

TRANSCRIPT

LEGISLATIVE ASSEMBLY ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into sustainable employment for disadvantaged jobseekers

Ballarat—Wednesday, 23 October 2019

MEMBERS

Mr John Eren—Chair

Mr Gary Blackwood—Deputy Chair

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WITNESS

Mr Jim Dannock, Regional Manager, Ballarat and Wimmera Region, Ai Group.

The CHAIR: Jim, thank you for being here. All evidence taken by this Committee is protected by parliamentary privilege. Therefore you are protected against any action for what you say here today, but if you go outside and repeat the same things, including on social media, those comments may not be protected by this privilege. 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 give us a 5-minute presentation, then we will proceed to ask questions after that.

Mr DANNOCK: Sure. I am the Regional Manager for the Australian Industry Group, and the Australian Industry Group represents manufacturing and industry right across Australia. In my role, I am the Regional Manager, so I look after our members and am involved with our members from Shepparton right round to Geelong, so really about half of Victoria. But I have also been involved with regional economic development for probably about 24 years, because my prior role was with the City of Greater Bendigo in economic development. So I have had quite a long role, particularly across Victoria.

Probably one of the biggest issues facing our members is really around skilled workforce, and 75% of respondents to a recent survey for the Ai Group indicated they had experienced a skill shortage. I suppose I mention the issue of skill shortages because it is one of the top priorities for employers, and it has always been an ongoing issue in regard to getting those skills, very much in the technical and trade-based skilled areas—STEM skills, digital literacy, literacy and numeracy are problems. Also the skills around Industry 4.0 are becoming a significant need for regional industry and also the employability skills, which are around problem-solving, self-management and planning.

Also a lot of our members are small to medium enterprises, and sometimes they do lack the capability of working with people who sometimes find it hard in the work environment and sometimes it is difficult for them to be able to work with that. Particularly there are some issues in regard to absenteeism. Drug and alcohol is always a large one that our members are quite concerned about, particularly around their requirements around safety first of all, but it is also one in which I would say that it is not necessarily one in which they are not interested in working with that group. It just happens to be that skills are really the top priority for them, but there is quite a lot of willingness to want to work with people who might find it difficult to transition into the workforce. In fact I would argue that unless they are tapping into that pool of people, they are not going to have enough people in their workforce. So it is a pretty important group of people that I think they need to tap into.

One of the areas I wanted to mention in regard to work that I have done for quite a while is around the local learning and employment networks. I have been involved with two of the LLENs in my region for quite a while—the Goldfields LLEN in Bendigo and the Highlands LLEN here in Ballarat. I think they have been around for about 18 years. They have just recently been funded for another two years, which is good to see.

Ms ADDISON: Jim, we had Trent McCarthy present to us yesterday, and we have had Jannine here today, which is great.

Mr DANNOCK: Yes, that is right. I suppose what I am keen to do is sort of maybe give you a bit of reflection too on where I see it as an employer and what I think can happen with LLENs or some of the opportunities for LLENs, I think, in regional areas, given that they are a partnership broker and a place-based approach to engagement. In fact the new funding model talks quite a bit about a school-employer relationship model within the LLENs. My experience has been that the actual role of the LLENs has always waned over the years. It has sort of almost at the time been, 'Do we work more with the disadvantaged or do we work more with employers?'. I think there has always been a bit of to and froing in the LLENs, and I am pleased to see this notion of a school-employer relationship model coming forward. I am not 100% sure that we have got a definition of what that looks like. I think it will still very much sit with some local initiative that has been run with that—maybe a concerted sort of focus around what are some of the major things you can do with the LLEN to have that local engagement.

