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Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON EMPLOYMENT AND
WORKPLACE RELATIONS

Reference: Employment: increasing participation in paid work

WEDNESDAY, 11 FEBRUARY 2004

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON EMPLOYMENT & WORKPLACE RELATIONS

Wednesday, 11 February 2004

Members: Mr Barresi (*Chair*), Mr Bevis (*Deputy Chair*), Mr Dutton, Ms Hall, Mr Hartsuyker, Mr Lloyd, Ms Panopoulos, Mr Randall, Ms Vamvakinou and Mr Wilkie

Members in attendance: Mr Barresi, Ms Hall, Ms Panopoulos, Ms Vamvakinou and Mr Wilkie

Terms of reference for the inquiry:

To inquire into and report on:

Employment issues in both rural/regional and urban and outer suburban areas, with particular reference to:

- Measures that can be implemented to increase the level of participation in paid work in Australia; and
- How a balance of assistance, incentives and obligations can increase participation, for income support recipients

WITNESSES

**BALY, Ms Anne Miriam, Branch Manager, Skills Analysis and Research Strategy Branch,
Department of Education, Science and Training 1**

**BORTHWICK, Ms Hilary Jessie, Group Manager (FAS), Department of Education, Science and
Training..... 1**

**JOHNSON, Mr Benjamin Charles, Branch Manager, New Apprenticeships Branch, Vocational
Education and Training Group, Department of Education, Science and Training 1**

**JOHNSTON, Ms Mary, Branch Manager, Industry Training Branch, Vocational Education and
Training Group, Department of Education, Science and Training 1**

Committee met at 11.09 a.m.

BALY, Ms Anne Miriam, Branch Manager, Skills Analysis and Research Strategy Branch, Department of Education, Science and Training

BORTHWICK, Ms Hilary Jessie, Group Manager (FAS), Department of Education, Science and Training

JOHNSON, Mr Benjamin Charles, Branch Manager, New Apprenticeships Branch, Vocational Education and Training Group, Department of Education, Science and Training

JOHNSTON, Ms Mary, Branch Manager, Industry Training Branch, Vocational Education and Training Group, Department of Education, Science and Training

CHAIR—I declare open this public hearing of the inquiry into employment: increasing participation in paid work. I welcome the representatives of the Department of Education, Science and Training and thank them for appearing before us today. The proceedings here today are formal proceedings of the parliament. Although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of parliament and warrant the same respect as proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee does prefer that all evidence be given in public but, if at any stage you should wish to give evidence in private, please ask to do so and we will consider your request. I invite each of you to make some preliminary comments, if that is how you have arranged it, about the issues you think are important to this inquiry before we move to questions and general discussion.

Ms Borthwick—I will make a few opening remarks and then perhaps we can see whether or not we can proceed straight to questions, if that suits the committee. As I think we have made fairly clear in our submission, but just to restate, we believe that high levels of education and training make a very, very strong contribution to participation in paid work and in particular reduce the incidence of unemployment, increase salaries and extend the working life of those with higher levels of skill, particularly compared with those with no or low skills. That evidence, as I think our submission makes reasonably clear, is fairly strong and I think not widely contested, so perhaps we can take that as the starting point.

Education and training obviously also makes a very solid contribution to human capital formation as well as the science and innovation system of any particular country, thereby contributing to the economic growth and wellbeing of society as a whole, so it has a pretty good story to tell. The Australian education and training system indeed delivers fairly well against those objectives.

I think it is fair to say, and our submission indeed says less about this, that there is less evidence and less research done on the interventions that training might make and the impact it may have on those who are already low skilled and on older people and older workers in particular. But there is, nevertheless, mixed evidence available on that. I think the picture is a little less certain as to what those outcomes might be, but I think it is very much an open question at this stage and it would be perhaps a bit premature to be drawing conclusions about particular programs in relation to the Australian experience.

I note that several of the other submissions to the inquiry, particularly I think Professor Saunders's, make some fairly strong observations on the success of training programs. I note that Professor Saunders was in fact drawing upon mostly international experience, in particular US studies. While that might have some broad implications, there are obviously some very big differences in the way the US system is organised in terms of both incentives and lack of incentives in relation to welfare payments as well as the way their training system is structured and established. Of course, there are also very big differences in our labour market structures. So I guess there is just a bit of a caution there about drawing too long a bow on what those studies might be saying in relation to the Australian experience.

The department of course has a range of programs addressing both the short- and long-term education and training needs of Australians. The whole department, by its nature, of course is geared towards increasing the skill and qualification levels of the Australian work force. My colleagues from the Vocational Education and Training Group have particular knowledge of and expertise in programs which we are running in relation to vocational training and skills, and indeed some specific programs in relation to older workers, and might be able to speak to those. I also flag at this stage that Minister Nelson launched on 28 November last year a process looking at adult learning in Australia, with particular emphasis on regional and rural issues, with a view to conducting consultations in the early part of this year and, indeed, formulating policy proposals coming out of that process. So a deal of activity is going on in the department looking at these issues, although it is perhaps early days for some of them. I might just leave it there, Chair.

CHAIR—Let me kick off with Peter Saunders's research, because that has certainly received a bit of attention from us and it can be seen as quite controversial. He told us that it was based on studies of 20 OECD nations, including many European nations—you are saying it is US centred—and it was principally on labour market intervention strategies. So he is referring to training as an intervention.

