

**REPORT BY THE HOUSE OF REPRESENTATIVES STANDING  
COMMITTEE ON  
EMPLOYMENT, EDUCATION AND TRAINING:**

*‘Youth employment: A working solution’*

**GOVERNMENT’S RESPONSE TO THE REPORT**

**MINISTER FOR EDUCATION, TRAINING  
AND YOUTH AFFAIRS**

## ABBREVIATIONS

ABS	Australian Bureau of Statistics
ACACA	Australian Curriculum, Assessment and Certification Authorities
ANTA	Australian National Training Authority
AQF	Australian Qualifications Framework
ASSPA	Aboriginal Student Support and Parent Awareness Programme
ASTF	Australian Student Traineeship Foundation
CRAFT	Commonwealth Rebate to Apprentice Full-Time Training
DETYA	Department of Education, Training and Youth Affairs
DEWRSB	Department of Employment, Workplace Relations and Small Business
ELT	Entry Level Training
ELTSS	Entry Level Training Support Services
ESL	English as a Second Language
FLEX	Flexible Labour Exchange Services
HECS	Higher Education Contribution Scheme
IESIP	Indigenous Education Strategic Initiatives Programme
MCEETYA	Ministerial Council on Employment, Education, Training and Youth Affairs
MINCO	ANTA Ministerial Council
NCVER	National Centre for Vocational Education Research
NEIS	New Enterprise Incentive Scheme
NILS	National Institute of Labour Studies
NTFC	National Training Framework Committee
NWO	New Work Opportunities
PSMPC	Public Service and Merit Protection Commission
STAs	State Training Authorities
VET	Vocational Education and Training
WELL	Workplace English Language and Literacy Programme

## **PREAMBLE**

The Government welcomes the opportunity to respond to the report of the House of Representatives Standing Committee on Employment, Education and Training: “Youth Employment: A Working Solution”. The Committee has consulted widely with the Australian community with a stake and interest in this very important area of public policy.

Recommendations are made in the Majority Report in the areas of education, apprenticeships and traineeships, youth wages and employment programmes. Key features include:

- an increased focus on the teaching of literacy and numeracy;
- the funding of places for young people to complete a Year 12 qualification;
- the expansion of workplace education into the early years of high school;
- improved career information;
- increased recruitment levels of trainees and apprentices in the Government sector;
- exemptions from superannuation and payroll tax for employers taking on young people; and
- changes to young peoples’ wages.

The Government is generally in support of a number of the Committee’s recommendations which pertain to its responsibilities and, in those cases where the recommendations refer primarily to areas of State and Territory government responsibility, supports the underlying intent of a number of recommendations.

There are also some particular areas of disagreement, along with cases where further investigation will be undertaken or consideration given in the context of broader policy goals and in future Budget statements.

The recommendations contained in the Dissenting Report have also been examined by the Government and they are dealt with in this response.

A significant feature of the Committee’s work was the extensive consultation with young people undertaken in the course of its investigations. The evidence demonstrated the constructive attitude of most young people, their strong motivation to take advantage of the education, training and employment opportunities available to them, and their wish to contribute positively to the Australian community. This is a welcome antidote to the negativity which often surrounds discussion of young people and employment. The Government agrees that effective communication with young people about the range of options open to them in developing their skills and securing long term employment is of critical importance.

In asking the Committee to investigate the factors influencing the employment of young people, the Government was building upon an already established commitment to assist young people to gain the education and training they need to secure sustainable employment. This commitment is evidenced in a range of programmes and initiatives which are currently in place or under development.

These programmes and initiatives are supported by sound economic reforms which aim to boost employment opportunities for all unemployed Australians, including young people. These reforms

include sustained economic growth, a reduced Budget deficit, tax reform, industrial relations reforms and help for small business to achieve its potential to employ more young people.

The Government has addressed important issues such as employment assistance, training and school to work transition.

An important element of the Government's strategy to address youth unemployment is the New Apprenticeships initiative which is expanding training opportunities for young people, including those disadvantaged in their access to vocational education and training. A comprehensive package of measures costing \$207 million over the four years to 1999/2000 is assisting the development and implementation of New Apprenticeships and making the provision of training a more attractive proposition for employers. In addition, the Government has made Budget provision for more than \$550 million in employer incentives in 1997/98 and 1998/99 to support over 220,000 New Apprenticeship commencements.

In addition, the Government has also implemented major changes to the delivery of employment services to unemployed Australians through the introduction of Job Network. Introduced on 1 May 1998, Job Network is a fully competitive market for employment services. Job Network is a national network of more than 300 private, community and government organisations which have been contracted by the Government to find jobs for unemployed people, particularly those who are long term unemployed.

Young people have been given special consideration in the establishment of Job Network. All young people aged 15 to 20 years and registered as unemployed and not in full time education or training, are eligible for assistance from Job Network members, irrespective of whether they are in receipt of income support. This includes Job Matching, Job Search Training and Intensive Assistance for the most disadvantaged job seekers.

In general, the focus of Intensive Assistance and its regime of outcome payments is on getting job seekers into employment. However, in line with the Government's concern that young people should be encouraged to complete their final year of high school education (Year 12), Job Network members providing Intensive Assistance are eligible to claim a full outcome payment if they assist a young person aged 15 to 20 years and who has not completed Year 12 or equivalent, to complete two semesters of an eligible education or training course.

The Government has also expanded the Work for the Dole scheme and extended the principle of mutual obligation so that all young people aged 18 to 24 who have been on unemployment benefits for six months will be required to participate in an activity in addition to job search. The enhanced mutual obligation package entails an additional commitment of \$382.6 million over four years by the Commonwealth.

In addition to Work for the Dole, acceptable mutual obligation activities include part-time work, voluntary work, education and training, or participation in a government funded programme such as the Job Placement, Employment and Training (JPET) Programme, Green Corps or a major new Literacy and Numeracy Programme. This programme was included in the suite of mutual obligation activities in recognition of the very strong links between poor literacy and numeracy skills and difficulty in getting and keeping a job. It is specifically designed to help young people whose literacy and numeracy skills are below acceptable national standards. Because poor literacy and numeracy skills can be a major impediment to finding work, the Government now requires Centrelink to direct those young people subject to mutual obligation who have a literacy and numeracy need to undertake a professional assessment of those needs. If that assessment indicates that a young person does have poor skills in this area and would be able to improve those measurably with training, then he/she will be directed to undertake literacy and numeracy training as his/her mutual obligation activity.

The Government believes that career counselling assists young people participating in the enhanced mutual obligation arrangements to define their employment, education and training goals. It will assist these young people to revisit or develop career research and decision making skills against a background of self knowledge and a realistic understanding of the world of work and associated education and training pathways. The Government wants to help young people maximise the outcomes of their decision to undertake education or training as their mutual obligation. Career counselling and mentoring supplements mutual obligation activities and will not satisfy a young person's obligation by themselves.

School achievement in literacy and numeracy has been found to be one consistent factor in youth unemployment and unemployment duration. Research shows that higher levels of achievement reduce the time spent unemployed. Furthermore, the effect of school achievement on both the incidence and duration of unemployment remains until at least the age of 30.

The Government provides over \$4.1 billion annually to Australian schools to achieve specific national objectives. This includes a very significant contribution to literacy and numeracy education of \$176 million for 1998/99 and a total of almost \$680 million for literacy and numeracy in the four years to 2001/02.

In recognition of the special needs of young people returning to education, the Full Service Schools (FSS) for Students at Risk Programme provides additional support of \$26.6 million to schools to develop innovative programmes and services that address the specific needs of young people returning to school and current students who are at risk of not completing Year 12 or making a successful transition from school to work. It targets students who are not likely to benefit from mainstream pathways and enables them to achieve quality learning outcomes, or if they leave school, to undertake other training or employment.

## RESPONSES TO INDIVIDUAL RECOMMENDATIONS

### **Recommendation 2.1**

**The Committee recommends that the Commonwealth Minister for Employment, Education, Training and Youth Affairs, when developing and funding labour market programs:**

- (a) should favour programs which first address attitudinal and other barriers to learning and employment in individuals; and**
- (b) ensure training components in labour market programs are given recognition in vocational training according to endorsed national competency standards.**

The Government agrees with the underlying intent of this recommendation.

The Government considers that the principles underlying this recommendation are in agreement with the direction of the new employment services market, Job Network. The Government agrees that to be effective, assistance needs to be flexible, tailored and provide a graduated programme of assistance based on job seeker need. Job Network organisations offer flexible and tailored assistance to job seekers depending on their level of need. There are five employment services available under Job Network. They are:

- i. Job Matching** - involves gathering employers' vacancies and matching suitable unemployed people to these jobs.
- ii. Job Search Training** - provides training in job search techniques (resumes, interview techniques, presentation) to prepare unemployed people to apply for jobs and give them the skills and confidence to perform well when speaking to employers. Job Search Training is generally provided to job seekers who have been unemployed for 6 to 12 months and who have current work skills.
- iii. Intensive Assistance** - provides individually tailored help to eligible job seekers who are long term unemployed or are disadvantaged in the labour market.
- iv. New Enterprise Incentive Scheme** - assists eligible job seekers who have an idea for a viable new small business to establish their self-employment venture.
- v. New Apprenticeship Centres** - 'one-stop-shops' providing integrated and streamlined apprenticeship and traineeship services to employers and job seekers.

