

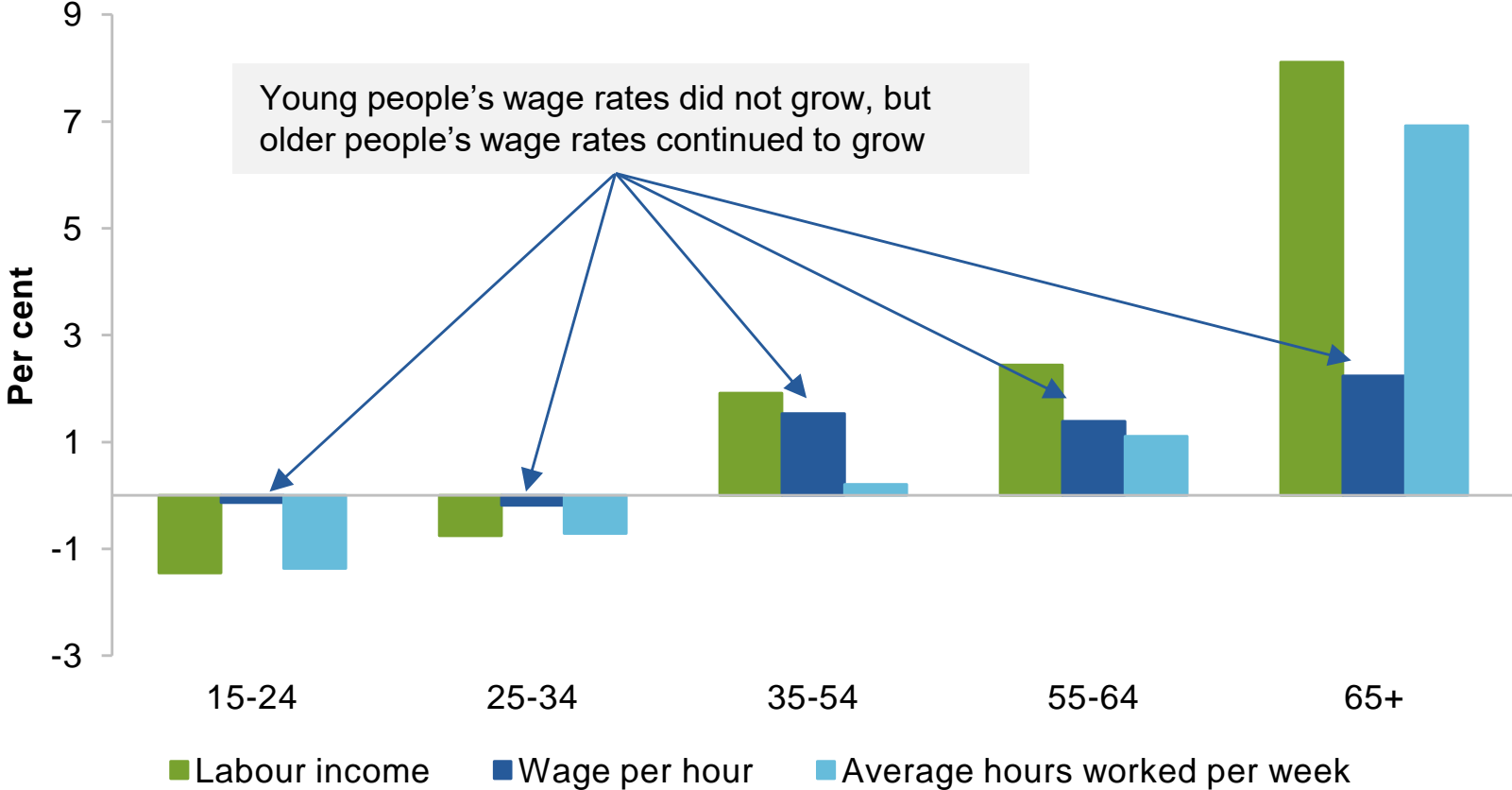


## “What will it take?”

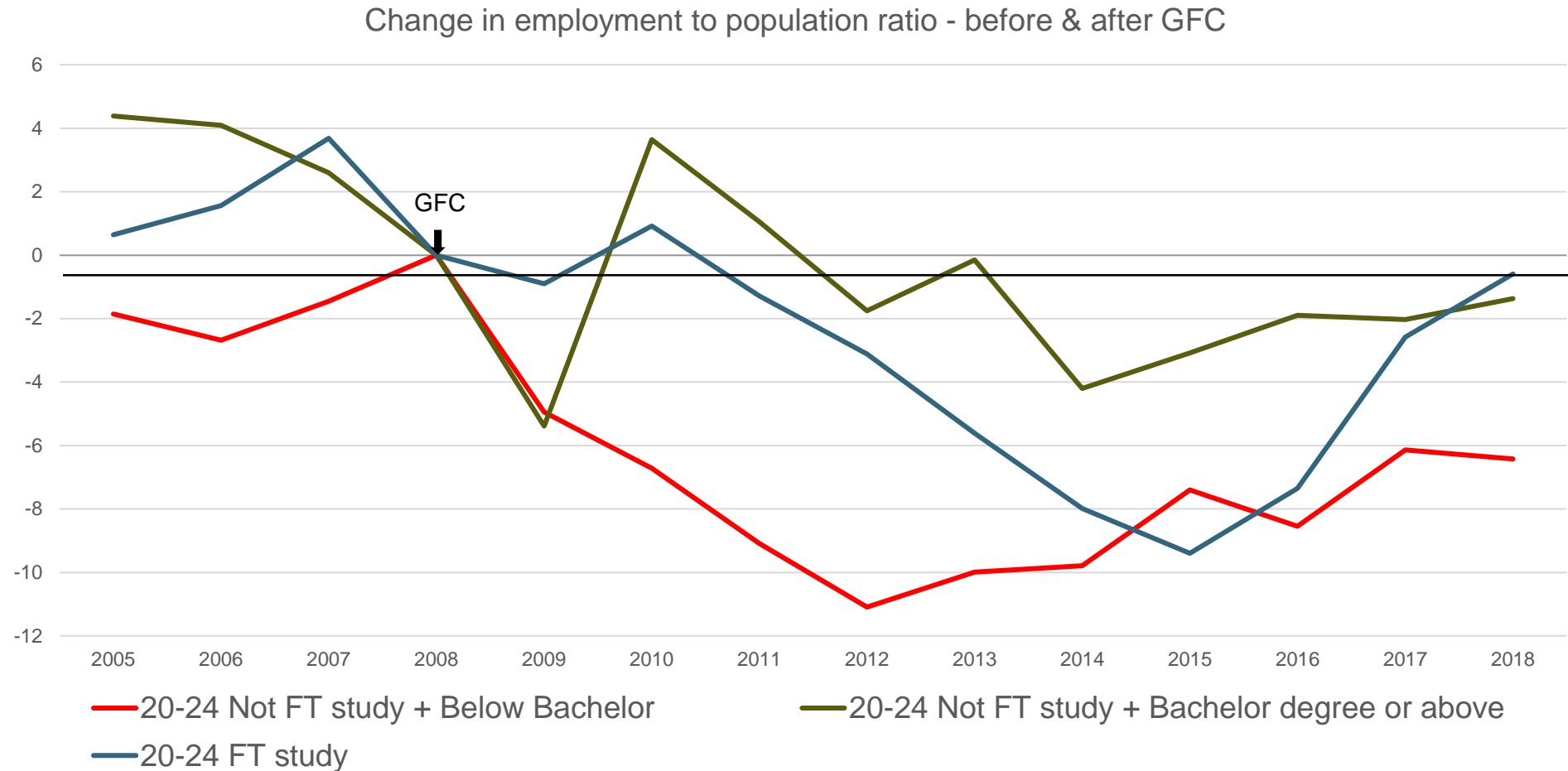
Options to increase employer action to create better, more sustainable jobs for young people.