Ms Borthwick—That is right.

CHAIR—He did make the point that he saw great value in it, or the studies show that there is value in it when it is applied to females coming back into the work force, but not to young people who perhaps are down and out, have already been through 10 or 12 years of education and are perhaps a bit dispirited. Also, it certainly was not as effective with mature-aged people. The research was based on studies of 20 OECD nations. You are making an assertion that it is more US based?

Ms Borthwick—Sorry, I would not want to contradict that it was also based on OECD studies. My point was rather a broader point, I guess, saying that they are international studies rather than studies based on the Australian experience, and therefore they are really at a level of generality perhaps rather than their being able to draw any specific conclusions in relation to how our programs are proceeding.

CHAIR—Has there been any attempt at doing some more studies here in Australia on the effectiveness of some of our training programs?

Ms Borthwick—Not all of the programs obviously fall within our portfolio. I understand you have also heard from the Department of Employment and Workplace Relations. Some of the specific programs fall into that portfolio. I am not familiar with the range of work that may or may not have been done in that portfolio. I believe they do do fairly regular evaluations. Indeed, in the Family and Community Services portfolio a range of work is undertaken as well. I am not sure that our programs in recent times have been in the field perhaps quite long enough to evaluate them. I am not sure whether Ms Johnston would be able to speak to that.

Ms Johnston—There is a large number of small programs. Perhaps there is more evidence of the overall employability of people with skills and training, which I think we would have had some research on.

Ms Borthwick—Certainly we have done an analysis on that, but I think the question is in relation to specific programs. My understanding is that a lot of the programs that we have in place are relatively new and have been in place for one or two years—for instance, the BITES, Basic IT Enabling Skills, for Older Workers Program.

Ms Johnston—Yes. Basic IT Enabling Skills for Older Workers is quite a recent one, and the Language, Literacy and Numeracy Program is a new form of a program. There have been previous programs like that. We will be undertaking shortly an evaluation of New Apprenticeships. But that is of course paid employment. People doing a new apprenticeship are in paid employment. I think your focus is probably on getting people ready to participate in the work force.

CHAIR—Yes. Ms Baly, do you want to make a comment?

Ms Baly—I was just going to talk more generally about some research that we did recently, and it was not about a particular program evaluation. It was more along the lines of under what conditions training makes a difference to people. This report focused exclusively on people aged over 45 who were disadvantaged in the labour market. We are doing a follow-up study of that to pursue some of those issues. This provided some preliminary information. The report has been released. I do not have copies of it here, but we can provide some.

CHAIR—What was it called?

Ms Baly—It was called *Securing success*.

Ms HALL—You can arrange for us to get copies of that?

Ms Baly—Yes, we can indeed. That report showed that training per se was not necessarily the issue; it was the way it was delivered.

CHAIR—Yes. I read that in the submission also, yes.

Ms Baly—And the type and manner of delivery made a significant difference to people.

CHAIR—Yes. The teaching methodologies have been mentioned through the—

Ms Baly—The teaching methodology and the environment in which people learned. A lot of older people are quite disengaged from learning. They have not been involved in any learning possibly since they left school and they need to be in a very comfortable, non-threatening environment and they need to have a process of engagement.

CHAIR—We would like to see that report.

Ms VAMVAKINO—I want to return to the issues involving younger kids and again to Professor Saunders. He commented in his testimony to us in Sydney:

At the other extreme, for example, training for kids who have just recently left school, quite possibly with no qualifications, is absolutely absurd. When young people have gone through 10 or 12 years of compulsory education and are completely alienated as a result, and you then offer them more training as the solution to their problem, it is crazy and the OECD shows that it is crazy. It just does not work.

I would like your response to that and some comments in relation to the training programs that are available to school leavers and the extent to which they are successful. We talk about older workers, but young kids about to go into the so-called work force is also a big issue. Whether we get the training right or wrong or what we are doing is imperative to whether they find a constructive pathway.

Ms Borthwick—Sure. Again, the department is very conscious of that issue, particularly of pathways to further education and training for young people. We have a range of career transition programs in pilot stage at the moment. I am not the program expert in that area, but we can certainly make available to the committee some further detail on those programs.

Mr WILKIE—I suppose the question is really whether the department would agree with Professor Saunders's statement that training for young people is a waste of time.

Ms Borthwick—I think that is perhaps a rather stronger statement than we would be comfortable making. I certainly have not seen any incontestable evidence that would suggest that. Again, I think there is a lot of mixed evidence around, both in Australia and internationally, which tends to point to the fact that the programs need to be fairly specific to the needs of the client group. That means they need to take into account things like learning style, the regional dimension and geographical issues, and to be pitched fairly directly at the needs of the learner. I do not think that there is necessarily a distinction to be made between younger and older people in relation to that. I do not know whether Mr Johnson wants to make any comments on that.

CHAIR—Before he does, I want to make sure we do not quote Professor Saunders out of context. He was referring to value in dollar terms of training versus other interventions. It is not that training is not useful, but compared with other interventions you are not getting a return on the dollar you are spending.

Mr Johnson—Could I clarify that perhaps further. Were the comments made in the context of younger people who have left school but are disengaged from the employment market or is it a general statement in the context of—

CHAIR—Yes.