In addition to the above services, all job seekers, including youth, are able to use free of charge the job search facilities provided through Job Network Access, which is being implemented progressively in Centrelink Customer Service Centres. Through Job Network Access, job seekers can use job vacancy touch screen units, personal computers and printers, photocopiers, facsimile machines, telephones and relevant newspapers as well as obtain information on local Job Network members.

Labour market programmes and case management were cashed out to fund Job Network. Job Network focuses on results and aims to get people into jobs rather than training people for the sake of it. Job Network members providing Intensive Assistance have the flexibility to decide with the job seeker the best form of assistance to get them a job and may provide this assistance themselves or pay other organisations to provide it. This may include using their fees to provide personal development, job search training, relocation assistance, vocational training,

language and literacy training, or other assistance such as work place adjustments or wage subsidies.

As a result of enhancements made to Job Network, from 1 September 1998, Government funded Job Matching assistance is now available to all job seekers who are working less than 15 hours a week. This means Job Network members receive a payment for placing all unemployed people in jobs, including job seekers not on income support because of redundancy packages or working partners. Job Network members now also receive funding of up to \$10,000 per Job Matching site for market development. The funding is also helping Job Network members adapt their business strategies to cater for the expansion of Job Matching services to people not receiving income support.

Under Job Network, job seekers have a wide choice of organisations to help them find a job. Competition encourages a high level of service and paying Job Network organisations for the results they achieve provides a strong incentive for them to perform. To ensure highly disadvantaged job seekers benefit from the assistance provided by Job Network, a differential fee structure applies with the highest fees being paid for those who are most at risk and hardest to place in a job.

### **Recommendation 3.1**

**The Committee recommends that the Commonwealth Minister for Schools, Vocational Education and Training ensure through the Ministerial Council that:**

- (a) there is comprehensive teaching of literacy and numeracy in every primary school in Australia, preferably in the mornings and, if necessary, at the expense of other parts of the curriculum;**
- (b) the standard of literacy and numeracy is regularly tested; and**
- (c) those students who fall below the standard are given special attention to raise their literacy and numeracy skills.**

The Government agrees with the underlying intent of this recommendation as it is consistent with the Government's priorities to improve literacy and numeracy outcomes for Australian school children.

Providing young people with good literacy and numeracy skills is a central policy objective of the Government, recognising it is vital that young people are able to make the most of their education, training and employment opportunities. Research indicates that low levels of literacy and numeracy are directly linked to behavioural problems in the classroom, the likelihood that a student will finish formal education before Year 12, and the likelihood of being unemployed after leaving school. This research is consistent with the Committee's findings that young people who have poor literacy and numeracy skills are much less likely to complete school and more likely to be unemployed.

The Government believes it is crucial that literacy and numeracy receive greater attention in schools. Under the Commonwealth's Literacy Programme, around \$176 million a year is now being directed to government and non-government education authorities as grants for schools. During the recent election, the Government committed an additional \$72 million over 3 years to improve the literacy and numeracy skills of school students. A further \$40 million will be provided to address the needs of students who have progressed to secondary school without developing basic literacy and numeracy skills needed to cope with secondary school curriculum.

At the March 1997 meeting of the Ministerial Council on Employment, Education, Training and Youth Affairs (MCEETYA), Commonwealth, State and Territory Education Ministers agreed to a national literacy and numeracy goal:

*That every child leaving primary school should be numerate, and able to read, write and spell at an appropriate level.*

The Government welcomes the Committee's endorsement of this goal (p35). Ministers also adopted the following:

*That every child commencing school from 1998 will achieve a minimum acceptable literacy and numeracy standard within four years.*

A National Literacy and Numeracy Plan was also agreed by Education Ministers. The National Plan focuses on early intervention for children identified as being at risk of falling behind their peers, with the aim of preventing literacy problems in the later years of school.

National literacy benchmarks for all children in Year 3 and Year 5 were approved by all Australian Education Ministers in April 1998. Every State and Territory has agreed that children in Year 3 and Year 5 below the national literacy standard will receive extra support to bring them up to standard as quickly as possible.

The development of numeracy benchmarks and benchmarks for student achievement in literacy and numeracy at Year 7 is in progress and are expected to be endorsed by Ministers at the next MCEETYA meeting. The national standards provide a common benchmark against which parents, teachers and governments can assess the improvement of children's achievement. Reporting by all States and Territories of comparable data on student achievement against these standards through the *Annual National Report on Schooling* will commence in 1999.



### **Recommendation 3.2**

**The Committee recommends that the Government institute a National Youth Guarantee which entitles every Australian under 21 years of age, who has not attained Year 12 at school, to a funded place at a high school, TAFE or a recognised training provider to complete a Year 12 education or its equivalent.**

The Government does not support the recommendation to institute a National Youth Guarantee. However, it supports the underlying intent of this recommendation, which is to ensure that Australians who have not completed Year 12 or equivalent studies be encouraged to do so.

The provision of primary and secondary schooling is primarily a State responsibility. Currently all States and Territories have an obligation to provide a school place for all young people under 18 years of age who wish to remain at school until Year 12.

For young people 18 years and over, there are opportunities to complete Year 12 or equivalent within the school sector such as adult evening classes, through the TAFE system, or with a recognised training provider on a 'user pays' basis.

On 1 July 1998 the Government introduced a common Youth Allowance to simplify income support for young people by replacing the five existing payments for students and unemployed people under 25 years of age, and removing anomalies which discourage young people from pursuing education and training to improve their employment prospects.

To be eligible for the Youth Allowance from 1 January 1999, unemployed young people aged under 18 years who have not completed Year 12 or its equivalent will need to satisfy an education activity test. In order to receive Youth Allowance, these young people will need to participate in full-time education or training. There are some temporary exemptions from this requirement depending on an individual's circumstances.

Vocational education and training programmes in schools are being expanded, developing closer links between industry and schools, and providing school students with opportunities to commence apprenticeships and traineeships while still at school. The Commonwealth has provided substantial funding over the period to 1999/2000 to expand vocational education in secondary schools and to assist school systems to provide a variety of pathways as an incentive for more students to remain at school and complete Year 12. This includes funds for the Access Programme, which provides disadvantaged young people with pre-vocational training to help them gain the skills necessary to successfully participate in an apprenticeship or traineeship.

Improving opportunities for young people, especially through New Apprenticeships, is a high priority endorsed by the Commonwealth and all State and Territory Ministers for vocational education and training.

### **Recommendation 3.3**

**The Committee recommends that the Commonwealth Minister for Schools, Vocational Education and Training, in consultation with State and Territory Ministers:**

- (a) more vigorously promote the Australian Student Traineeship Foundation (ASTF) criteria as the desirable national standard for all workplace education programs;**
- (b) implement national guidelines and, as far as practicable, a uniform student workplace assessment method for workplace education programs;**
- (c) devise measures to further encourage the adoption of high quality workplace education programs so that they become available to a much higher proportion of upper secondary school students; and**
- (d) implement medium to longer term funding arrangements, perhaps through the ASTF, which recognise the higher costs and more onerous administrative burden for schools offering workplace education programs.**

#### Recommendation 3.3 (a)

The Recommendation refers to the Quality Achievement Matrix (QAM) produced by the Australian Quality Council, commissioned and funded by the Australian Student Traineeship Foundation (ASTF). The QAM is a practical guide to essential and desirable attributes of quality workplace learning that assists schools and their industry partners to establish and maintain best practice in workplace learning. It was designed to be used as an aid to planning and to identify areas for improvement. It is a useful inventory to monitor, evaluate and report on the effectiveness of the processes related to quality workplace learning programmes.

The MCEETYA Task Force on VET in Schools considered the QAM in the context of preparing a paper setting out Principles for Quality Workplace Learning for consideration by Ministers. The Task Force put forward its recommended Principles and the QAM for Ministers' consideration. Ministers:

- endorsed the Principles for Quality Workplace Learning for school students engaged in Vocational Education and training programmes in schools throughout Australia;
- noted that State/Territory school sectors, industry organisations and enterprises will encourage the use of the Quality Achievement Matrix, "Getting There", as a guide to achieving best practice in workplace learning programmes as part of a field-testing process during 1998; and
- noted that the Task Force will request that the ASTF Board, in reviewing the Quality Achievement Matrix, considers its potential to be utilised on a wider basis by State/Territory school sectors, industry organisations and enterprises.

### Recommendation 3.3 (b)

The Government does not support this recommendation.

The Commonwealth Minister, in consultation with State and Territory Ministers, has established national guidelines for a range of workplace education programmes through MCEETYA and ANTA MINCO. These include:

- Principles and Framework for New Apprenticeships for School Students; and
- Principles for Quality Workplace Learning for School Students.

The Government is not convinced that it is practicable to implement a national uniform student workplace assessment method for workplace learning programmes. In view of the wide diversity of industry requirements in Australia, a uniform assessment method may discourage many employers from participating in structured workplace learning programmes. This is because employers would view uniform assessment standards as an unnecessary constraint that may not be applicable to their industry or enterprise.

MCEETYA has, however, affirmed that structured workplace learning, assessed to industry standards, is of critical importance and value in ensuring acceptance by industry and by the VET sector of training carried out in a range of VET in schools programmes.

### Recommendation 3.3 (c)

This recommendation is consistent with the Government's priorities to expand workplace education programmes in secondary schools.

The Government has allocated the ASTF approximately \$50 million over three years: 1998-99 to 2000-01. The Government is also providing \$23 million through the School to Work Programme and there is a further \$20 million of ANTA funds allocated to VET in Schools each year up to and including the year 2000. These funds will stimulate increased accredited industry training for students in secondary schools throughout Australia, including New Apprenticeships for school students.