I think one of the things I see with the LLENs is the role they can play very strong in facilitating local employers and schools. I will probably give you some examples that it is not the same in each place. If we look at it in the context of Bendigo and Ballarat—I will do that comparison—if we look at VET in Schools, which is a key part of a Government initiative that links that engagement of employment and schools in the system, there

is quite a difference in that regard. If I pick a couple of selective sort of areas in, say, metals and engineering, which is one of our key areas, in Greater Bendigo there are 137 enrolments in metals and engineering and only 25 in Ballarat. In building and construction there were 272 enrolments in VET in Schools last year and only 169 in Ballarat. The point I am probably trying to make with that is that the way the schools are structured and how some of these things are organised, I think, can play a part as to whether those outcomes are good or bad or how a particular industry looks. The other key part with that is really around whether there is some role of workforce planning that the LLENs can do to actually match people's interest in a particular area to what is actually needed locally. I am not aware of a lot of workforce planning happening locally that allows us to properly identify those needs.

The other key one which I think has been a great initiative is around the structured workplace learning portal. Again, if we look at it in regard to VET in Schools and the linkage of a structure that provides that engagement with industry, structured workplace learning is a great opportunity. However, again, the portal is only picking up some of the students that are doing structured workplace learning, because some of those are what the schools directly does. I think the LLENs can have a better focus or should have a role to play in sort of understanding what is happening in that space at a local level, particularly through the portal schools registry, why structured workplace learning and how you can use that in terms of understanding what employer, industry and school engagement is happening. That is a key area where I do not think we have got any data or sort of key areas to look at.

Another model that I think is a good one that is working locally is around the P-TECH, this being the IBM and Federation University model, which has certainly got students engaged at VCAL and studying at Federation University. IBM has been a strong supporter of that and funds an industry liaison person, which sees those students quite involved with industry mentors, industry tours et cetera. Again, I think the employment outcomes of over 70% are quite strong in regard to that sort of program. I think it does provide an example of how you can have that industry engagement. The interesting thing I think with that too is that IBM has also spoken quite a bit about supporting people who are on the autism spectrum for employment as well, which again I think has been really good. Again, that program works really well. It has been supported quite well, obviously with IBM being a strong benefactor of that and funding the industry liaison person, but I think it does show a strong one.

Two other points are really around, I suppose, mature-age workers and some of the work around trying to assist people into work through jobactive and the Jobs Victoria employment networks. Again, they are a little bit hit and miss. I do not hear a lot of success stories in regard to the jobactive providers working with my members. But there have been a couple of examples, particularly one at AME Systems in—

Ms ADDISON: Ararat.

Mr DANNOCK: Ararat, who have had quite some success. That relied a lot on a good working relationship with the consultants who are part of that program. But again, we do not really know a full picture of what is happening in regard to that space—how well it is delivering to those areas.

The final one I will make is certainly government procurement is pretty important to try and create an opportunity in regional areas. I think certainly if you look at some of the things around trying to support government investment, rail and rolling stock is important right through regional Victoria, and even defence industries provide opportunities for local manufacturers to be involved in the supply chain from regional areas. So I think procurement is a pretty important one for creating those opportunities.

The CHAIR: Jim, as a former manufacturer myself, back in the 1980s the reputation of manufacturing was pretty low at that point in time. Parents used to threaten their children that if they did not study they would end up working at Ford. That was the reality. It was really difficult to find employees to work at certain manufacturing jobs. Back in the 1980s they were low-paid labourers. It was arduous, hard work, and all of those things. The path of least resistance for a lot of people is the option. Why should they work in an industry where it does not pay well and where it is hard work and laborious. So that was the threat, and that was the problem. The reputation of manufacturing was to a certain extent damaged. So we went through the 1990s and I think it got a lot better, and then 2000, and obviously the world economy dictated terms and we lost car manufacturing.

Do you think that today's youth, for example, are more likely to opt out of wanting to work in industry or manufacturing or laborious industries and opt to do other things? With your stats of, for example, low numbers of people wanting to learn certain trades and so forth, do you think we should do a campaign about the manufacturing industry?

Mr DANNOCK: I think we should. I think there are a couple of things with that. First of all service industries are overtaking manufacturing as a key quantity employer of large employment growth. So in manufacturing of course there has been some go offshore as well as some automation in those areas. So employment is consolidated, but manufacturing still is significant in its output across regional areas.