Mr Johnson—Perhaps I can just add to Ms Borthwick's comments. Certainly an area for policy interest obviously for the government has been trying to invest in developing more appropriate transition pathways to get school based students into work experience and trying to expand opportunities for formal training in that sense through the expanding school based New Apprenticeships. That is obviously of interest to the committee but in the context, as Ms Johnston said, of a structured formal employment arrangement where school based new apprentices are undertaking employment in combination with their secondary studies. Last year we introduced a range of specific incentives to try to further encourage employers to open up opportunities to take on apprentices whilst they are at school and to further encourage them to retain those students in similar training arrangements when they leave school. We have yet to embark on any analysis of the performance of that particular incentive arrangement because it was introduced only early last year and uptake has been relatively slow to date.

CHAIR—Why?

Mr Johnson—Accessing better information through the school systems and trying to get some coherence between the states about agreement to recognition of formal school based apprenticeships, because jurisdictions have different requirements, as I am sure the committee is aware. In terms of recognising schools' engagement with and endorsement of those training arrangements and what level of detail is required of schools acting as either a broker or a party to those agreements, some work was taken forward last year by the Australian National Training Authority to develop some consistent national guidelines for school based New Apprenticeships, information about which we certainly can provide to the committee.

As I said, we will, in the course of the evaluation that Ms Johnston referred to earlier, be looking specifically at the performance of some of those individual incentive elements. But we would clearly be of the view that investment in that nature of training yields strong return. In the order of 55 per cent of all new apprentices are under the age of 25. Some 407,000 Australians are currently undertaking a new apprenticeship. More than half of those are under 25 years of age. School based apprentices are currently growing in number from a relatively low base, but currently about 13,000 Australians are formally undertaking school based apprenticeships at this stage. The expectation is that that number will increase fairly significantly in jurisdictions over the next year.

Ms Borthwick—We would not want to suggest that an employment outcome was not a desirable outcome, or indeed an equally desirable outcome, for a young person as continuing further education and training. We would not want you to misconstrue that either.

CHAIR—In relation to the incentive you are talking about being in place for school based apprenticeships, is there any differentiation between schools in metro regions versus rural and regional schools?

Mr Johnson—Those incentives are directed specifically to the employers who engage those apprentices. We provide a number of general incentives, and they are distinguished by the level of training that the apprentices are engaged in. For example, we have some standard commencement incentives for certificate level II training—sorry, I should step back and say obviously the intent of the New Apprenticeships Incentive Program is to try to support investment in higher level, longer term training. We have higher level commencement and

completion incentives for apprentices who undertake certificate levels III and IV training. However, those incentives relate to a payment to the employers as an incentive to encourage them to open up training opportunities, to take on in this context particularly school based new apprentices.

The school based New Apprenticeships are special incentives which are additional to those standard commencement and completion incentives, and we do not at this stage distinguish between metropolitan and rural and regional areas. Certainly we will provide to the committee a detailed list of the range of incentives which we have available. For example, we have a special incentive for rural and regional employers taking on apprentices in skills shortage areas. If a secondary student in a regional centre commenced a particular apprenticeship in an identified trade shortage area, their employer would be entitled to a standard commencement incentive, a special incentive for commencement of a school based apprenticeship and some other special incentives, such as the incentive for rural and regional employers.

CHAIR—On page 23 you say that some 40 per cent of new apprentices are in rural and regional areas and that this group has also shown strong growth. Why is there such a strong growth in those areas? Forty per cent is quite high. Was the starting point from a low base to begin with?

Mr Johnson—One of the contributing factors is, as I mentioned, that we do have some specific incentives for rural and regional employers predominantly targeted at skills shortage areas. With the school based incentive, for example, we do not differentiate between rural and regional and metropolitan employers. There are some incentives particularly targeted at rural and regional employers which are additional to the school based and other—

CHAIR—Is any tracking done to see whether or not apprentices stay on with their employer after they finish their apprenticeship?

Mr Johnson—At the end of last year we recommenced some post-program monitoring research to look at three- and 12-month outcomes or completion outcomes for new apprenticeships. We will be securing some of that information on the commencement of that analysis within the next few months. The intention with that research is to look at outcomes three months post completion of a new apprenticeship and then a further 12 months down the track after a new apprentice has completed, at whether he or she has ended up in continuing employment, gone on to further study or changed employer arrangements. We are working with the strategic analysis and evaluation group in that regard.

Ms Borthwick—The existing analysis, which is now two or three years old, though, does show very successful outcomes and transition to further employment for the new apprenticeship arrangements.

Mr WILKIE—I have an interesting question about research. Obviously a lot of training is directed at getting women back into the work force after they have had children. Has any research been done about whether, if decent child-care incentives were offered to women, they would take the opportunity of having kids in care as opposed to staying at home with them and then coming back into the work force at some point in the future?

Ms Borthwick—We have not done any work on that front. It would be more for the Department of Family and Community Services.

Mr WILKIE—They would not be looking at it in terms of having people go back to work; they would be looking at it more in terms of family care. So I would not see them undertaking that sort of research.

Ms Johnston—The Department of Employment and Workplace Relations has the Transition to Work program, which is particularly targeted at that group. I am not aware of whether there are any child-care arrangements there, but that would be another area that might have some research on that.