### Recommendation 3.3 (d)

While the development of curricula is a State/Territory responsibility, the Commonwealth has implemented a number of initiatives to assist in this area. The Commonwealth provides funds to the ASTF (\$9.901m in each of the financial years 1997-98 to 2000-01 plus an additional \$10m per year from 1997-98 to 1999-2000 for work placement coordinators). The ASTF is responsible for developing and supporting joint school-industry programmes. These programmes promote opportunities for young Australians to acquire workplace knowledge and experience before they graduate from school. Funding is provided to schools through a submission-based approach. The ASTF has refocussed its activities to encourage industry to take a greater leadership role in vocational education and training in schools, to improve support for small and medium sized enterprises participating in VET in schools programmes and to include students in Years 9 and 10 (in addition to Years 11 and 12) in its activities.

### **Recommendation 3.4**

**The Committee recommends that the Commonwealth Minister for Schools, Vocational Education and Training, in consultation with State and Territory Ministers:**

- (a) develop and promote a national standard for all workplace education programs in the lower years of high school that encourages programs which will still prepare students to enter dual recognition or Tertiary Entrance Rank (TER) courses in Years 11 and 12;**
- (b) implement national guidelines and, as far as practicable, a uniform student workplace assessment method for workplace education programs;**
- (c) devise measures to further encourage the adoption of high quality workplace education programs so that they become available to a much higher proportion of lower secondary school students; and**
- (d) implement medium to longer term funding arrangements for schools offering workplace education programs, perhaps through the Australian Student Traineeship Foundation, which recognise the higher costs, the more onerous administrative burden, and the additional counselling/welfare support required by students at risk of leaving school early.**

The Government supports the availability of a range of workplace education programmes for students in the middle years of education, particularly students in Years 9 and 10. These should include work experience, pre-vocational and, where appropriate, VET in schools programmes.

The Government is providing support to schools through the Australian Student Traineeship Foundation and the Commonwealth's School to Work Programme to develop and trial a range of programmes for students in Years 9 and 10. Many of these activities are focussing on students at risk of leaving school early and seeking to keep them engaged in education. Some activities are providing for broader student participation to better prepare them for the senior secondary years of schooling and the important educational choices that students must make.

Retention rates for young people through to Year 12 are a particular concern for the Commonwealth Government. The factors that influence a young person to leave school without completing even Year 10 are undoubtedly numerous but include access to programmes of study that are meaningful to them. The Government is concerned that much of the school curriculum is aimed at the 30 per cent of young people who aspire to university.

While the development of curricula is a State/Territory responsibility, the Commonwealth has implemented a number of initiatives to assist in this area. The Commonwealth provides funds to the ASTF (\$9.901m in each of the financial years 1997-98 to 2000-01 plus an additional \$10m per year from 1997-98 to 1999-2000 for work placement coordinators). The ASTF is responsible for developing and supporting joint school-industry programmes. These programmes promote opportunities for young Australians to acquire workplace knowledge and experience before they graduate from school. Funding is provided to schools through a submission-based approach.

The Commonwealth has also recognised the special needs of young people returning to education following the introduction of the Youth Allowance with the \$22.6m Full Service Schools Programme. This programme will provide supplementary assistance to schools to enable them to develop innovative programmes and services that address the specific needs of students, primarily 16 to 17 years old, who are at risk of not completing Year 12 or making a successful transition from school to training, further education or employment. The funding is targeted at schools in areas of highest need and will assist these schools to develop projects which address the needs of their students.

In addition, the Jobs Pathway Programme is aimed at helping young people make a successful transition from school to work. Under the Programme, brokers are contracted to help young school leavers find real and sustainable employment in their local community. The early intervention available through brokers reduces the risk of young school leavers entering long periods of unemployment.

For 1997-98, brokers have been contracted at a cost of up to \$8.9 million to manage 69 projects in regions across Australia. These projects will assist more than 9,300 school leavers to find jobs. In addition, a further 10,300 students of school leaving age and who are at risk of leaving school without completing their Year 12 studies will be encouraged to remain at school. Students at more than 1100 government and non-government schools will have access to these projects. A total of 73 schools are involved directly in managing projects, either individually or as part of consortia.

In 1998-2000 \$13.5 million has been provided for the Jobs Pathway Programme. Funding will assist up to 23,700 school students leaving at the end of 1998, including those who have not completed Year 12 and who may be affected by the introduction of the Youth Allowance in July 1998.

### **Recommendation 3.5**

**The Committee recommends that the Commonwealth Minister for Schools, Vocational Education and Training, through the Ministerial Council:**

- (a) establish comprehensive careers guidance, appropriately resourced, as an entitlement for all secondary students;**
- (b) ensure all careers guidance teachers have reliable access to data on workforce trends, anticipated skill shortages and the employment outlook for occupations nationally and by region;**
- (c) encourage secondary schools to exploit school-industry links established through workplace learning programs to enhance careers guidance services to all students;**
- (d) provide for the enhancement of career education and guidance in secondary schools by providing funding to develop more teachers for the role; and**
- (e) fund group training companies to promote traineeships and apprenticeships, and to participate generally in careers education and guidance, in secondary schools.**

The Government supports the thrust of recommendations 3.5(a) to 3.5(d) and considers that career guidance for young people is of fundamental importance both to the individual and the functioning of the labour market.

The Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) is currently addressing these issues through its Career Education Taskforce. This Taskforce, chaired by the Commonwealth, encompasses both the school and vocational education sectors. Its report to Ministers at the end of 1998 will examine national requirements for career information and advisory services.

Issues relating to the adequacy of career guidance are also being addressed through the MCEETYA Taskforce on Vocational Education and Training in Schools and by ANTA. ANTA has released information and materials generated by its School Communication Project to supplement the Information Kit for Schools which was provided in 1997. These aim to provide information about and encourage young people and their influencers to consider vocational education and training options.

In addition, the Commonwealth provides a range of career information products, including the Job Guide, distributed to schools and made available to the public through Centrelink. Other career information products are provided through a range of programmes eg Enterprise Education in Schools. The Commonwealth's internet based Career Information and Services Directory and the Education Network Australia (EdNA) provide a wide range of information sources to assist students and their career intermediaries. The Commonwealth also produces a range of labour market information including information on skill shortages, industry employment trends and prospects.

I shall refer this report to my Ministerial colleagues and ask that they consider the points raised.

#### Recommendation 3.5 (e)

The Government does not support this recommendation.

As a result of a public tender process to provide Entry Level Training Support Services, the Government has funded sixty New Apprenticeships Centres (NAC) to provide one stop integrated services to employers and New Apprentices. These services include the promotion and marketing of New Apprenticeships to employers and potential New Apprentices locally. New Apprenticeships incorporate and build upon traditional apprenticeships and traineeships. NACs are required to promote New Apprenticeships widely. Group training companies, along with all other organisations, were able to compete through the tender process to provide these services. Given this, it is not appropriate for the government to be directing funds to group training companies, outside the competitive tender process, to undertake the promotion and marketing of New Apprenticeships in schools.

The Government agrees that access to sound career and vocational advice and guidance is essential for young people. Brokers contracted under the Jobs Pathway Programme for 1997-98 are already providing young people of school leaving age with relevant and up-to-date advice about their local labour market, the expectations and requirements of employers, and the training and vocational options open to them.

While the Government supports and endorses group training arrangements, it does not accept that group training companies are alone in their capacity within a community to provide career guidance in secondary schools. This is supported by the experience of programmes such as the Jobs Pathway Programme that fund a variety of brokerage arrangements, including group training companies, private training providers and, more importantly, schools themselves.



### **Recommendation 3.6**

**The Committee recommends that the Commonwealth Minister for Employment, Education, Training and Youth Affairs require universities to include in faculty handbooks and other promotional material information on the employment outlook for graduates of courses offered by the university.**

The Government supports in principle the idea that universities should provide promotional material on the employment outlook for their graduates. However, the Government is not in a position to influence directly the content of material contained in institutional promotional material or faculty handbooks. Universities are autonomous in their administration, including the promotional material they publish.

The Government is aware of the importance of ensuring that students have access to information on the employment outlook for graduates so that students can make informed choices about the university they attend and the course of study they undertake. To this end, the Government provides core funding for the Graduate Destination Survey (GDS). The GDS is published annually and contains comprehensive information on graduate participation in the labour market and employment outlook. The GDS compares the employment outlook both across disciplines, and across institutions.

The GDS is distributed to all universities and Career Reference Centres. There is also access through the Grad-Link Web site.

### **Recommendation 4.1**

**The Committee recommends that the Commonwealth Minister for Schools, Vocational Education and Training encourage Group Training Companies, through their performance agreements, to operate Employment Placement Enterprises to provide employment brokerage services to small and medium sized businesses which:**

- (a) facilitate the placement of young people into jobs linked to formal training; and**
- (b) encourage small business employers to develop their personnel management skills.**

#### Recommendation 4.1 (a)

The Government does not support this recommendation.

Over 1,000 organisations tendered to provide employment services in the Employment Services Tender 1997, and in February 1998 the Government announced the 300 or so private, public and community organisations which were successful. Group Training Companies, along with all other organisations, were able to compete through the tender process, and some Group Training Companies were offered contracts to provide these services. It is not appropriate, and could be seen as anti-competitive, to require Group Training Companies, as part of their performance agreements, to provide employment brokerage services, where that function has been the subject of a public tender.