# Decline in youth wages



# Employment prospects worst for those without degrees



(Source: Borland & Coelhi The next employment challenge from corona virus : how to help the young. The Conversation. 15 April 2020)

# COVID generation

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Young people who turned 20 in 2020 compared with previous 20 year olds (2013/14, 2010/11, 2007/8):

- Increased participation in higher education (~3%)
- Lower transitions into full time or permanent employment (~5%)
- Higher underemployment (~6%)

Transitions have 'stalled'.

23.3% met the criteria for probable serious mental illness (compared with 7.1% in 2014).

# Employer retreat from skilling up workers

Received workplace training in the last 12 months:

- 2005- 36%
- 2020/1 – 23%

In higher skilled occupations (2020/1) – 40%

Lower skilled – 19%

National Skills Commission 2022

- Over half of vacancies left unfilled in last 12 months - many because of lack of experience (not quals)
- Employers more likely to leave unfilled than change job requirements

# What Will It Take? –

A research paper by SVA and AEN, with analysis by PwC, about some possible solutions that may help rebuild career paths for young people

Creating better, more sustainable jobs for young people

October 2021



# Whats going on?

## Industry structures

- Shift to services
- Technological change

## Fragmentation/ dismantling of internal labour market structures

- Sub-contracting
- Outsourcing
- Privatisation/corporatisation

## Increased precarity

- Labour hire
- Casualisation/temporary/'gig' work
- Temporary migration

## Employer culture shift / behaviour change

- Declining employer spending on training
- Credentials inflation
- Complacency

## Policy settings

- 'Work first' approach in public employment assistance
- Ad hoc and fragmented pre-apprenticeship training

# What employers said

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Many employers are not set up to engage and support young workers:

- Employers want workers who are 'productive from day 1'
- Employers report that young workers need more mentoring/support than they would normally provide
- 50% say their staff don't have time to supervise young workers
- 54% say supervisors/TL lack skills to manage & support young workers

Cost is a significant factor

- 75% say they would take on more young people if incentives were higher
- 61% say that cost is an important factor in limiting young people's access to training
- Current incentives often seen as 'more trouble than they are worth'

Employers are looking for non-financial support – access to know how, navigation support.