Mr WILKIE—We have heard evidence about how a lot of mothers would like to put their children into care but cannot afford it, particularly in the zero to two age bracket where it is very expensive. I was thinking that, if we had some form of incentives to encourage people to take up that option if they wanted to, it might increase their participation rates in work.

Ms Johnston—Again, that is not our department's portfolio.

Mr WILKIE—That is fair enough.

Ms HALL—I would hate to promote Professor Saunders to some sort of god-like status, because I actually found some of his arguments quite abhorrent, but the position that he put forward that I would like to touch on was that there was absolutely no evidence that blue-collar workers aged 45 years plus were undertaking any form of retraining whatsoever. I am particularly interested in that because I come from an area where there has been a change in the structure of the economy and a lot of blue-collar workers have been dislocated from the industries they were previously employed in. A lot of programs have been put in place to train and retrain them to work in different areas of the work force. My understanding is that those programs had been quite successful for a number of people. Obviously some people have not re-entered the work force. I would like some information on whether what I perceive is happening locally is actually incorrect.

Ms Borthwick—Again, I do not know that we can offer any very concrete answer to that. I do not want to be seen to be shooting down Professor Saunders either, because we have really had only a quick look at his submission and not the underlying research that Professor Saunders has drawn on. But, as I said, my reading of his work was that it is largely drawn on overseas experience, and I am not aware that we have a sufficient body of evidence to suggest that that is the case here. We certainly do have a very much more mixed picture, and particular programs not within our portfolio necessarily do show that there are success stories in there. Indeed, the work that Ms Baly referred to earlier also suggests that there are successful transitions for older people.

Ms HALL—The pathways program when BHP closed would be an example of a program that was directed towards blue-collar workers.

Ms Johnston—Those labour market adjustment programs, and I am not sure whether that is still the correct title, are the responsibility of the Department of Employment and Workplace

Relations. This probably does not quite directly address your question about blue-collar workers, but certainly we have been doing a lot of work with industry groups who are targeting mature-aged people as the potential work force of the future, given the demographics. Organisations like Tourism Training Australia have recently produced case studies of people who have quite successfully undertaken training and got into a new career through that. I am happy to table those, if you are interested.

Ms HALL—That would be very good. I am particularly interested in opportunities for mature-aged employees or workers. Also, within not only blue-collar industries but all industries there has been an emphasis on ongoing training, continuous learning and multiskilling. If it is the case that once a male turns 45 it is not worth while doing it, maybe we are going in the wrong direction.

Ms Borthwick—Also, just by way of background—and Mr Johnson might want to speak more to this, of course—the growth in the New Apprenticeships Program overall over the last several years at least has been very high for older workers. So the take-up rate in training in general terms for older people would not suggest that there is no return either for the businesses involved or for the individuals involved in relation to training. So again I think it perhaps depends on what particular group of people you are talking to and what their individual circumstances are rather than a broader conclusion.

CHAIR—What is the take-up rate of mature-aged people in apprenticeships?

Mr Johnson—Currently around 13 per cent of all apprentices are 45 years or older. We do not actually disaggregate by industry sectors in that sense, but we could undertake some further analysis for the committee to see whether we could identify those in predominantly the trades related occupations. As Ms Borthwick has indicated, within the last year there has been a more than 21 per cent increase in the number of commencements in new apprenticeships for people who are 45 years of age or older. In the 12 months to September 2003, 35,400 commencements were aged 45 years and older. That is a growth in excess of 21 per cent in commencements in that group.

In addition, in July last year the government introduced a commencement and completion incentive specifically targeted at encouraging employers to take on mature-aged workers. That incentive was to try to draw older workers who were disengaged from the work force and were already income support dependent back into the work force through encouraging employers to open up those opportunities. Again, we can provide some information to the committee about commencements against that incentive, but it has been in place for approximately only six months.

Ms HALL—We received some evidence from East Coast Apprenticeships in Brisbane and they were saying that the current wage structures are a disincentive for or a barrier to employers taking on mature-aged apprentices, apprentices over the age of 21. Would you like to comment on that for us?

Mr Johnson—I will comment on it very broadly, and then Ms Johnston might wish to add any further detail. Wage arrangements for apprenticeships are handled obviously by relevant state and territory or federal awards related to particular industries. Certainly it is intended that

the wage levels for apprenticeships are adjusted to take into account the training investment that employers will be making in apprentices—that is, there will be a time when they will be released from work to undertake training—and to also reflect the low level of skills of individual apprentices whilst they are in their training, whether it is over a shorter term duration or a three- to four-year period. The training wages for trainees or traineeships are covered by the national training wage and similarly have been calculated to accommodate that similar investment from employers where they are actually skilling up trainees or apprentices over the period of their apprenticeship.

I will find for the committee, but certainly can provide to you as an indication, where you will get an escalation of an apprenticeship wage. For example, the wages of an apprentice fitter and turner employed under the national metal and engineering on-site construction industry award—I know that is quite specific but it is useful as an illustration—across the four years of the nominal duration of their apprenticeship are estimated on the average weekly wage for a fully recognised tradesperson in that industry area. A tradesperson in that occupation would attract a weekly wage of \$541.90. The wage in the first year of that apprenticeship is \$227.60 per week, growing in the second year to \$298, in the third year to \$406 and in the fourth year to \$476.