However, the Government does agree in principle with the Committee's recommendation to facilitate the placement of young people into jobs linked to formal training. The Government has established New Apprenticeships Centres (NACs) as part of the reforms to the Australian apprenticeship and traineeship system, associated with the introduction of New Apprenticeships. One of the five services provided under Job Network, NACs are 'one-stop-shops' providing integrated and streamlined apprenticeship and traineeship services to employers and job seekers. NACs are available free of charge to all employers, apprentices and trainees. Whilst NACs are part of Job Network, they also play a significant role in promoting and supporting reforms under the New Apprenticeships Agenda.

New Apprenticeships Centres have been contracted by the Government to:

- provide information to employers, apprentices and trainees about New Apprenticeships;
- market and promote New Apprenticeships locally;
- administer New Apprenticeships support services to employers, apprentices and trainees;
- work with State/Territory Training Authorities to provide a one-stop integrated service for employers, apprentices and trainees; and
- establish effective relationships with Job Network members providing Job Matching, training providers, schools, etc.

The Commonwealth already provides substantial funding to group training companies to enhance small business access to apprentices/trainees and increase the numbers of apprentices/trainees overall. As well as over \$45 million in employer incentives, the Commonwealth provides \$8.8 million per annum, via ANTA, to the State/Territory Training Authorities (STAs) for the public funding of some 100 group training companies. STAs match this funding on a dollar for dollar basis and are responsible for the negotiation of performance agreements with group training companies within their jurisdiction. This joint Commonwealth and State/Territory funding of group training companies is known as the Joint Policy.

The May 1997 ANTA Ministerial Council (MINCO) meeting agreed to new *National Principles for Group Training*. In agreeing to the *National Principles*, Ministers noted that existing arrangements for funding group training under the Joint Policy act as a disincentive for growth. Ministers noted that the priority for group training was for the greatest possible overall expansion in apprentice/trainee opportunities, rather than the growth of group training in a diminishing or slowly growing market.

The *National Principles* indicate that Governments will pursue the expansion of apprentice/trainee opportunities through purchasing outcomes on a per capita basis, through a nationally consistent approach. The *National Principles* also indicate that STAs will consider purchasing outcomes from bodies which are outside the existing network of Joint Policy funded group training companies and that Governments will develop strategies to support the take up of apprentices/trainees by small business, including in new industries and occupations.

KPMG Management Consulting was engaged to examine options for a national approach. On 14 November 1997, MINCO endorsed 'in principle' the ANTA Board Advisory Committee report on the group training model developed by KPMG. MINCO recognised that there were still a number of outstanding issues that needed to be resolved. In April 1998 Ministers endorsed recommendations contained in a report which addressed the eight outstanding issues identified in November 1997 in relation to the group training funding model. Ministers also requested that there be enhanced reporting arrangements on the placement and training of new apprentices with host employers by group training companies. A proposal on this is currently being considered. The new funding formula was introduced on 1 July 1998, with a three year transition period.

#### Recommendation 4.1 (b)

The Government supports the underlying intent of this recommendation, which is consistent with Government initiatives to improve the access of small business to quality training.

To achieve this objective, the former DEETYA had let tenders for projects relating to:

- the development of a Small Business Training Resources Package;
- research into Small Business Consultative Networks on Training; and
- the development of a Small Business On-Line Training Delivery and Information Service.

The linked projects will involve: developing a package of materials about training information as a resource for small business and intermediaries; analysing the level of usage of existing advisory services by small businesses to suggest ways of improving these services; and developing and trialing a web site on the Internet to provide information on training courses available to small businesses.

The projects have been completed progressively over 1998.

#### **Recommendation 4.2**

**The Committee recommends that governments at all levels increase their level of employment of young trainees and apprentices within five years to at least the level of the private sector and the data be reported annually to Parliament.**

The Government does not support this recommendation.

In January 1997 the then Minister for Employment, Education, Training and Youth Affairs and the Minister Assisting the Prime Minister for the Public Service agreed to establish an interdepartmental committee (IDC) to review any structural barriers which prevent young people entering the Australian Public Service (APS) and any other Commonwealth agencies, to ensure that the Government can play its part in contributing to the alleviation of youth unemployment.

The IDC reported in August 1997, and with regard to this issue found that the setting of targets or quotas is inappropriate in the current public service environment. Targets have not worked in the recent past, nor are they likely to do so in the immediate future. The IDC also found that quotas would be resented, are inefficient, and are inconsistent with the Government's policies on devolution, efficiency and merit in the APS.

The Prime Minister wrote to the then Minister for Employment, Education, Training and Youth Affairs in November 1997, stating that responsibility for implementation of the IDC Report's recommendations should rest with the Public Service Commissioner, liaising as appropriate with the then Department of Workplace Relations and Small Business (now DEWRSB).

The Public Service and Merit Protection Commission (PSMPC) continues to work with DETYA and DEWRSB to assist and encourage all agencies to incorporate the thrust of the IDC recommendations into their recruitment and staffing policies.

As noted in the IDC report:

- The adoption of initiatives which might lead to greater representation of young people in the APS is largely the responsibility of individual agencies. However, changes recommended by the IDC, if introduced, will help towards the removal of structural barriers to young people entering the APS.
- This, of itself, will not lead to a significant improvement in the numbers and proportions of young people employed in the Service.
- Service delivery functions that were once the preserve of government are now being carried out more and more by the private sector or are, at least, subject to competition.
- The devolution of powers to agency heads will limit the Government's scope to direct or influence employment practices.

The introduction of new technology and trends in outsourcing the delivery of services, both within agencies and to the community, have had quite profound implications for the traditional streams for recruiting young people to the APS. This can be expected to continue - no longer will the APS be able to provide the numbers of job opportunities for young people of years past.

### The New Employment Framework

The Government has reaffirmed its commitment to merit based employment through the new employment framework underpinned by the Public Service Bill. The Bill was first introduced into parliament in 1997 and reintroduced in 1998. The Bill made clear that merit was the basis for employment decisions. The concept of merit was dealt with specifically in the proposed Public Service Commissioner's Directions which were to underpin the Bill.

In March 1998 the reform of the APS employment framework through administrative means provided agencies with a choice of recruitment strategies. Agency Heads are required to implement a Workplace Diversity Program which will aim, among other things, to improve the effectiveness of the APS by ensuring that it better reflects the face of the Australian community it serves. Workplace diversity will encourage agencies to appreciate the particular views and attributes that young people bring to the APS, particularly in areas which provide services to youth.

However, the basis of recruitment to the APS will continue to be merit and open competition. Were consideration to be given to exempting the recruitment of trainees or other entry level staff from the merit principle, it would require a fundamental change to existing policy.

## New Apprenticeships

In July 1998, the PSMPC published advice to agencies on the potential application of New Apprenticeships in the APS. The publication was distributed to all Agency Heads and members of the Corporate Management Network. Distribution has been followed up by visits to a number of agencies to promote the New Apprenticeships initiative..

The PSMPC, in conjunction with DETYA and DEWRSB, is encouraging agencies to utilise the New Apprenticeships initiative in order to develop training arrangements to meet their specific needs. Agencies are being encouraged to include enabling provisions in certified agreements which will provide the context for the development of programmes under the New Apprenticeships initiative.

Both the existing legislation and the Public Service Bill provide that a person exercising powers under the Act or the regulations must do so without patronage or favouritism.

Thus, employment strategies and decisions, including engagements under the New Apprenticeships initiative, will need to meet those tests - one of the advantages of the initiative is that New Apprenticeships are open to persons irrespective of age.

The PSMPC will work with DETYA to assist agencies in identifying options for providing opportunities for young people through school based traineeships under the New Apprenticeships initiative, as well as other initiatives such as vocational placements, which provide relevant training to assist students not only for potential employment in the APS but also in the broader workforce.

### **Recommendation 4.3**

**The Committee recommends that the Australian National Training Authority (ANTA) be required to publish annually statistics on the proportion of trainees and apprentices employed nationally by industry sector.**

The Government does not support this recommendation.

The National Centre for Vocational Education Research (NCVER) undertakes on an annual basis the national collection of vocational education and training (VET) data on behalf of ANTA.

Only two States currently report by industry sector because planning occurs on the basis of occupational code. This information is therefore not available nationally. National information is, however, available by occupational code, and the NCVER reports this information quarterly and annually. The NCVER information is available publicly and on the Internet at <http://www.ncver.edu.au>.

### **Recommendation 5.1**

**The Committee recommends that the Department of Industrial Relations undertake or commission empirical research on the relationship between the changes in the level of wages and employment levels.**

This Recommendation has been met.

The Productivity Commission released a staff research paper *Youth Wages and Employment* on 16 October 1998. This paper was, in part, to satisfy Recommendation 5.1 and was also conducted on the basis of requests from several government departments and other organisations, and to help inform the current review of junior rates of pay by the Australian Industrial Relations Commission.

The purpose of the study was to examine the determinants of youth employment in order to shed light on the possible implications of abolishing junior rates of pay in State and Federal awards. According to the Productivity Commission: “To the extent that replacing such awards with non-discriminatory alternatives would lead to an increase in youth wages, the results suggest quite strongly that there would be a more than proportionate reduction in youth employment (page xiii).”

The Productivity Commission’s findings are consistent with the results of previous research conducted by the BLMR and the OECD which shows that an increase in youth wages would lead to a decrease in youth employment.

The study will make an important contribution to the Australian Industrial Relations Commission’s Junior Rates Inquiry, which is examining, among other things, the consequences for youth employment of abolishing junior rates.