Ms ADDISON: I was listening to them yesterday. They were at the manufacturing big showcase, and Martin Pakula was saying that it used to be the top provider of employment in Victoria and now it is the fourth. We have got 280,000 people in Victoria employed in manufacturing.

The CHAIR: High-tech manufacturing.

Mr DANNOCK: So it is a different picture now in regard to that. Your traditional trades are certainly under more pressure around the nature in which young people would have got into those trades et cetera. I think the other key thing is that there is certainly a growing need for skills at that high vocational level. I think we sort of jumped across into saying that everyone needs to have a university degree. I have seen quite a bit where that high-level vocational area, so we are talking diploma level or pathways through that, would really provide some great opportunities of entry for people into the system. In fact I have got one member who took on a young person who wanted to be an engineer. They took him in through a traineeship and then into a diploma. They have taken him through all the steps along the way. He did not finish his degree in the end, because he was running projects for them up in Queensland at the time. So just from that point of view, he was a local person that they took in.

So pathways into that employment I think are not only just through traditional trades. But even from an Ai Group point of view we have done recently a project around a higher apprenticeship, which was in the applied technologies with through Swinburne, Siemens and ourselves in Melbourne. That was an apprenticeship that brought people in at a diploma level to do a diploma of applied technologies, the idea being looking at new ways or innovative ways that we can get people into the skill level and bring them in. In fact my understanding is that that program had a majority of mature-age workers who came onto that program through an apprenticeship. So we are really keen to see that expand from an Ai Group point of view, and that certainly is a bit of a picture, I think, of what the new manufacturing looks like and how you get into those areas.

Ms CONNOLLY: Jim, one of the themes that is coming out of this public hearing is that some young people, particularly in regional areas, feel that you get jobs through networks—who you know, who parents know—and a lot of kids do not have the opportunity to have those networks. Does Ai Group do anything around providing networking opportunities for young people?

Mr DANNOCK: I think there are a couple of things with that. First of all, there is a lot of effort going into this engagement of schools and employers, and I think it is a great initiative. All of those ones that are happening now—and there is a list of them around—and even the careers development that is happening now at schools and an online portal to record that from Year 7 through I think are a great idea, and I think that is a really good start. The thing I think that is missing a little bit is, as you said, about a relationship or a networking with someone, and therefore we are not seeing, I do not think, some of the transition from school to work at a level that we are seeing with the engagement at schools. My question would be with that: well, who is responsible for that? That is partly where I think it is the community's responsibility, but how do we structure that and set up a governance structure that allows us to identify that and what does that look like? I think that is a role for the LLENs.

In the engineering and advanced manufacturing space I have recently put in some applications to try and look at this area around an engineering and advanced manufacturing initiative that is very much trying to build those linkages from school to work and mature age. I am struggling to get some funding for that at the moment, because I am sort of looking with RDV and the education department, and I am struggling to get a bit of funding to look at that. But I think certainly if we look at some of the industry liaison sort of roles you could

play in that, I think it is about building relationships—not just about training but building those relationships across to industry and students as well as other workers.

Ms CONNOLLY: Just building upon that, have you got your members taking on work experience students? I mean, if kids are going to Maccas and places like that to do their work experience when they could be coming into employers that can offer them very rewarding, successful careers, how do you think that is—

Mr DANNOCK: I do not think there is enough take-up in the regional areas amongst my traditional areas in industry and manufacturing. It certainly could be better. That was part of the initiative—trying to have some better work to try and help support the employers in that role, and certainly from that point of view to try and work with them to increase that number. Again, I think we would say as an industry group that that whole notion of some form of work in greater learning, structured workplace learning—any way in which someone has got some connection to an industry or business—is really important. Unfortunately through things like the structured workplace learning there has not been enough take-up in the traditional industry and manufacturing areas. As I said, that was part of what we wanted to focus on to say, ‘How can we build that better understanding of taking them on?’, to probably get industry to really appreciate more the importance of that, based on giving someone an opportunity but also, ‘Here’s a good exposure to your future workforce as well’.