There are obviously significant issues particularly in trying to engage mature-aged workers in an apprenticeships pathway, but there is also of course the flexibility for an employer to offer higher levels of wages or remuneration and support to attract more highly skilled workers. So, if they are bringing in people who have particular skill levels or experience in an industry area or who have already demonstrated a work history, they obviously have the capacity to negotiate higher rates of payment. We will provide this information separately to the committee rather than getting into all the detail of it. Particular industries have brokered specific adult apprenticeship awards I would imagine in response to the very issues that East Coast Apprenticeships and other industry associations have raised where they are quite specifically trying to attract or access the potential labour source out there of mature-aged workers to address not just skills shortages but potential growth opportunities in their industry.

One illustration of that is the one I mentioned before, the national metal and engineering on-site construction industry award, where they have a particular adult apprenticeship award rate which is significantly higher than the rates I ran through previously. From memory, it runs through to around \$448 a week, whereas the actual award rate for a fully qualified tradesperson in that area is \$490 a week. So there is a differential there of about only \$40 to \$50 a week.

CHAIR—Is trying to get an adult apprenticeship award rate a trend that is taking place? Are other industries doing that?

Ms Johnston—I would have to check on that. Each is done individually by the industry groups through the AIRC, the Australian Industrial Relations Commission. These rates are negotiated by industry. We do not set them. I think the problem that you were highlighting is probably that it is a lot cheaper for an employer to take on a person in their first year out of school versus an adult. But these rates have been negotiated by industries, accepting that for various reasons adults come with other skills. Even if they are only starting an apprenticeship, they will come with other skills.

Ms HALL—Has the department done any work on recognition of prior learning and work experience, using that to accelerate the duration of apprenticeships or entry at different levels and standardising that so that an employer can look at somebody who has worked as a labourer on building and construction sites for 10 years and say they can come in as a third-year apprentice and start on—lining this up with the award rates that you quoted—around \$406 a week because that employer is getting a highly skilled worker with a lot of knowledge?

Mr Johnson—Certainly the Australian government has worked through the Australian National Training Authority Ministerial Council to support national consistency and recognition of prior learning arrangements. The Australian Quality Training Framework, which obviously the states and territories are responsible for administering, requires that registered training organisations are accredited. Registered training organisations operating in the states and territories are compelled under those Australian quality training standards to offer recognition of prior learning to apprentices and trainees when they commence their traineeship or apprenticeship. A diversity of funding arrangements is in place between different jurisdictions to distinguish between some RPL processes which are fully funded by the states and territories and the varying degrees of support therein, and there is the combination with direct employer investment in RPL processes. The Australian National Training Authority commissioned a report last year, I think, around recognition of prior learning in the VET sector, and we certainly can provide a copy of the report to the committee for your information.

Ms HALL—Thank you.

Mr Johnson—But it certainly is an ongoing area of work and interest, particularly for the reasons that you have detailed.

Ms Johnston—It is interesting because in some cases people choose not to be RPLd, is the terminology, because they want to do the training. Perhaps they have never had that formal training, although they might have picked up some of the skills. So there is an individual choice in there too. But we would encourage RPL where it is appropriate.

CHAIR—Last week in Brisbane we heard from a witness who spoke in a very passionate way about the necessity for prior learning to be recognised, for there to be assessments taking place and for that to be perhaps done on a formal basis perhaps through Centrelink, or maybe even the Job Network providers could be skilled to do that. Do you have a comment on that? This individual was a matured-aged, unemployed person and really saw it as a great barrier to employment.

Mr Johnson—Probably the most pertinent comment is that, when states assess and accredit registered training organisations, they determine their scope of registration for delivering particular qualifications. The intention of that arrangement obviously is that you have a degree of specialisation or expertise on the part of the registered training organisation to deliver that qualification. Therefore, the Australian Quality Training Framework has been I guess constructed on the premise that an RTO with approved scope to deliver a particular qualification is therefore best placed to help assess an individual's capacity and prior skills to undertake training in a particular area. So, based on the suggestion provided by that particular witness, it is unlikely that Centrelink or a Job Network member would necessarily have the—

CHAIR—But the problem is that the individual needs to be referred to that RTO to have their prior learning assessed and recognised. Who makes that referral?

Ms Johnston—The Job Network member would often have a very close association with a registered training organisation. Some of them are both types of organisations, so they could certainly refer them quite readily. Centrelink, I am sure, would have referral processes at a local level.

Ms VAMVAKINOU—While we are on the issue of training and recognition, at one of the hearings a point was made quite strongly about the inability of overseas trained migrants, especially in the trades area—electricians and so forth—to get recognition. I know a whole organisation is set up to deal with that. Does the department have any involvement at all in looking at the recognition of overseas trained migrants who do not come in through the independent concession but rather come in through the family reunion program and therefore are not subjected to recognition factors in terms of employability? Given the shortage of skills in the country and other areas, have you looked at that at all?

Ms Baly—That particular area is the responsibility of Employment and Workplace Relations. Our portfolio has responsibility for recognition of higher qualifications but not trade qualifications.

Ms Johnston—I think for electricians, for example, a lot of it would be about licensing rather than being a training issue per se.

CHAIR—Other evidence that we have heard is that perhaps in a situation like that, if it is too difficult to assess a person from overseas, they should work with a tradesman for a month or so doing the work and then be assessed on the job. That way their skills and their talents can be looked at on the job rather than through some classroom assessment.