### **Recommendation 5.2**

**Members of the Coalition parties on the Committee recommend that the Government make a submission to the Australian Industrial Relations Commission inquiry opposing the abolition of junior wages presently required under the Workplace Relations Act 1996.**

The Commonwealth Government, together with the governments of Victoria, South Australia, Western Australia, the Australian Capital Territory and the Northern Territory, made a joint submission to the Australian Industrial Relations Commission’s Junior Rates Inquiry.

The submission argues that given the lack of viable alternatives to junior rates of pay, the positive role played by junior rates in encouraging youth employment, and the detrimental effect on youth employment consequent on the abolition of junior rates, it is the Joint Governments’ view that junior rates have a necessary and continuing role in the wages system. The submission argues that the Commission’s report to the Minister should lend support to the continuation of junior rates in the federal jurisdiction.

For the reasons outlined in the submission, the Commonwealth Government introduced legislation into the federal Parliament on 26 November 1998 to protect junior wage rates and to make them more widely available. The *Workplace Relations Legislation Amendment (Youth Employment) Bill 1998* will amend the *Workplace Relations Act 1996* to:

- include in the principal object of the Act (section 3) and in the objects of Part VI of the Act the protection of the competitive position of young people in the labour market, the promotion of youth employment and the reduction of youth unemployment;
- permanently exempt junior rates of pay from the provisions of the Workplace Relations Act intended to prevent or eliminate age discrimination in awards and agreements; and
- promote the inclusion of junior rates of pay in awards.

The Bill will also amend the *Workplace Relations and Other Legislation Amendment Act 1996* to permanently exempt junior rates of pay from the provisions of the Act intended to prevent or eliminate age discrimination in awards, and to promote the inclusion of junior rates of pay in awards.

### **Recommendation 5.3**

**Members of the Coalition parties on the Committee recommend that the Government legislate to over-ride existing federal industrial awards to establish a National Youth Wage which:**

- (a) provides for an age based progression;**
- (b) is discounted for trainees and apprentices in proportion to time spent away from productive work and in training;**
- (c) is supported by the Youth Allowance paid by the Commonwealth Government directly to students and young people in part-time work; and**
- (d) is supported by The Wage Top-Up Scheme paid by the Commonwealth Government directly to trainees and apprentices in full time work based training.**

The Government does not support the development of a single national youth wage.

The Government's view is that existing award-based junior wages should continue and that all awards include junior rates wherever their inclusion would provide support to youth employment. This position is reflected in the *Workplace Relations Legislation Amendment (Youth Employment) Bill 1998*, described above in relation to recommendation 5.2.

### **Recommendation 5.4**

**Members of the Coalition parties on the Committee recommend that the Government seek the widest possible legal and constitutional advice on the use of the corporations, interstate trade and commerce and incidental powers under the Constitution, in addition to the industrial relations power, to ensure the uniform national implementation of Recommendation 5.3.**

### **Recommendation 5.5**

**Members of the Coalition parties on the Committee recommend that the Commonwealth Government pursue its attempt at national harmonisation of industrial relations legislation by attempting to secure uniform State and Territory agreement to implement Recommendation 5.3.**

### **Recommendation 5.6**

**Members of the Coalition parties on the Committee recommend that the Commonwealth Government provide for youth training and youth wages to be exempt from the list of disputable matters under section 89A of the *Workplace Relations Act 1995* by Commonwealth legislation implementing Recommendation 5.3.**

Recommendations 5.4 to 5.6 are associated with the implementation of Recommendation 5.3. As the Government does not intend to implement recommendation 5.3, the proposals contained in recommendations 5.4 to 5.6 are not necessary.

### **Recommendation 5.7**

**Members of the Coalition parties on the Committee recommend that the Commonwealth Government legislate to exempt young people under the age of 21 years from compulsory employer sponsored superannuation.**

The Government does not support this recommendation.

The proposed exemption is unlikely to improve overall employment levels. It would have only a minor impact on youth employment and has the potential to reduce the employment of those young people aged 21 years and over as a result of substitution effects.

Employer superannuation contributions are part of employees' remuneration and improvements in superannuation have generally required potential pay rises to be foregone. Exempting employers from the requirement to make Superannuation Guarantee payments in respect of employees under 21 years of age would lead to a considerable reduction in remuneration for all employees under 21 years of age. Those entering the work force under 21 years of age will tend to be among the less well paid and the early years of superannuation contributions are therefore important in securing improvements in retirement incomes.

### **Recommendation 5.8**

**The Committee recommends that the Commonwealth Government, through the Council of Australian Governments, seek the agreement of the State and Territory Governments to the abolition of payroll tax on all employees under 21 years of age subject to the Commonwealth Government making good the shortfall of revenue to each State and Territory.**

The Government notes the concept proposed in Recommendation 5.8.

The Government's tax reform package enables the States and Territories to remove their most inefficient and inequitable taxes - Financial Institutions Duty, debits tax and a number of business-related stamp duties. The States and Territories support the retention of payroll tax given that it is one of the few State taxes which is broadly based and relatively efficient - it has a relatively immobile base and low administration costs.

The proposed exemption is unlikely to improve overall employment levels. Any potential benefits to youth employment would be largely offset by reduced employment of those aged 21 years and over as a result of substitution effects. The proposal would also involve large deadweight costs, as many of those affected would have been employed without exemption. Furthermore, if the Commonwealth Government has to compensate the States for lost revenue, this may require offsetting higher taxation or reduced expenditure elsewhere.



**REPORT BY THE HOUSE OF REPRESENTATIVES STANDING  
COMMITTEE ON  
EMPLOYMENT, EDUCATION AND TRAINING:  
*‘Youth employment: A working solution’***

**Government’s Response  
to the Dissenting Report**

## COMMENTS ON THE MINORITY RECOMMENDATIONS

### Minority Recommendation 1 (page 121)

#### **Funding for labour market programs be restored.**

The Government does not support this recommendation.

While it is true that labour market expenditure was reduced in 1996-97 and in the forward years, the Government's strategy represents an efficient use of resources to achieve real job outcomes for unemployed people.

The 1996 *Working Nation* evaluation highlighted that the amount of programme funding provided under *Working Nation* in 1994 and 1995 did not significantly improve the chances of a great number of unemployed people getting real jobs. Rather, it resulted in job seekers being churned through programmes and receiving training for training's sake.

The evaluation also confirmed that some job seekers were placed in a succession of expensive training and work experience programmes and, at their completion, remained unemployed.

As such, the programmes that did not provide real job outcomes for job seekers have been abolished. The Government has also taken steps to improve and streamline employment assistance since the 1996 Budget. The introduction of Job Network on 1 May 1998 represented an end to the rigid programme structure that has previously made the job seeker fit the programme rather than providing the flexibility for a service to fit the job seeker.

Labour market programmes and case management were cashed out to fund Job Network. Job Network focuses on results and aims to get people into jobs. Job Network members providing Intensive Assistance have the flexibility to decide with the job seeker the best form of assistance to get them a job and may provide this assistance themselves or pay other organisations to provide it. This may include using their fees to provide personal development, job search training, relocation assistance, vocational training, language and literacy training, or other assistance such as work place adjustments or wage subsidies.

The Government would also like to comment on the issue of labour market programme costs raised in the dissenting report, specifically the New Work Opportunities (NWO) 'cost per net impact' of \$143,000 (page 105). This figure is the estimated cost to Government for each participant who went on to secure an unsubsidised job as a result of their participation in NWO and who otherwise would not have secured a job. It is a valid indicator of the programme's effectiveness.

As part of the broader evaluation of labour market programmes, DETYA has conducted extensive research into the degree to which programmes genuinely improved participant job prospects. This is achieved by comparing the employment levels of former participants with those of similar people who were not assisted (controlling for key criteria such as duration of unemployment, gender, age and geographical location).

In the case of NWO, it was found that while 21 percent of participants were in jobs three months after leaving the programme, 17 percent of similar people found work without the benefit of programme assistance.

**Minority Recommendation 2 (page 121)**

**Public sector job losses be ceased immediately.**

This recommendation assumes that the Government has set a number for staff reductions in the APS. This is incorrect.

Since its election the Government has stated frequently that it is determined to address the financial legacy inherited from the previous Government.

Ministers and the heads of APS agencies are responsible for determining how the necessary savings will be achieved in each portfolio. Many departments and agencies have faced a reduction in their overall running costs, but they have retained the flexibility to decide how the savings will be achieved, and what mix of salary cost reductions and reductions in administrative expenditures are needed.

Agencies are continuing to manage staff reductions largely through natural attrition, voluntary retrenchment, the redeployment of affected staff, lower levels of recruitment, reductions in temporary staff and tighter control over the payment of higher duties. Where, however, agencies find it necessary to recruit staff, they are able to do so - there is no Service-wide restriction on recruitment to the APS.

**Minority Recommendation 3 (page 121)**

**Funding for schools, TAFEs and Universities be restored.**

The Government does not support this recommendation.

The Commonwealth does not directly fund TAFEs. Funding for vocational education and training is provided to the States and Territories through ANTA. The Commonwealth reached agreement with the States and Territories in September 1997 on new funding arrangements for the national vocational education and training system, under which the Commonwealth will guarantee funding in real terms for three years from 1998 and the States and Territories will achieve growth through efficiencies.

Overall, the resources available to universities are continuing to increase. The major long-term trend in university finances is that a greater proportion of total income is coming from private sources. This trend will be of benefit to universities, as private revenue sources improve both their financial position and give them greater independence.

