

Submission to Australian Government 2021/22 budget

Beacon Foundation

January 2021



Introduction

At Beacon Foundation (“Beacon”) we value young people as citizens and believe they are a vital resource to our community and economic wellbeing. We believe all young people have the right to a bright future regardless of background or circumstance. In our experience, not every young person has the same level of opportunity. We want to shift the dial for young Australians to help them develop and make a successful transition into further education or meaningful employment.

Beacon has over 30 years of practical experience in designing, delivering and evaluation programs and services and place-based approaches to improve pathway outcomes for Australians from less advantaged backgrounds. Today, we continue to work across Tasmania and communities all over Australia.

Our connections with community, industry sectors and employers help us build collaboration with schools to create real world education experiences – experiences that bring work exposure and career awareness to young people. We know the world of work is changing – and change is a constant. Bringing real life relevance to schools is critical. We build connections between industries and the wider community to create relevant and practical ways for young people to relate school to potential employment pathways.

We are nearing a crisis point for young people in Tasmania. Youth unemployment is the highest in the country and issues arising from COVID-19 have exacerbated this. The state also has the lowest Grade 12 attainment in Australia, further compounding the issue.

This outlook could have severe economic impacts for the state. Tasmania has several growth industries – including advanced manufacturing, building and construction and tourism and hospitality - and forecasted skills shortages. There will be major implications for the state if a transient workforce is required to service these sectors.

Finally, the Tasmanian Government has recognised the importance of close linkages between the education sector and industry and this is an existing gap.

These challenges are complex and of National significance. They require investment from the Tasmanian and Australian Governments to inspire real, positive change.

Challenge 1 – High youth unemployment

Tasmania has the highest rates of unemployment in Australia.

In the 2016 Census, Tasmania already had the equal highest youth unemployment and COVID-19 has pushed this figure to the highest in Australia. In December 2020, the Tasmanian youth unemployment rate was 16.5% or 7500 young people (ABS 2020). This was comfortably the highest rate in the country and some sources suggest it is likely to creep over 20% in 2021.

COVID-19 has significantly impacted the Tasmanian industries that employ the bulk of people aged between 15 and 24. These industries include retail, accommodation and food services, (ABS 2016).

Furthermore, due to COVID impacts, there will be impacts on the cohort of young people completing their education while these industries are recovering. Those graduating in 2020, for example, will not have the same opportunity to commence work and join the labour force as those that completed education in more economically robust times.

A discussion paper by Vespignani and Yanotti in 2020 argues that this could become a compounding issue:

“There is ample evidence showing that having been unemployed in the past increases the chances that young Australians will be unemployed again in the future; Dunsmuir et al (1989), Junankar and Wood (1992), Knights et al (2000). Chapman and Gray (2004a) found that while few and short unemployment experiences do not affect future labour market outcomes, frequent and longer unemployment experiences increase significantly the chances of a young person being unemployed and under-employed in the future.”

There are also well documented social and community issues relating to youth unemployment.

With such high numbers of young people unemployed and evidence suggesting this typically leads to longer periods of under employment, Tasmania’s ability to economically recover from COVID-19 must be questioned.

Investment is therefore necessary to deliver interventions that disrupt the rising numbers of unemployed young people.

Challenge 2 – Low engagement with education

Alarming, Tasmania also has the lowest educational attainment levels in Australia.

In May 2020, only 53% percent of Tasmanians aged between 15 and 64 years had completed Grade 12, or an equivalent. This was comfortably the lowest of any state and the national figure was 67.8% (ABS, 2020).

There is a great divide between education and industry in Tasmania and a demonstrated need for intervention programs that engage students in further education and/or work readiness programs.

Within Tasmania’s education sector, there are very few resources dedicated to finding employment outcomes and establishing pathways for students. This is generally an additional responsibility for Advanced Skills Teachers or Grade 10 Coordinators, for example.

Conversely, many businesses do not have the necessary connections with schools or sufficient understanding of how to employ young people. There is also a very real perception that many young people of a suitable age are not ready for the world of work.

The Tasmanian Department of Education acknowledges that schools require support from partner organisations to provide place-based responses to local student, industry and community circumstances.