Ms Johnston—I think that sounds sensible. It would depend upon, as I said before, the licensing arrangements in particular trades. In other areas it may be quite a feasible option. I have not heard any industries actually highlight that as a possible strategy, but I would have thought it was a very positive suggestion.

Mr Johnson—That sort of suggestion would certainly support the national competency based framework which we currently have whereby, if an employer is getting someone—and I am not able to comment in the context of international labour skills—who has a high level of qualification but is entering a new area of work and they were, for whatever reason, not pursuing a recognition of prior learning process at the commencement of their training, the RTO has a capacity to obviously work closely with that employer to assess that person's progress through the qualification. They are not time based qualifications. So, if you have somebody who has a high aptitude to acquire new skills and perform, they are going to progress through their qualification in obviously a much faster fashion than someone who may not have those skills or abilities. I would imagine that same argument could be extended to people who are seeking to enter Australia and work in particular areas, subject obviously to the licensing and other issues that have been referred to.

Ms PANOPOULOS—I am interested particularly in a couple of the graphs. I find some of the conclusions interesting. How is the weighting done for the graphs—for example, in figure 3 on page 3 of the submission, ‘Unemployment rates by highest educational qualification’? I know there are areas—I have a rural seat—where this would not necessarily be the case. I am a bit wary of using statistics that are based on an amalgamation of and a weighting for the whole of Australia in relation to particular regions because the results would be very different. The results in north-east Victoria would be different to outback Queensland, to the Territory, to outback WA. So I really would like to have some sort of indication of the weighting of different areas and the figures for them.

Ms Borthwick—Your observation is absolutely correct. These are national figures and, therefore, they do aggregate and smooth out differences between regions. If there are particular regions that you are interested in, we could perhaps look at doing some further work on that.

Ms PANOPOULOS—Yes. I know it is difficult for you to break it down electorate by electorate. I am not asking for that.

Ms Borthwick—No, but we could do regional versus metro.

Ms PANOPOULOS—Some sort of guidance regionally, on a state-by-state basis maybe, between, say, Melbourne and the rest of Victoria, because I know there would be huge differences in those figures between 30,000-odd square kilometres in north-east Victoria and Gippsland.

Ms Borthwick—I am sure you are right.

Ms PANOPOULOS—They would be totally different. I think it would be quite useful even if you do it state based, metro to urban.

Ms Borthwick—Sure.

CHAIR—I can understand where Sophie is coming from because you do draw the conclusion that in 1981 those who did not complete school had twice the unemployment rate of those who had a degree and by 2000 it was three times. So a high value is placed there on the completion of education, whether it be a degree or vocational education, in getting a job. There is a strong correlation that you make there.

Ms Borthwick—Yes, that is right.

CHAIR—I guess Ms Panopoulos’s point is that perhaps that correlation is not as stark in rural and regional Australia.

Ms PANOPOULOS—Particularly, for example, in my largest town there is an extreme shortage in certain skilled trades—an extreme shortage—that will get worse because it is a fast-growing area economically. So that would not send an accurate message or would not reflect that, if you see what I mean. So that is the foundation of my concern.

Ms Borthwick—I understand what you are saying. Can I just say that it differs in two respects. This shows a relationship between unemployment and educational qualification. In regional areas of Australia, of course, there is a different distribution of educational qualifications in any case. So there are two factors at work there.

Ms PANOPOULOS—Yes, that is right.

Ms Johnston—Also, the type of employment that is available will be very different and will have an impact on which people will more likely be employed.

Ms PANOPOULOS—The other one is figure 11 on page 11, ‘Average reading score by location of school’.

CHAIR—‘We are more literate than you are.’ Is that what it is saying?

Ms PANOPOULOS—Again, if I had to pick an inner suburb of Melbourne of a particular socioeconomic background and compare that with any school in my electorate, I think it would have a higher reading score.

Ms Borthwick—I do not know.

Ms PANOPOULOS—I am not trying to be parochial. That is unpublished data. Again, I would like to know the source of that, which scores were selected and the weighting given to each one, because it does not conform with my experience of a significant chunk of the state of Victoria, that is all.

Ms Borthwick—Forgive me, I cannot remember what ‘PISA’ stands for, even though we manage it in my group. It is an international study of student assessment. I cannot remember what the P stand for. It was not all schools by any means. It is a sample of schools across Australia, and it is statistically stratified to be correct for the units which it is describing here.

Ms HALL—You can get all schools through that, though, can’t you? That is available?

Ms Borthwick—No, it is not. This survey did not survey all schools.

Ms Johnston—That is the benchmark.

Ms PANOPOULOS—I want to know what schools it surveyed.

Ms Borthwick—I can look at what further information we can provide, but we may not be able to provide the name of the school for confidentiality reasons.

Ms PANOPOULOS—Or the suburb location.

Ms Borthwick—Within the confidentiality protocol we can try to get you further information on that.

CHAIR—Probably more of value, rather than the suburb, is the actual socioeconomic—

Ms PANOPOULOS—And the local government area, perhaps.

CHAIR—There is an SES rating of the schools, isn't there?