The modest reductions to universities' operating grants announced in the 1996 Budget have been implemented in a way which is fair to all institutions and maintains opportunities for young Australians to enter higher education.

Fully subsidised Commonwealth funded undergraduate places will increase by 14,250 equivalent full-time student unit places or 4 per cent between 1996 and 2000. The Government also ensured that funding to higher education institutions per fully subsidised student has been maintained at the 1996 level.

In addition to allowing universities to offer fee-paying places to domestic undergraduate students from 1998, the Commonwealth will provide supplementary funding for Higher Education Contribution Scheme (HECS) liable undergraduate places offered above the base number of fully subsidised places funded by the Commonwealth through operating grants.

The effect of these policies is that there are record numbers of student places in Australian universities.

The Recommendation claims that Commonwealth funding to schools has been declining. On the contrary, direct Commonwealth funding to government and non-government schools has in fact increased by \$1 billion from \$3.5 billion in 1996 to \$4.5 billion in 1999.

#### **Minority Recommendation 4 (page 121)**

**The apprenticeship bonus be restored immediately.**

It is assumed that this reference relates to the comments in section 5 of the Dissenting Report suggesting that “Coalition members would not support a recommendation for the immediate restitution of subsidies to large employers”.

The 1996-97 Budget announced a number of changes to the regime of entry level training incentives which were aimed at better targeting incentives to small and medium businesses and removing incentives paid to large employers with more than 100 employees, from 1 January 1998. Other changes were effective from 1 December 1996. The Budget changes were criticised by large employers, employer representative bodies, regional bodies and Group Training Companies who claimed the changes would lead to a reduction in the recruitment of trainees and apprentices.

Following consideration of the arguments, the Government agreed to a review of the Budget decision to withdraw incentives from large employers for commencements and to consider the recommendations of the review in the context of the 1997-98 Budget.

The Allen Consulting Group was contracted on 24 January 1997 to undertake a *Review of the Impact of Restrictions on Entry Level Training Incentives*. The consultants were asked to consult industry and form a judgement on the impact of excluding employers of more than 100 employees from the entry level training regime. Particular reference was to be given to the extent incentives influence recruitment decisions, the impact on training infrastructure, the recruitment pattern of large employers, the level of skilled workers in the labour market and the quality of training.

Several key findings of the Review, lodged on 20 March 1997, suggested that the impact of the Budget decision would have a detrimental effect on the recruitment of additional trainees and apprentices. The Government decided, in the context of the 1997-98 Budget, to adopt two key recommendations of the Review:

- the payment of incentives to all employers regardless of size, and
- conversion to outlays of the Commonwealth Rebate to Apprentice Full-Time Training (CRAFT) tax exemption.

The conversion, which is in line with Recommendation 3.3 of the National Commission of Audit Report, will simplify the Entry Level Training (ELT) arrangements and improve the overall transparency of benefits while clarifying the costs. It will facilitate more precise targeting of Commonwealth financial assistance for ELT reform and allow better quantification and measurement, and therefore better accountability, in respect of that assistance. In an effort to support ELT outcomes and maintain the real value of incentives for employers of apprentices, the Government has decided to return to 'for profit' employers an amount equivalent to the tax that will be payable on incentive payments for apprentices. This will comprise a \$1500 payment for successful completion of training at Australian Qualifications Framework (AQF) levels 3 and 4 and an increase in the amount of the recommencement payment, for those resuming AQF level 3 or 4 training, to \$750. Introduction of these initiatives has been effected by the passage of legislation amending the Income Tax Assessment Act 1936.

ELT Incentives are designed to encourage employers to recruit trainees and apprentices. They are part of an overall strategy by the Government to support the development of apprenticeship and traineeship opportunities. The Government believes that the revised ELT Incentives regime, in conjunction with the recently announced national campaign promoting New Apprenticeships, will have a positive effect on the number of apprenticeships and traineeship positions. The training arrangements underpinning New Apprenticeships will provide employers with more flexible, more relevant and more responsive training arrangements. New Apprenticeships should help business become more productive and profitable by making it easier and more cost effective for an employer to employ an apprentice or trainee.

In the Government election statement "*Skilling Australia for Jobs*" a new progression incentive for rural and regional New Apprenticeships was proposed. This new incentive was introduced from 1 January 1999 to boost much needed training in rural and regional Australia. The Rural and Regional New Apprenticeships incentive provides an additional progression incentive of \$1,000 to employers of New Apprentices in defined trades and occupations experiencing skill shortages in non-metropolitan areas. This initiative will strengthen the skills base in regional and rural Australia thereby supporting local communities, business and regional jobs growth.

**Minority Recommendation 5 (page 121)**

**More guided economic expansion is needed, including of the public sector, to create more jobs for young people.**

The Government does not support this recommendation.

Australia is now experiencing strong output and employment growth. The key to reducing youth unemployment, and unemployment in general, is to create the conditions for stronger, sustainable economic growth. This requires consolidating reform across a range of fronts including fiscal responsibility and the implementation of structural reforms that will help lift the speed limits to growth on the Australian economy.

On the other hand, attempts at direct public sector job creation are unlikely to be successful. Such attempts generally involve a considerable public investment for limited long run benefits. Furthermore, there is little scope to greatly expand the number of employment opportunities for young people in the public sector, where many of the jobs which they once performed have disappeared with changes in the role of the public sector and the adoption of modern technology and work practices.

A more effective way of assisting young people is to prepare them better for the emerging job opportunities which will occur as Australian industries grow and diversify. A range of Government initiatives, including New Apprenticeships, the Jobs Pathway Programme which gives assistance in the transition from school to work, and literacy measures in schools, have been introduced to provide young people with the skills and other attributes needed by employers.

**Minority Recommendation 6 (page 121)**

**Redistribution of working hours be given consideration by unions, employers, government and the community at large.**

The *Workplace Relations Act 1996* permits employers and employees to vary working hours or adopt other measures to reduce working time, such as the introduction of regular part-time employment, in order to meet the needs of the parties at the enterprise or workplace.

The Government's approach is to ensure that the system provides employers and employees with the flexibility to enter agreements that are mutually beneficial and relevant to the circumstances of the enterprise.

As a general comment, the Government notes that mandatory schemes which attempt to reduce or redistribute working hours do not provide an effective long-term solution to unemployment. Overseas research, such as the OECD's international study of unemployment - *The Jobs Study* - and Australian research, particularly by the National Institute of Labour Studies (NILS), has shown that such schemes generate far fewer jobs than initially expected and weaken long term employment prospects through increases in inflation and hourly wages. Non-wage labour costs in areas such as recruitment and training would also be expected to increase. This could lead to higher inflation levels, substitution of capital for labour, or increases in the use of over-time. Furthermore, if there is a shortage of unemployed people with the necessary skills and experience, attempts to redistribute working hours would lead to a skills mismatch between the current pool of unemployed people and the new jobs that would become available.

These findings are supported by a more recent Australian study, *Reforming Work Time*, commissioned by the Brotherhood of Saint Laurence. This study concludes that changes in working time arrangements, even when supported by Governments, are likely to have only a minor effect on employment and unemployment.

**Minority Recommendation 7 (page 121)**

**The Commonwealth Government examine new infrastructure schemes as a vehicle for jobs growth.**

The Government recognises the role that infrastructure can play in the growth of the economy and thereby in providing opportunities for employment growth. To this end, the Government is implementing a range of initiatives including: the \$1 billion Federation Fund which is the source of the \$100 million which has been committed to the Alice Springs to Darwin railway, the \$250 million Regional Telecommunications Infrastructure Fund, and the Infrastructure Borrowings Tax Offset Scheme. The latter scheme operates in addition to the continued benefit being provided for private sector infrastructure under the former infrastructure tax scheme, amounting to \$260 million over the next four years. In addition, the Government will provide \$250 million over four years for investment in the interstate rail track entity (as part of an agreement with the States on rail reform) and is providing substantial funds to roads at Commonwealth, State and Local Government levels.

However, the provision of infrastructure more generally should be based on thorough cost-benefit analyses which ensure there are adequate returns to the community from the investment. Soundly based infrastructure investment decisions will promote the efficient allocation of resources and will, therefore, provide the foundation for stronger long run growth that is conducive to sustained reductions in unemployment. The Government believes that the need for infrastructure construction should be assessed on a case by case basis, comparing the benefits of individual projects with alternative uses of funds.

**Minority Recommendation 8 (page 121)**

**Funding for early intervention programs targeting literacy and numeracy should be provided by the Commonwealth Government directly to primary schools.**

The Government does not support this recommendation.

The Commonwealth's Literacy Programme will provide funding of almost \$680 million over the next four years to 2001/02 and aims to measurably improve literacy outcomes for educationally disadvantaged students. Under the *States Grants (Primary and Secondary Assistance Act) 1996*, funding is paid directly to State and Territory government authorities which are required to target schools which are considered to have the highest needs for this additional assistance.

The Commonwealth provides funding at the system level rather than directly to primary schools in order to increase the type of support and cost effectiveness of initiatives funded by the Literacy programme. It enables education authorities to integrate programmes with existing system and school literacy initiatives and allows for the implementation of system wide initiatives such as:

- professional development projects;
- the development of resources such as intervention programmes;
- preparing, publishing or purchasing and implementing programme or assessment materials or items of equipment such as teaching aids; and
- salaries for specialists and support staff.