They tend to fall back a little bit sometimes on two things. One is safety and time, but I think they also need a little bit of support in how they might structure that engagement with students as well in a program that helps. That P-TECH model, again, works with a Year 10 industry visit, and it slowly moves up with a mentoring program and other things.

One of the other key ones that really would be good to see rolled out more is the Young Industry Ambassadors program that Jannine mentioned this morning that Bendigo does. It was actually a program that was done by the old MESAP many years ago, because the Goldfields LLEN just pinched it off that. But, again, that one was a good one, at least getting young people in industry back into schools or being available to talk at schools. So I think there are some good things out there that you can do to try and have that engagement with industry.

Ms CONNOLLY: I have just got one other question sitting on my mind. When you are employing young people and your members are either taking on either people with a trade or with skills or taking them on in entry-level jobs, is there commentary around young people’s access to public transport? Because, you know, the regions here are quite big. It can take a couple of years for kids to get a licence. If they have not got family support at home, it becomes even more difficult—let alone being able to afford a car—to get to the sites to go to work. So I guess what I am asking is: are you encouraging members to think outside of the box for ways to help young people be able to get to work when they want to work?

Mr DANNOCK: Look, I am not aware of that myself, but it is certainly a problem in regard to some young people’s access to work and getting there on time and that readiness to work, certainly. But I am not aware specifically of anything we have done around any initiatives that are sort of encouraging that.

Ms CONNOLLY: For instance, it might be some older blokes in the same town picking up some of the young kids on the way, like carpooling for kids that do not have—

Mr DANNOCK: Look, I am not quite sure what is happening. I am not aware of any structured way of helping that happen. It probably does happen a little bit I would say, but I have not seen much of that. Some of those things can certainly be difficult for employment for some people—getting that ability to get to work and to get there on time.

Mr ROWSWELL: Jim, the skill shortage that you mentioned at the start of your evidence, are you able to quantify that in any particular way? Not necessarily now; feel free to take that on notice if you like.

Mr DANNOCK: I cannot quantify it in regard to numbers.

Mr ROWSWELL: Okay.

Mr DANNOCK: Again, I think that is partly because there is not a lot of workforce planning done at a local level.

Mr ROWSWELL: I am going to come to that. So you have given evidence that there is a skills shortage, but at the other end we have got young people who are saying, 'We can't get work'. So there is a clear disconnect between industries' desires to employ people and young people's perception of opportunity or lack thereof. The \$64 million question is: with your 24 years of experience in the game, what is the solution?

Mr DANNOCK: Well, I think the first one is that a lot of it is anecdotal. Someone might say to me, 'I've got 200 welders in this region that I need'. So a lot of that is just anecdotal, without any structured numbers around it. I do know that Bendigo did some survey work—I do not know if they mentioned that yesterday—that identified 350 jobs in the next three years in that welding area. So there was some survey work done, and in fact part of what I wanted to do with some funding was to help support some research to get a better idea of what that need was.

In regard to the disconnect, it is something that links very much into what I think the Chair mentioned earlier about what people see as their future and those opportunities; that is one. I think that is why the school side of it is so important—that engagement and that transition into work. One of the things that might cause difficulties for people transitioning into work occurs at the time students leave school. They might have done engineering at school, but once they leave there is just not that opportunity right at that point in time for them to enter the industry, and then—I get a little bit of feedback from schools—they might go and work at McDonald's or they will go and work in some other industry and you have lost them. So it seems like that point in time at which they are moving from school into work is one at which we need to look harder at how we can get them into the industry.

Mr ROWSWELL: In the transition period.

Mr DANNOCK: Say, in the building industry—I get a little bit of feedback—sometimes that can be just a labouring job to get them into the industry, to get them connected to the employer first, and then the next step is: what is the next opportunity for building their skills? It comes back to relationships and networking in some ways and trying to get them into industry. We just need to make sure we are getting them into the industry, and then look at how we can support them to get their skills up to a point where we need them.