Ms Borthwick—Yes. A range of literacy benchmarking exercises are reported. This is not the Australian government literacy benchmarking exercise. Therefore, the amount of information which is available is less than through that process. There are quite strict confidentiality—

CHAIR—So is the Australian government literacy and numeracy benchmarking exercise data far more reliable?

Ms Borthwick—No—

CHAIR—Should we be looking at that rather than at this one?

Ms VAMVAKINO—Is there a reason why the Australian government benchmarking exercise, which I am familiar with, was not used in this instance and this particular one was?

Ms Borthwick—In terms of accuracy, they measure slightly different things at different points in time and have different outputs coming from them. This study is absolutely statistically sound and valid.

Ms PANOPOULOS—I would like, if I may, to have the opportunity to assess that for myself. I would like the evidence upon which that is based, that is all, so I can fully understand where it has come from and what it is saying.

Ms Borthwick—As to why this was used as opposed to the benchmarking, this is a commonly used source. It puts our performance in the context of an international one, so it is widely used. There was not anything beyond that that we chose this one above the other one. We can certainly provide those benchmarking results that are available to the committee.

Ms PANOPOULOS—It would assist us if we had an indication of the geographic location by suburb or local government area.

Ms Borthwick—Insofar as we can do that, we will.

CHAIR—Figure 12 does give you an average of the SES of students by location. It does not answer completely the concern of Ms Panopoulos, but there is a depiction there relative to the SES.

Ms HALL—I think that most data shows that there is a significant correlation between socioeconomic status and educational status. In most data that I have read there is a significant correlation between education and employment outcomes. I have never come across anything that showed me that it was the other way around.

Ms Borthwick—I think that is right, at the level of generality of course, but there are always exceptions at the local level. That is definitely the trend.

CHAIR—That is basically what your paper is all about: the correlation between it all.

Ms Borthwick—Absolutely.

Ms PANOPOULOS—I would still like to reiterate my request.

Ms Borthwick—Certainly. As I said, insofar as we can make that available, we will. We will try to give as much detail as we can.

CHAIR—We look forward to that.

Mr WILKIE—People have been talking about skills shortages. We know that there is a huge shortage of certain tradespeople in the country. For example, in Western Australia, where we are having a huge mining boom at the moment, we have a real shortage of boilermaker-welders. How are these shortages monitored and predicted? What sorts of policies are in place to address that in the future? This seems to happen on a regular basis—industry tends to take off but we do not have people to fill the jobs and we try to import them from overseas—and it creates all sorts of headaches.

Ms Johnston—Perhaps I can take that one since it is a key area of my part of the department. The Department of Employment and Workplace Relations monitors skills shortages and reports regularly on the areas. You are absolutely right: there are some significant skills shortages particularly in the skilled trades, not just in Western Australia; it is widespread. A number of things have been happening to try to address skills shortages. For about three or four years the government has been running a national industry skills initiative to work closely with industry groups to identify strategies to address some of those skills shortages. Nevertheless, we have a good economy and that means that there is fairly full employment. There are more likely to be skills shortages in a period like that, so we have to look at other ways. That is why this sort of work has been going on to identify other potential groups of people other than just school leavers. We know the demographics are showing that there will not be an increase—in fact, there will be a decrease—in the numbers of people leaving schools over the next decade, I think. So we need some alternative strategies to address the problems of skills shortages.

We have found from working with industry that they have certainly identified strategies for attracting people, retaining people. Training is one of the issues, but it is not the only issue. It is about the attractiveness of an industry, the image of an industry. I spent some time on Monday morning in Brisbane with automotive retailers, discussing various aspects of that industry. They have just developed a new video. They are particularly targeting schools at this stage and are telling people about the industry. There is a feeling that careers advisers in schools are not well placed necessarily to talk about trades. We have also done a range of work in other areas, including the rural industry.

Having said all of that, I think we can still do more. We can try to be better at predicting where skills shortages will occur—for example, where you have big developments going on—and

anticipating those. We are also working with groups that may not traditionally have gone into traditional trades areas, indigenous people or older workers.

Mr WILKIE—You mentioned predicting shortages. How are we doing that?

Ms Johnston—I guess prediction is the hardest thing. We are working with the Department of Employment and Workplace Relations to work on how you would go about work force predictions. I do not have an answer to that at this time. You may know that the Senate inquiry into current and future skills needs has suggested that that is a critical area.

Mr WILKIE—I was thinking in that regard about, say, the mining environment, where you know that a mine will come online in a number of years time. There must be some way of saying, ‘When this comes online we will need this number of people for electrical work, welding et cetera,’ but there does not seem to be any coordinated approach. It seems suddenly the mine goes in and then they are running around trying to find people to employ. They just do not have them.

Ms Johnston—I think there are areas where there has been more anticipation of that in working with the states and territories. For example, Queensland has anticipated some developments, and each state and territory has developed a VET plan for the training needs and they have worked with industry. Industry should be providing that input. It is a bit hard for the training providers to predict on their own where things will be happening if there are big new developments. As I said, I think it can all be improved and better input provided, but it is a very complex issue. There have been many predictions of things going ahead and then they have not proceeded at times, so you have to be a bit careful about providing training where there are not going to be jobs. But I agree that the point is that the training should anticipate, as far as possible, where there is going to be employment.

Mr WILKIE—Do we ever do something like a skills audit to work out how many qualified people we do have in different areas?

