find places. We have not done the figures but it may well be cost effective in fact to provide paid maternity leave for that sort of period.

The other thing about that is that I am not sure that there is necessarily a causation effect, but if you look at the Scandinavian countries which provide longer paid maternity leave there are higher participation rates and higher retention rates for younger married women, and that may well be an area where the ACT can gain an advantage over the commonwealth in terms of attracting and retaining people.

Of course we are not just talking about the public service in the sense of the sorts of people who work in the commonwealth public service for the most part here, but also in the education and the health areas. The cost involved is not really very substantial. But it is interesting also the fluctuation in the number of young women who take paid maternity leave. I think in 2005-06 it was about 547 and in 2006-07 it was down to about 348—something of that kind. So there is a demographic blip that will mean that there will be more young people, hopefully, being born—even though the federal Treasurer has now departed with the “one for him”—which will go on for a while at least.

MR SMYTH: Is there a country in Scandinavia that has got a good model?

Mr Volker: I think Norway is pretty good. Of course they have got oil money to be able to afford things, but that is one model that could be looked at. But generally the Scandinavians have paid more attention to this and they have got higher participation rates.

THE ACTING CHAIR: The following question is: whilst we can see how government could, I guess, budget to provide that sort of service looking at an outcome, how does small business in the ACT?

Mr Volker: We are not recommending for the private sector; this is for the ACT government service itself, and we recognise the issue that you are pointing to. It is interesting, though, that some of the larger banks have introduced longer paid maternity leave and more flexibility and that has been for self-interest. It is certainly something that is going to have to be looked at, I think, and there is a very strong lobby, which has good arguments and is very articulate, that is pushing this particular policy initiative.

THE ACTING CHAIR: So, for those banks to do it, it must be economically viable for them to do it as well.

Mr Volker: I cannot imagine any bank doing anything of that kind if they were not getting benefit out of it.

MR SMYTH: You talked earlier about people coming from overseas to study here and then not being allowed to stay, but a lot of our inward migration for education of course is from regional Australia. My understanding is that they tend to stay for two or three years afterwards, gain some experience in the public service and then often

opt to go home to be with mum when they have the kids. Is any work being done on that and do you have an opinion on what we can do to solve that problem?

Mr Volker: I do not know whether Mr Cox has any information on this but I am not aware of any firm information on that. It is something that we can see if we can find out about. If you look at the spread of people who come to the ACT for education—and training for that matter—a lot of them would not go into the public service, either commonwealth or the ACT. But we are of the view that we really have not done very much to encourage those people to stay here and that if we were to do something in that regard it would be very beneficial. The great advantage of that is that these are people who know the place; you do not have to get them over the threshold of convincing them to come to Canberra. So it is undoubtedly worth putting more effort into that, and the idea of work experience and internships, to the extent that we can do that, would be helpful in that respect as well.

MR SMYTH: In your strategy 5, support teachers and trainers, how important is careers advice and have you done any work on strengthening the advice going to the young people?

Mr Volker: We do make a recommendation to improve careers advising. There may well be some research around which indicates the relative importance of various inputs into decision making by young people, and for that matter their parents. One assumes that careers advice is very important, but I also assume that the quality of the advice would be crucial because you can get advice that is not going to be very beneficial from the point of giving you realistic information about what are the best opportunities and so forth. But that is certainly something that I think has to be given more thought.

MR SMYTH: So the commission did not look in detail at what sort of advice young people were getting?

Mr Volker: We have not looked in detail at that. It is something I think down the track we might have to look at.

MR SMYTH: You say “down the track”: how much longer do you envision the commission to be around?

Mr Volker: We have got 12 months. I think the term is until about October, isn't it, next year—something of that kind?

Mr Cox: Yes, it is till November next year.

MR SMYTH: And do you believe that you can complete your work in that time? Around the world nobody is saying that there is an easy solution to this. There is no short-term solution to it.

Mr Volker: In a sense there is no solution, but there may be a package of things that you can do which will alleviate shortages in the sort of circumstances we are in that may enable you to get ahead. But, as we were talking earlier, it is going to require a much wider range of action than we are talking about, including upskilling on a

continuing basis, and that is going to require funding and really a change in the whole way in which people—individuals, employees, employers and for that matter governments—approach the whole nature of work.

THE ACTING CHAIR: While you are on upskilling, in strategy 2 you have indicated that smaller business does not perhaps invest as much as it could in training and that you would like to understand more clearly the reasons: should managerial training be a priority, for example, and more strategic management practices, getting the small business operations to be focused on the workforce development issues and whether that will produce better businesses? So which way do you think this committee could go in its inquiry to get more information from small business on how they could better invest?

Mr Volker: This is an area where there would be merit in finding out exactly what does happen. I am not sure that anybody really knows what happens with small business in terms of how much training is undertaken. We have a little bit of money and we have been trying to determine what would be the best way to spend that money. That is one area that has been brought forward as a possibility for some further research—maybe to do a survey to find out what the extent of training is, what sort of gaps there are and whether people can see any ways in which you could overcome the deficiencies in the arrangements at present. Group training is an obvious case, but in the ACT group training has had difficulties because of scale; building and construction has been very successful but not too many other areas that you can point to.