Mr ROWSWELL: A final quickfire question on workforce planning: who in your mind is responsible for that? Is that something that Ai Group could take on board to assist? Do we need to speak to Innes to help you with a bit of funding down this way?

Mr DANNOCK: I think this is a role for the LLENs. You have got the Skills Commissioner in Victoria who has got that role, but the Skills Commissioner is only tasked to do certain regions like Mallee and Gippsland, and I think there have been requests for them to do other regions, but that has not come forward at this point in time. So you have got a Skills Commissioner, whose role is to look at some of these industry issues, but again—I do not know why it is—I think most regions are saying to the Skills Commissioner, 'Come and do it at our place', but it has not happened. That is one thing.

Secondly, my thought is if you had the LLENs doing some of that work and you were resourcing them to do some of that workplace leading role, I think there could be an ongoing area in which they have identified that information and they are then updating that information as they go on. So instead of just being a workforce plan that does not have any follow-up, it is ongoing in a way in which they are able to look at their local workforce needs, which could probably be well supported through research out of the department or out of Government, but then some local work that helps to fill in the gaps and to fill in some of those local issues. I think the LLENs would be ideal for that role.

Ms THEOPHANOUS: Jim, we have heard a lot in this Inquiry about the struggle that young people have to find secure work, but I am interested in turning our minds to other forms of disadvantage, including people with disabilities, women facing family violence situations, homelessness and people with drug and alcohol problems. What is your sense in terms of employers and their willingness to engage with those cohorts to give them that leg up back into the workforce?

Mr DANNOCK: Look, industry certainly with drug and alcohol is a key one, so there is certainly some drug testing that happens in regard to that, and that can be a big barrier for people to get into our industry. That

is driven a lot by safety concerns and responsibility from a safety point of view, so that is probably a big barrier. On the one in regard to people who might have difficulties with domestic violence et cetera, I am not quite sure how that might play out in regard to obviously possibly their circumstances might lead to their difficulty in turning up at certain times or how they might be able to work et cetera. I am not aware of how that directly would impact on their employment, but as I said, I think there certainly has been a lot of thought around knowing what we can do to try and help those people into work. The drug and alcohol one is certainly a difficult one for industry because of safety concerns in those areas.

Ms THEOPHANOUS: Do you feel like employers are supported enough from a State Government perspective, or could they be supported more to engage with people that are experiencing those challenges to try and give them opportunities?

Mr DANNOCK: Yes. Look, I think so. I mean, any of those people who are experiencing challenges are probably coming through a jobactive agency to possibly get work or are working with a local organisation like Ballarat Group Training or even some of the local firms to try and get into that work. Again, I think there could be some more support in that process to support them, and again, I think they are reliant a lot on jobactive and what support comes through jobactive, which is probably a bit more transactional rather than sort of ongoing relationship support that those people might have. So it is about not only just getting the person a job but also post that to try and make sure that they are keeping the work et cetera. So probably one of my key points was I think it has to be a little bit more of a focus on an ongoing relationship with that person that is supported in that work, not just, 'We've got them a job, tick in the box, they're off the benefits' and those sorts of things. So I think that is certainly an element. And, yes, more support would certainly help.

The CHAIR: So just in relation to the transition to advanced manufacturing in Geelong, where I am from, and as a Ford worker who was really sad to see the Ford sites close down, that was a very sad time, but now there is wind energy and they are building wind turbines out of the Ford factory right now, so they have employed some people, and some of those people that used to work for Ford. The old style of manufacturing has declined and job loss has occurred. Most of those workers were in their 50s and not quite ready to retire, and the transition was really tough. Obviously with Carbon Revolution and Carbon Nexus and carbon fibre technologies and advanced manufacturing there was a bit of help with transitioning from old-style manufacturing to the new style of advanced manufacturing for those existing workers. It was a straight fit. So do you think there is an opportunity for the cohort of people that we are also investigating, which we consider to be a bit disadvantaged, which is the older workforce that are still not that old to retire but still young enough to work? Do you think there are possibilities of a partnership between the industries and Government in terms of transition?