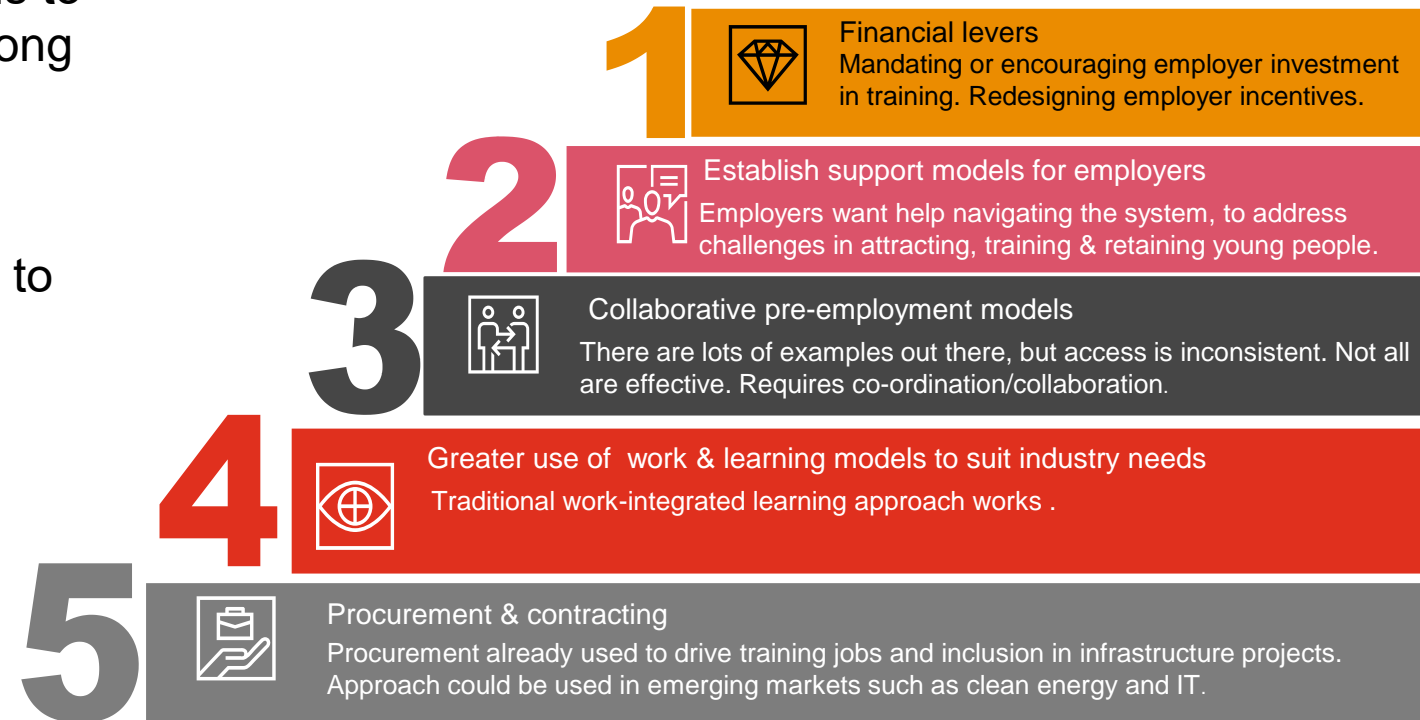


# Areas for action



The support 'ecosystem' needs to be redesigned so it supports long term planning & integration of work & skills.

External 'push' and 'pull' likely to be needed to drive greater investment at scale.



# Financial levers

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Current:

- Incentives attached to individual apprentices
- Discounted wages (with incentives to apprentices)

But:

- Employers say it doesn't cover the cost
- Labour intensive to access
- Some abuse/misuse
- Unlikely to drive systemic change

Do we need collective employer contributions?

- Training Guarantee Levy
- Apprenticeship Levy

# Effective intermediaries

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## Current:

- Organisations that promote and administer of apprenticeships, with some capacity for individual mentoring & matching (AASN)
- Employment services providers
- Group Training Organisations
- Jobs and Skills Councils (industry voice in VET reform)

## What types of intermediaries do we need to:

- Promote cultural and practice change
- Connect and support diverse groups with good employers
- De-risk and/or aggregate demand

# Pre-employment support

## Current:

- Ad hoc funding for range of pre-apps, industry tasters, employability skills
- Competition amongst providers
- Lack of decision support for potential participants

What might a more effective system look like?

# Greater use of work & learning models

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## Current:

- Some use of apprenticeship style approaches in non-traditional areas
- Lack scale, considered hard to justify internally (set up costs)
- Huge task to raise awareness and build momentum

What types of policies and investments will accelerate take up of apprenticeships in parts of the economy that demand skills, but don't have apprenticeship cultures?

# Use of government procurement

Current:

- Apprenticeship targets common in major government infrastructure projects
- Australian Skills Guarantee – 1/10 workers to be ‘learning workers’ – likely to include major IT projects (but not yet other contracts?)
- Contracting chains used to push obligations onto sub-contractors

How important is this mechanism to driving systemic change?

What is needed to make it work?

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Employers have got lazy That is to say, faced with what they see as a skill shortage, what they could do - perhaps what they once did - was to take that person on, train them or change the nature of the job, so that it fits that person. And they've got used to not needing to do that.

What we've seen in recent decades is a loosening in the bonds between employers and workers - starting with employers - who really want to be able to hire and fire and to not make implicit or explicit commitments to keep you on their staff for a long time. And I think that's one reason why they're a bit reluctant to invest a lot in training.

...

During the mining boom we [the National Institute of Labor Studies] talked to a lot of the mining companies. And at that time, they said, **“we don't train, we poach”**.

*Sue Richardson, Emeritus Professor of Economics, Flinders University (ABC Radio 2020)*