MRS DUNNE: A pretty hard road, even in building and construction.

Mr Volker: Yes, but there you do have a substantial flow of income, there is a fund available, and the employers have had more of a tradition and an attitude of participation. Even there, it is very difficult because if you look at the people whose names are on cranes around the place and so forth, most of those do not employ too many people. The people are actually employed by contractors and subcontractors who are not as able to undertake training.

I think that is an area in which a survey may be worth while, provided it is demonstrated to be feasible, to see what would be the best way to proceed. But it is not easy to work out how you can encourage and facilitate training in that sort of area. If you go back to 1995—a fair while ago—we had a training guarantee levy at the commonwealth level. That was taken out as part of the Working Nation arrangements, for a number of reasons, one of which was the administrative burden involved. It was so hard to keep track of what was going on. It was not absolutely conclusive that that sort of approach was pushing people into undertaking more training. I do not know that that sort of approach is going to be very helpful, particularly where you are dealing with so many micro and small businesses in the ACT.

MRS DUNNE: Part of the problem with that model at the time might have been that we had high levels of unemployment, which we do not have now, so there may be more incentive to train.

Mr Volker: That is a real possibility, yes.

MRS DUNNE: There is an economic incentive for each employer to get trained staff.

THE ACTING CHAIR: But that is the way group training works here in the ACT in the building and construction industry, isn't it?

Mr Volker: It is, yes.

THE ACTING CHAIR: There is a capitation fee for each construction, and that flows on to the training process.

Mr Volker: One of the things that the committee might do, and, for that matter, the government and the whole apparatus of government, is to encourage employers to participate more in training. As you have just said, it is very clear that it is in everybody's interest to do that. If you have full employment, or maybe even more than full employment here now, there is very much a premium on training more people for a particular area. But you still run into that fundamental problem that I mentioned earlier: when you look at all the areas of shortages, you have a population problem. So either you slow the whole thing down, which may not be very sensible—

MRS DUNNE: Or you speed it up a lot.

Mr Volker: That is right, and then you have to do a lot of planning and a lot of other things to facilitate that.

Mr Cox: On the small business issue, I have a sense that there is quite a lot of unrecognised informal training that occurs in the small business sector already. One of the approaches that I have seen in the literature review that I have done is a voucher-based system, where the provision of a voucher actually—

MRS DUNNE: You are talking my language, Mr Cox.

Mr Cox: It creates a demand which you can then tailor an outcome for and which the providers can then adapt to.

MRS DUNNE: Some commonwealth departments have done that. Instead of giving their employees study leave they were buying in courses, which meant their employees were doing further study which suited the department. For instance, the department of health at one stage was buying in graduate diplomas in health economics. So people were not going off and doing anthropology or Sanskrit; they were doing something relevant and everyone was getting value for money out of that. Is that the sort of model that you might—

Mr Cox: That is just something I picked up in the work around the commission. I think it is worth looking at.

Mr Volker: I am not sure about the voucher approach but something of that kind may well be beneficial. Mr Cox is right—

MRS DUNNE: We can call it something else, Mr Volker, if you do not want to call it

a voucher.

Mr Volker: There would have to be a working group set up at the commonwealth level to change the nomenclature on that one. As Mr Cox has said, there is a lot going on with small business in terms of training, and particularly in the community care area. We sometimes forget that there are a lot of RTOs in the private sector in the ACT. I do not know how many; I think there are about 70. We have been in close consultation with them; in fact we are having further consultation tomorrow with one group. There is a lot going on there, and with considerable numbers of people. But in other areas there is not a lot, and if the committee can come up with arrangements or suggestions to encourage people, that would be very helpful indeed.

MRS DUNNE: You may have heard some of the conversation with the Auditor-General. She referred to more demand-side approaches to addressing skills training. Is this an area that you have looked at in your research so far?

Mr Volker: In terms of demand, there is no doubt that there have been things happening. For example, in building and construction, in the larger buildings, the way in which buildings go up now is very different. There is a lot more precast work and so forth, and different sorts of people are needed there. That is something that has to be taken into account. Similarly, in quite a few other areas, business employers have reacted to the shortages by changing work processes, and that clearly has been necessary and beneficial.

In terms of demand generally, one of the things is to improve productivity, and that is where ongoing up-skilling will be important. That is one of the things that we are pointing to in the report, but the commonwealth will have to play a crucial role, I think, because of the need to organise the whole set of arrangements for that. If we can have any influence on the commonwealth, that would be very beneficial. Of course, it would be very handy for a lot of people in the public service to get the message over about the need for initiatives of that kind.

MRS DUNNE: This may not be something that applies directly to skills shortages in the ACT, but are employers still encountering difficulties with mutual recognition? For instance, with an electrician who gets his qualifications in WA, are those qualifications necessarily recognised here?