From 1998, an accountability measure for Literacy Programme funding will be that education authorities must provide the Commonwealth with detailed plans outlining how programme funds will be used to assist students in reaching the national literacy and numeracy goal.

#### **Minority Recommendation 9 (pages 121-122)**

##### **Commonwealth funding of Vocational Education and Training (VET):**

- (a) be increased to meet demand with an immediate commitment to the continuation of growth funds for the VET sector;**
- (b) contribute additional funds to the VET sector at a level commensurate with the policy initiatives being pursued by the Federal Minister for Employment, Education and Training;**
- (c) recognise the need for literacy in the workplace and expand opportunities for access to special needs programs;**
- (d) increase funding to labour market programs which include work related key competencies;**
- (e) ensure training components in labour market programs meet necessary standards for VET accreditation; and**
- (f) conduct meaningful negotiations with the States and Territories to restore a genuine partnership in the provision of quality VET.**

The Government does not support recommendations 9 (a) and (b).

On 25 September 1997 State, Territory and Commonwealth Ministers agreed upon the basis for funding Australia's vocational education and training system. States and Territories agreed to achieve growth in their vocational education and training systems through efficiencies. In return, the Commonwealth Government agreed to maintain funding in real terms (\$890.585 million in 1998) for three years.

Through the new ANTA agreement, the States and Commonwealth, as equal partners, will identify and plan for future growth requirements, including requirements arising from major changes in factors affecting demand.

#### Minority Recommendation 9 (c)

The Government supports the underlying intent of this recommendation as it is consistent with Government priorities in the areas of English language and literacy training in the workplace.

The Commonwealth funds English language and literacy training in the workplace under the Workplace English Language and Literacy (WELL) programme. This programme aims to provide workers with English language and literacy skills that are sufficient to enable them to meet both the demands of their current employment and their future employment and training needs, particularly in the context of workplace reform.



Funding is provided for workplace based language, literacy and numeracy training activities which are integrated with other vocational skills training and for resource development, particularly that associated with the integration of language literacy and numeracy competencies into industry training packages and competencies standards. The Commonwealth provides \$7 million to the States and Territories through ANTA for adult literacy provisions. The Commonwealth also provides \$2 million for Adult Literacy National Projects.

#### Minority Recommendations 9 (d) and (e)

The Government does not support these recommendations.

As noted under Majority Recommendation 2.1 (a) most labour market programmes were cashed out to fund Job Network. Through Intensive Assistance, improved flexibilities apply which enable the Job Network organisation to tailor assistance to the individual needs of the job seeker.

The Job Network organisation, in consultation with the job seeker, may choose to fund an accredited vocational training placement or alternatively, may consider that on-the-job or other training will best suit their client's employment needs and offer the best chance for their client to get a job.

#### Minority Recommendation 9 (f)

The Commonwealth, State and Territory Ministers responsible for vocational education and training concluded negotiations in November 1997 on future national arrangements under a revised ANTA Agreement for the three years from 1998 to 2000. The revised ANTA Agreement will provide the framework for a genuine national partnership involving industry as a key stakeholder in delivering quality vocational education and training that meets the needs of students and business.

#### **Minority Recommendation 10 (page 122)**

**The Commonwealth Government should immediately move to:**

- (a) abolish full fee paying tertiary education places for Australian students; and**
- (b) reform the HECS system to ensure that it does not act as a deterrent for young people from all groups in society to access a university education.**

#### Minority Recommendation 10 (a)

The Government does not support this recommendation.

The intention of the Government has been to enhance the opportunities for students by allowing fee paying students to be admitted in addition to funded places.

From 1998, universities will be able to offer fee-paying places to Australian undergraduate students in award courses. This will introduce long overdue flexibility for universities to offer greater choice and to diversify and significantly enhance their sources of income. At the same time, it removes the existing anomaly whereby overseas students are able to pay for a place in an Australian university but Australian students are not.

The overwhelming majority of students will continue to contribute to the costs of their higher education through HECS. There will be financial penalties applied automatically to universities which offer fee-paying undergraduate places while failing to meet their Commonwealth funded undergraduate student load target.

The Government is aware that there are a number of disadvantaged groups who access higher education at well below the rate of the rest of the population, including students from low socio-economic status backgrounds. The Commonwealth's Higher Education Equity Programme encourages universities to develop strategies to address this issue.

Low access is due to a variety of complex factors, including educational disadvantage, lack of family and peer encouragement and support, and cultural issues. Higher education is financially accessible and available to all students. HECS means that no student is excluded from higher education as a result of having to pay up-front tuition fees.

The Youth Allowance provides assistance to students from low income families in order to encourage them to gain a qualification. The Youth Allowance means test ensures that limited funds are directed towards the most needy students.

#### Minority Recommendation 10 (b)

The Government does not support this recommendation.

In relation to HECS, no qualified student will be prevented from entering higher education by his or her inability to pay at the time of enrolment. All HECS-liable Australian students will continue to be able to defer their HECS contribution until they have the capacity to repay.

In 1998, DETYA released a report indicating that the changes to HECS have had no apparent effect on the number of school leavers applying to higher education. The report found that there may have been an effect on mature age students. However, the report only refers to applications made through State Admission Centres. It appears that more mature age people may have been applying directly to higher education institutions.

The lack of effect on school leaver applications and limited effect on mature age applications is not surprising given that the returns to higher education remain high. Higher education remains an attractive investment for individuals.

### **Minority Recommendation 11 (page 122)**

**The Commonwealth Government must make a commitment to invest in primary education to ensure that:**

- (a) primary schools are adequately resourced to support all children to develop literacy competence;**
- (b) those students who fall into high risk categories (students from low socio-economic backgrounds; indigenous students and those for whom English is a second language) or who suffer learning disabilities be given special attention through the support of special programs and additional numbers of trained teachers; and**
- (c) national standards of literacy be assessed on a periodic basis using the methodology employed by the National Schools English Literacy Survey (NSELS).**

The Government supports the underlying intent of this recommendation.

The recommendation is consistent with the Government's policy to improve literacy and numeracy outcomes for Australian school children.

#### Minority Recommendation 11 (a)

The Commonwealth provides supplementary funding to government and non-government school authorities for a range of programmes including literacy support activities. The Commonwealth's financial contribution to schools is more than \$4.1 billion a year. State and Territory government and non government education authorities have the flexibility in educational expenditure to give priority to improving literacy and numeracy standards. All State and Territory governments have committed themselves to giving priority to literacy and numeracy issues through their agreement to the National Literacy and Numeracy Plan.

#### Minority Recommendation 11 (b)

The Commonwealth's Literacy Programme will provide funding of almost \$680 million over four years to 2001/02 and aims to improve literacy outcomes measurably for educationally disadvantaged students. Funding is paid directly to State and Territory government and non government education authorities, which are required to target schools considered to have the highest needs for this additional assistance.

Funds are provided specifically to:

- assist all children to meet the National Literacy Goal, with a particular focus on students in the crucial early years;
- assist primary and secondary schools and school communities to improve learning outcomes of educationally disadvantaged students, the most fundamental being literacy and numeracy;
- assist ESL students by developing their English language competence and facilitating their participation in mainstream education activities; and
- assist the educational participation and outcomes of children and students with disabilities through the provision of assistance targeted at schools, community groups and non-school organisations.

Literacy Programme funds are expected to be used to support the provision of special programmes and to ensure the availability of trained teachers to meet the programme objective.

The Government's recent election commitment to provide an additional \$72 million over three years to improve the literacy and numeracy skills of school students and a further \$40 million over four years for literacy and numeracy initiatives in the middle years of schooling will expand the existing Literacy Programme.

#### Minority Recommendation 11 (c)

National standards of literacy and numeracy will be assessed through the National Literacy and Numeracy Plan agreed to by all Education Ministers at the March 1997 meeting of MCEETYA. A key element of the Plan is the assessment of all students against national benchmarks in literacy and numeracy which are being developed for Years 3,5,7, and 9/10. Work is being carried out to establish national comparability in reporting student achievement against the benchmarks.

The Commonwealth also provides around \$300m per year in targeted programmes to address the educational needs of at risk students, such as students needing ESL support, students with disabilities and students from rural and remote areas.

#### **Minority Recommendation 12 (page 122)**

**The Commonwealth Government institute a National Guarantee which entitles every Australian to a funded place in schools or TAFE to complete Year 12 or equivalent and/or to attain an initial or entry level qualification at TAFE or University.**

The Government does not support this recommendation.

As noted in the Government's response to Recommendation 3.2, young people aged under 18 years of age are catered for under State and Territory systems which have an obligation to provide a school place for those who wish to remain at school until Year 12.

The Commonwealth has provided a substantial package of funding measures (\$187 million over four years) to support the expansion of vocational education and training in schools. This funding aims to assist school systems to provide a variety of pathways as an incentive for more students to remain at school and to complete their Year 12.

Improving opportunities for young people, especially through New Apprenticeships, is a high priority endorsed by the Commonwealth and all State and Territory Ministers for vocational education and training.

For people aged 18 years or over, there are opportunities to complete a Year 12 or equivalent within the school sector such as adult night classes, through the TAFE system or with a recognised training provider.