Ms Borthwick—Information is certainly around about levels of qualification and the so-called wastage from tradespeople moving on. Again, the Employment and Workplace Relations portfolio tends to do most of that level of analysis, but the information is available.

Mr WILKIE—I asked that because someone mentioned that we have a lot of people who actually have qualifications but have moved on and done something other than their trade. We really need to look at trying to get some of those people back into their trade profession when we do have shortages. The view expressed was that really there is not a skills shortage; it is just that a lot of people have the qualifications but they are just not using them. We need to look at getting some of them back into the work force in their trade.

Ms Johnston—Under the national industry skills initiative I think that is something that has been identified, that they can perhaps look at that pool of people. I know in the teaching profession, outside the trades, that has been a big issue. In some states and territories there is a shortage of teachers, but they know there are plenty of people out there with teaching qualifications. So it is about the attractiveness of the industry and how you attract people back into the industry.

CHAIR—We have received evidence, and we also know first-hand from our electorates, about the bias against mature-aged workers and the stereotyping of them out there. We introduced age discrimination legislation last year. It is early days, so we do not yet know what its effectiveness will be. Does your department have a role at all in breaking down the barriers to the employment of mature-aged workers?

Ms Borthwick—Strictly speaking, that is again the Department of Employment and Workplace Relations. I know they are doing a lot of work in relation to—

CHAIR—Education and training is part of your portfolio.

Ms Borthwick—Yes, that is right. I was just going to go on to say that certainly in relation to training for older people we do have a role. Aside from the issues that we have already discussed, I guess there is that particular issue, which is part of the reason why we are now going to go out and do some further consultation around those issues to be able to I guess more specifically identify what might need to be done to assist that particular group of people. The consultation process, as we said earlier, has a particular focus on regional areas where that is a particular issue. Certainly it is something we are very conscious of. Notwithstanding the fact, as I said earlier, that the uptake of new apprenticeships for older workers has been fairly encouraging in recent times and that indeed we have already high levels of participation in training by older Australians—I think we have this in the submission somewhere, although I do not recall where—if you compare our performance across the OECD for participation in training for the over-40 age group, you will find we have very high levels already.

CHAIR—But this is my concern. They are signing up for training, but are employers opening their doors for them?

Ms Borthwick—It is probably fair to say at the moment less than we would like. Certainly we are talking to the Department of Employment and Workplace Relations about what we are doing in relation to that, although they have the major carriage of actually working with industry and with employers on that particular issue.

CHAIR—My last question relates to the aged care sector and the changing demographics of our nation becoming older. We have heard that there is an opportunity there for perhaps developing some form of official accreditation program for those in the care industry. We might as well make use of those mature-aged people who have looked after a loved one—perhaps they have looked after a husband, a wife or a relative for the past 12 to 18 months and that person has passed away—and have developed hands-on skills. Perhaps we should be converting that into some sort of formal qualification for a growing industry in our nation. Has your department put its mind to perhaps some sort of accreditation/vocational training for aged care workers?

Ms Johnston—There certainly is already, but I do not have the details here. I am not sure where that evidence came from because there is certainly certificate levels—

Ms HALL—Can I clarify that. I think Mr Barresi was talking about not the certificate levels I, II and III but rather the fact that people who are caring for people within their home could have their RPL assessed against what they have been doing and given, say, a certificate level III standard accreditation and then work in the care industry.

CHAIR—It gets back to the RPL issue as well for aged care.

Ms Johnston—Yes, it does. Yes, I understand that.

Mr Johnson—Those mechanisms are out there currently. There is a range of funding mechanisms, as we touched on earlier, within jurisdictions where RPL is fully funded and the variance of support funding is provided by state and territory governments or employer funding. That RPL process is applied or offered under the AQTF only where there is actually a commitment to formal employment relationships.

CHAIR—So I have to make that decision to hire the person to begin with?

Mr Johnson—And the person is actively out there in the labour market seeking work and trying to engage, rather than actually assessing someone in an informal sense where they are currently not engaged formally in the labour market. I should not say ‘not engaged in the labour market’, but they are not actually brokering or entering into an employment arrangement.

CHAIR—From our discussion today it seems to me that there is a real opportunity with the RPL process and, while there may be a process in place, perhaps that process is not as widely known or utilised by the players.

Mr Johnson—It might be worth the committee secretariat also talking to the Australian National Training Authority, which has policy responsibility for recognition of prior learning. In addition to the materials that we will provide you following this morning’s discussion, ANTA may be able to provide you with additional information to inform your discussion on that issue.

Ms Johnston—I might just mention in connection with aged care that a process is going on at the moment to develop a national aged care work force strategy, which is being run by the Department of Health and Ageing. I know that RPL is an issue for them in that context.

CHAIR—There being no further questions, I thank you for coming today. If we have any other questions, we will get back to you with those. You do have some things to follow up for us. We would like a copy of—

Ms Baly—The consultation paper?

CHAIR—No, the—

Ms Baly—We will also get you *Securing success*.

CHAIR—That is the one. We would certainly appreciate your getting back to us on the questions that Ms Panopoulos has asked as well.

Ms Borthwick—Certainly.

CHAIR—Thank you very much.

Resolved (on motion by **Mr Wilkie**):

That the committee authorises publication of the transcript of the evidence given before it at public hearing this day..

Committee adjourned at 12.11 p.m.