The Department also highlights the need to ‘develop a mechanism for greater information flow between industry sectors and schools, informing industry of potential employees and informing young people of apprenticeship opportunities.’ (Cathcart & Storey, 2018)

This can be particularly true for regional schools which often struggle to provide students with access to relevant industry information and expose students to a wider range of careers, due to limited jobs or industries in their local area.

Challenge 3 – Predicted skills shortages

In Tasmania, there is a concerning gap emerging between young people and their awareness of the industries that are growing and have expected future skill shortages.

The Tasmanian Government has identified the following as the industries with the most likely future skills shortages:

- Tourism and hospitality
- Building and construction
- Advanced manufacturing
- ICT
- Aged and disability services
- Agriculture and aquaculture
- Transport and logistics.

To service some of these sectors and better support students disengaged with the traditional curriculum, the Department of Education established ‘Packages of Learning’ which align with specific industries. These packages deliver core subjects in an industry relevant manner to draw a clearer line between school and work.

While this is a positive step, enrolments are currently low and there is more needed to soften expected long-term skills shortages.

Demand is already increasing for Tasmanian workers in certain industries as evidenced by the following findings from Department of Education, Skills and Employment:

- *In 2018, employers experienced greater difficulty recruiting construction trades workers, with the proportion of vacancies filled decreasing to a ten year low of 39 per cent, well below the peak of 93 per cent in 2014.*
- *In 2018, employers experienced greater difficulty recruiting engineering trades workers with the proportion of vacancies filled decreasing to a ten-year low of 34 per cent, well below the peak of 84 per cent in 2014.*

Furthermore, Tasmanian reliance on the tourism and recreation industries has been growing. Prior to COVID-19, there were significant rises in the value of the Accommodation and Food

Services and Arts and Recreation Services industries, which reflects growth in both discretionary spending by residents and increased tourism activity (Vespignani and Yanotti, 2020). By September 2019, Tasmania had a total of 1.32 million international and interstate visitors spending \$2.08 billion in the State (Tourism Tasmania, 2019).

While these industries have been severely impacted by COVID-19, they will also be critical to Tasmania's economic recovery.

Solutions

An unacceptable scenario looms, where Tasmania has the highest unemployment in the country but labour shortages in key industries.

Beacon Foundation is therefore urging the Australian Government to invest in mechanisms that provide clearer pathways between education and employment, particularly in Tasmania's growth industries.

This would not only have positive outcomes on employment, but also education engagement, which is in desperate need of more intervening programs. In a 2018 report from Cathcart and Storey:

"It was highlighted that for some students the world of work is daunting and a perception that it is difficult to gain employment. While the world of work is changing (and youth unemployment an issue), there was a counter view presented by industry highlighting the 'war on talent' and challenge of finding the right people to join industry and start careers. This range of views suggests there is opportunity to further promote to students the range of opportunities available (in traditional careers as well as in new/emerging industries), and for schools to engage with industry to support effective work and industry exposure."

Furthermore, in June 2020, Beacon Foundation engaged Price Waterhouse Cooper to conduct a Landscape Review which stipulated the following:

Intermediaries act as a vital mechanism by providing effective linkages between the supply and demand sides of youth transition to work development. Having an organisation that can align and broker multiple services and work with a range of stakeholders inevitably improves career pathways and employment outcomes for youth.

This suggests that additional resourcing is critical to create clearer and more effective pathways for students between school and work, particularly in industries that Tasmania's economic future relies on.

The Tasmanian Government widely acknowledges that intermediary organisations can play a critical role in creating pathways for students into employment and/or further, industry relevant, education.

Beacon Foundation has been operating in Tasmania for 31 years and has the expertise, experience and community and industry connections required to positively impact these challenges and alarming trends.

There is no doubting the issues and challenges highlighted above are of National significance. Resourcing and funding from both the Tasmanian and Australian Governments would create opportunities to make a positive impact on the future career prospects of young Tasmanians.

Contact

Will Oakley
Partnership Manager
0409 420 104
will.oakley@beaconfoundation.org.au