Mr DANNOCK: Absolutely in regard to that. Again, I think most of the support sometimes around transition is maybe where there is concern about a business closing down et cetera rather than being a bit more proactive around looking at skill sets and how we can sort of work in regard to helping them build their skills ahead of time before that. What would make that difficult again is probably just some local understanding of what those skilled needs are, and from a strategic point of view rather than just from each individual business. Again, a lot of the time when you go out to try and get an idea of what is happening there with skills you might go and ask a business 'Who do you need?' et cetera rather than trying to be a bit more strategic about 'What are the future needs?'. If we look at Industry 4.0 et cetera and advanced manufacturing, it is a very different skill set. If you ask an employer, they might not quite know what that skill set might be, so I think sometimes you have got to also be a little bit strategic to be able to identify where those opportunities are going and what they are looking like both to inform people who are looking at transitioning into those areas but also to help the employers I think as well just understand what those changes are.

I think, again, quite a lot of work we are doing with the Ai Group is again trying to have that conversation of what the future manufacturing workforce is going to look like. I think we could also have that at a local level, which would help that. It is also informs government back as well. If we are having that conversation locally with industry, I think it informs government as well.

Ms CONNOLLY: Can I just ask: in your impression, what you said about the LLENs, is a LLEN to you the conduit for the Ai Group and your members and the recruitment of particularly young people and that in the area? Would you say to you that is—

Mr DANNOCK: I am not quite sure of the LLENs' role in recruitment, but this is how I think it is. Currently the LLENs are now going to have this school employer role. If we look at it in that regard, we have got a number of programs that I think the LLENs could get industry more involved with. I mentioned structured workplace learning, because I think that is a key area in which industry is engaged, yet we are not measuring it. So my point is we should be getting schools to log onto the portal database—exactly what the kids are doing—so we have got a picture of that. The second part of that, as I said, is if we have got some workforce planning happening, I think we have got a better idea of where we are going. That then becomes an information source, and the LLENs facilitate a number of things around industry engagement, industry visits, industry networking, industry information. Again, we are seeing some great investment into careers advice, but how informed is that and what role can the LLENs play to help better inform that at a local level as well? So that is where I see the LLENs role being. Whether they can do it with the existing budget is probably a question, but I do see that as being a role as far as the LLENs are concerned as a facilitator. They have always been seen as this notion of a partnership broker, and I think they have done that really well. I do not see them as a service provider; more as just bringing the different parties and initiatives together.

The CHAIR: If we do not find the skill base here in Victoria, for example, to do the work that needs to be done, is it available to industry to have the 457 to import the skills here? And are you aware of how often that occurs?

Mr DANNOCK: I think there is also a question regionally about whether regions can get the skills they want and where that investment would go. I see that some of our members might end up putting some of their higher level investment into the metropolitan areas. Why? Because that is where we think we can get the skills. So I think one thing in regard to the movement of skills is: have we got a strategy that allows us to try and see that investment happening in somewhere like Ballarat that allows us to have some of those skills here? Manufacturing is quite a global supply chain now, so from the point of view of where work is done and where skills are sourced it is quite a global area now. I think from a regional point of view we are always trying to say, 'What can we do in partnership with Government to try to see that investment happen here?'. And I think that is what governments do a lot, isn't it, in regard to trying to attract investment.

Certainly in regard to the skills, you get your skills three ways: skilled at work, retraining an existing workforce or skilled migration. It does play a part in what we are needing. It is obviously a bit contentious sometimes in regard to that, but it does play a part in regard to that, particularly, say, in engineering. Quite a bit sometimes we see—I would not say a large number—quite a number of overseas engineers that will come to meet that need for engineering skills into manufacturing.

The CHAIR: Thanks, Jim.

Mr DANNOCK: No worries. Thanks.

Committee adjourned.