Mr Volker: Mr Cox might want to comment on this. There is work going on through COAG around harmonising and mutual recognition. My understanding is that things have improved a great deal. There is still more work being done in COAG, as I understand it. We heard in the consultations of at least one situation which I must say I was not aware of—that is, the local nurses registration board does not recognise qualifications coming out of the defence forces. That surprised me, and it is something that attention will be drawn to. Generally, there is movement. It is not something that has been raised with us as being a problem. We have consultations with the unions on Friday of this week, so that may be the occasion—

MRS DUNNE: I cannot think of the example but I seem to recall coming across cases where people who had qualifications here, even to work in Queanbeyan, because it is in another jurisdiction, had to be registered in both jurisdictions, and that is the mutual

recognition problem that we probably do have to address.

Mr Volker: Yes. That is certainly what the COAG arrangements are intended to overcome, so that if your qualifications are recognised in one place, they are recognised across the country.

MR SMYTH: In terms of the consultation, how many submissions have you had?

Mr Volker: I am not sure but it is only a small number.

MRS DUNNE: And you are only halfway through?

Mr Volker: Yes. We have got until the end of December.

MR SMYTH: Will they be made public?

Mr Volker: I know that the first one, received from the Property Council, is on the website, with their agreement. I am not sure whether it is actually on there at the moment but it will be there.

MR SMYTH: So is it the intent to publish—

Mr Volker: From our point of view it would be, but I think we will have to get agreement.

MR SMYTH: The big question is: where do all the people come from? Recently there has been talk of the population of the ACT being 500,000 by 2026. Is it achievable and what are the biggest impediments to making that happen?

Mr Volker: Was it 2036?

MR SMYTH: No, I think it was 2026.

Mr Volker: That seems a bit ambitious, one would have to say. The population at the moment is about 340,000. The question is about where the people would come from in that sort of timetable. You would have to have the housing, water, transport, health and education infrastructure in place. Molonglo will have 70,000 people in due course.

MR SMYTH: Seventy-thousand homes.

Mr Volker: That would get you to almost 500,000 wouldn't it?

MRS DUNNE: That gets you 150,000 people.

MR SMYTH: The “if you build them, they will come” theory does not always work. Where will the people come from and what are the impediments that stop job seekers coming here?

Mr Volker: In terms of where they will come from, we have mentioned a number of ways in which we think you can increase numbers, particularly through international

migration. At the moment we get about 0.5 per cent of the intake. Our population is 1.6 per cent. We are suggesting a target of two per cent, which we believe is feasible, if you can get into the student numbers in particular. Interstate, again, you can probably pick up some people, particularly students. The commonwealth is doing its bit by recruiting people on an ongoing basis to fill its needs. Beyond that, the “live in Canberra” type arrangements should be helpful in bringing some more people here. It may well be that as you get momentum it is almost a family migration type arrangement; word of mouth will help.

MR SMYTH: But that does not add up to 160,000 people.

Mr Volker: That was the next point I was going to make: we were talking before about the increasing competition within Australia from other states. Internationally, it would be a struggle to get those numbers in that sort of time frame. In terms of demography, there is not much hope, one would have thought, in the short run of getting a substantial increase in the birth rate or the fertility rate. But if you do bring in more younger people in the fecund years then maybe the numbers would increase in the short run. But then you would have to do the planning—

MRS DUNNE: But then you do not have the people in the workforce for another 18 or 20 years after that.

Mr Volker: That is another point. The Skills Commission has no position on what a target for population should be. Instead we are saying that we do need to build the population for the sorts of reasons that are mentioned in here. It does seem a bit ambitious, personally speaking, to be aiming for 500,000 by 2026. Even if this is a very smart place, I find it very hard to see how we would get to that sort of level. Bear in mind that we also have the region. An important point is that we really ought to be looking at the region as a labour market. Probably the natural labour market is the area within about an hour’s drive of Canberra. My recollection is that there are something like 30-odd thousand people from outside the ACT who work here on a regular basis. Two interesting points that come out of the Access Economics report are that Canberra-Queanbeyan is the seventh largest conurbation in Australia and the second-largest cross-border conurbation after the Gold Coast and northern New South Wales—Tweed.

MRS DUNNE: So it is bigger than Albury-Wodonga?

Mr Volker: We are much bigger than that. We are about three times the size of that—almost four times the size of that. That puts things in context. In terms of the sort of publicity and recruitment material that is around the place, the fact that we are a substantial conurbation perhaps ought to be emphasised a bit more.

MRS DUNNE: The Gold Coast of the south.

MR SMYTH: When will you report on what the youth want?

Mr Volker: The working group on that would probably have a draft report by around the end of April, a consultation period and then before the end of the Skills Commission, if that is what is going to happen, in November it would report finally.

THE ACTING CHAIR: We are a little bit over time. There are some other commitments. Thank you very much for coming in this morning. We will get any questions to you that we forgot to ask as soon as possible.

Mr Volker: Thank you very much.

The committee adjourned at 10.54 am.