### **Minority Recommendation 13 (page 122)**

**The Commonwealth Minister for Schools, Vocational Education and Training, in consultation with State and Territory Ministers:**

- (a) seek agreement among themselves and other stakeholders including the ASTF concerning the criteria underpinning national standards for all workplace learning programs;**
- (b) implement national guidelines and, as far as practicable, uniform workplace assessment methods for workplace education programmes;**
- (c) devise methods to further encourage the adoption of high quality workplace education programs so that they become available to a much higher proportion of upper secondary students; and**
- (d) implement medium to long term funding arrangements which recognise the higher costs and more onerous administrative burden for schools offering and coordinating workplace education programs.**

#### Minority Recommendation 13 (a)

This recommendation is similar to that made under Recommendation 3.3 (a) of the majority response. [The Government's response to Recommendation 3.3 \(a\) is on pages 7-8.](#)

#### Minority Recommendation 13 (b)

This recommendation is identical to that made under Recommendation 3.3 (b) of the majority response. [The Government's response to Recommendation 3.3 \(b\) is on page 8.](#)

#### Minority Recommendation 13 (c)

This recommendation is identical to that made under Recommendation 3.3 (c) of the majority response. [The Government's response to Recommendation 3.3 \(c\) is on page 8.](#)

#### Minority Recommendation 13 (d)

This recommendation is identical to that made under Recommendation 3.3 (d) of the majority response. [The Government's response to Recommendation 3.3 \(d\) is on pages 8-9.](#)

#### **Minority Recommendation 14 (page 122)**

**The Commonwealth Minister for Schools, Vocational Education and Training should seek agreement with his State and Territory counterparts, the Education Unions and the relevant Industry ITABs to establish and implement qualifications and standards for Vocational Education and Training Teachers.**

The Government supports the underlying intent of this recommendation. At the national level the Commonwealth Government is interested in the overall standard of teacher qualifications. However, it should be noted that this is a State/Territory issue as it relates to State/Territory and individual enterprise agreements covering VET teachers. Work is under way in a number of jurisdictions to develop standards.

#### **Minority Recommendation 15 (pages 122-123)**

**The Coalition Government must recommit funding to targeted equity programs for the poorest and most disadvantaged of our students. There must be a capacity for all schools to offer a balance of general and vocational education. Child poverty, Aboriginality and gender must be addressed if equality of opportunity through the workforce is to be realised.**

The Commonwealth has a range of targeted programmes which provide additional assistance for the most educationally disadvantaged students in Australia.

Commonwealth Government targeted funding for disadvantaged schools has been maintained and incorporated in funding for the Literacy Programme. This programme combines funding provided under the former Disadvantaged Schools and English as a Second Language - General Support programmes. The Commonwealth allocates Literacy Programme funds to States on the basis of relative need as identified by Australian Bureau of Statistics (ABS) Census data on students' English as a Second Language (ESL) status and relative socio-economic disadvantage.

Funding is provided to disadvantaged schools to improve literacy outcomes measurably for students who are educationally disadvantaged in terms of their literacy and numeracy outcomes. This may be due to a range of factors such as a language background other than English, Aboriginal and Torres Strait Islander background, or low socio-economic status. This is in recognition of the central importance of literacy skills for every child and the established links between educational disadvantage, poor literacy and numeracy skills and poor educational outcomes.

Under the Special Learning Needs Programme, the Government also provides assistance to education authorities for students from rural and remote areas to improve the delivery of school educational services in geographically isolated areas. In 1998, State and Territory education authorities received almost \$18 million under this programme. Education authorities also receive funding to assist them to provide intensive ESL instruction for each newly-arrived, non-English speaking student to enable those students to become proficient enough to participate in a mainstream classroom. The Government provided \$3362 for each student undertaking intensive ESL tuition. The Government also provides funding for children and students with disabilities to improve their educational participation and outcomes. In 1998, approximately \$105 million was made available specifically for children and students with disabilities.

The Government is also committed to reducing youth unemployment and encouraging young people under 18 to complete Year 12, or if they leave school early, to move onto further training or

employment. From January 1999, a requirement of the new Youth Allowance is that eligible under 18 year olds who have not completed Year 12 or equivalent will be required to be in full-time education or training, unless they are specifically exempted from this requirement. In recognition of the special needs of young people returning to education, a \$42.6 million package of measures will provide extra assistance over the next 3 years. This funding will be available to schools, industry and community groups to provide programmes and services which assist students to make a successful transition from school to work.

The Government recognises that the inability of Indigenous students to participate in basic schooling due to lack of fluency in English is a fundamental impediment to their participation in the classroom and subsequently their acquisition of literacy skills. In 1998, the Government will assist Indigenous students who have very limited exposure to, or use of, English in their communities and who will be required to use the English language in a sustained manner when they first commence school. Each eligible student will attract a once only payment of \$3079.

Further comment on Commonwealth funding to ensure equitable education and employment outcomes for Indigenous students is provided under Minority Recommendation 16.

#### **Minority Recommendation 16 (page 123)**

**The Commonwealth Government must ensure that education and vocational education and training opportunities are guaranteed for Indigenous students as a central element towards reconciliation. National targets must be set and funded to ensure that:**

- (a) indigenous students share equally in educational outcomes;**
- (b) labour market programs are relevant to Aboriginal communities and carry VET accreditation; and**
- (c) targeted programs support indigenous young people into appropriate education and training and through education into employment.**

#### Minority Recommendation 16 (a)

The first piece of legislation passed by this Government on obtaining office brought about possibly the most innovative and progressive change to any education program for Indigenous students in Australia. The *Indigenous Education (Supplementary Assistance) Act 1989* was amended to enable the introduction of a performance-outcomes based programme, the Indigenous Education Strategic Initiatives Programme (IESIP). In the fiscally difficult 1996 Budget, the Government committed an additional \$80 million over four years to the Year 2000 for the IESIP programme, so that in 1996-97, IESIP funding of \$110 million was available to improve Indigenous educational outcomes.

In the lead-up to the implementation of the restructured IESIP from January 1997, the Commonwealth persuaded every provider of education to Indigenous students in the pre-school, school, and vocational education and training sectors, including all State and Territory Governments, to negotiate their way through a comprehensive set of performance indicators and targets to measure their achievements over the 1997-99 triennium.

The structure now in place means that, for the first time, the per capita enrolment-driven Commonwealth supplementary assistance to providers is based on their achieving progress towards closing the gaps between Indigenous and non-Indigenous education outcomes. Rigorous

performance focussed monitoring occurs in which the Commonwealth requires Indigenous independent consultative bodies to be involved. As a result, both Indigenous communities and the broader Australian community are benefiting from a more transparent programme with clear performance outcomes.

The Government has also provided increased funding for the Aboriginal Education Direct Assistance Programme. This programme comprises tutorial assistance, vocational and educational guidance, and the Aboriginal Student Support and Parent Awareness (ASSPA) Programme. In 1997-98, \$58.6 million will be available, up from \$51.4 million in 1995-96.

From 1 January 1997 the ASSPA Programme was extended to pre-school, enabling Indigenous people to assist their children from an early age.

#### Minority Recommendation 16 (b)

On 1 May 1998 most labour market programmes were “cashed out” to fund Job Network. Under Job Network, Intensive Assistance is available to job seekers assessed as disadvantaged, and Indigenous Australians are often represented in this group. Job Network members providing Intensive Assistance have the flexibility to decide with Indigenous job seekers the best form of assistance to get them a job. Centrelink has targets, set by the Government, for referral of Indigenous people into Intensive Assistance.

Under Job Network Indigenous Australians receive at least the same share of assistance as provided under previous labour market programmes. In regions where there are high proportions of people of non-English speaking backgrounds or Aboriginal and Torres Strait Islander people, organisations tendering for Job Network contracts were required to demonstrate how they would help these groups. As well, organisations with specific expertise and experience in assisting job seekers from one or more disadvantaged groups, such as Aboriginal and Torres Strait Islander job seekers, could choose to concentrate their tender on a specific group. Indigenous job seekers have the option of choosing the Job Network organisation that they feel will best meet their needs.

The Government recognises the need for special employment measures to improve the employment prospects of Indigenous Australians. The Employment Strategies element of the Training for Aboriginals and Torres Strait Islanders Programme (TAP) is increasingly being utilised in remote communities and the Regional Assistance Programme (RAP) is also particularly relevant to communities of Indigenous people in remote areas.

The Employment Strategies element complements Job Network services by providing project based assistance to address the particular labour market needs of Indigenous people. This includes special recruitment and career development arrangements in the private sector (particularly the mining industry) and special projects in Indigenous communities.

A major part of the Government’s strategy to assist Indigenous job seekers is the Community Development Employment Projects (CDEP) scheme funded through the Aboriginal and Torres Strait Islander Commission. CDEP provides employment opportunities for Indigenous people in a wide range of community development projects and enterprises in locations where there are no, or limited, alternative prospects. CDEP has some 30,000 participants in 260 communities. CDEP participants have access to Job Network assistance.

The Employment Strategies component of the Training for Aboriginal and Torres Strait Islanders Programme has not been cashed out. Employment Strategies are designed to increase the number



of Indigenous people employed in major public and private sector enterprises and with employers of regional significance. Increasingly, Employment Strategies are being directed towards structured entry level training. In particular, Indigenous people are increasingly taking up traineeships as a pathway from school to work.

#### Minority Recommendation 16 (c)

Targeted programmes support Indigenous young people into appropriate education and training and through education into employment.

Entry level training, such as apprenticeships and traineeships, provide the best prospects of lasting employment. The Government has also funded projects for trainees and apprentices on Indigenous communities. There are over 200 Indigenous trainees working on community based building projects throughout Australia.

The Government is currently examining its programmes and services in order to develop better linkages between them and further improve school to work transition prospects for Indigenous Australians.