

Dissenting report

INDEX

1. Introduction
2. Youth Unemployment
 - 2.1 Reasons for youth unemployment
 - 2.2 Costs of Unemployment
 - 2.3 Is Economic Growth a solution to youth unemployment?
3. Labour Market Schemes
 - 3.1 Labour Market Schemes Under the previous Government
 - 3.2 Labour Market Schemes under the Coalition Government
4. Education
 - 4.1 Literacy
 - 4.2 Retention Rates
 - 4.3 Beyond Schooling
 - 4.4 Information Technology
 - 4.5 Vocational Education & Training
 - 4.6 Higher Education
5. Apprenticeships & Traineeships
6. Youth Wages & Conditions
 - 6.1 The Coalition members propose to lower youth incomes
 - 6.2 The effect of changes
 - 6.3 The junior wages debate
7. Conclusion
8. Minority Recommendations

Attachment to the Dissenting Report

1. INTRODUCTION

This minority report has been prepared in response to fundamental omissions and errors of fact and judgement contained within the majority report.

The most significant factor influencing the employment of young people is the availability of jobs. Coalition members of the Committee could not agree with this basic proposition. Instead they advocate change to secondary factors that are only designed to improve young people's competitive advantage within the current labour market. Increasing the competitive advantage of young people within the labour market does not expand the size of the market itself.

The primary focus of this inquiry's recommendations should have been on the most significant factor influencing the employment of young people: jobs and jobs growth.

Even if all measures proposed in the majority report were adopted and actually effected a significant change, there would be at best, simply a change in demographics of the unemployed. There would not be fewer unemployed. As the AYPAC submission stated:

Unfortunately, increasing education qualifications does not insulate young people from unemployment. People who have more education have a lower probability of unemployment. But if everyone increases his or her qualifications, it doesn't mean that unemployment goes down; it just changes the composition of the unemployed.

Increasing young people's proportional representation in the labour market is desirable. Young people are vulnerable to the harm to their self esteem that unemployment brings. However, to confine efforts to this cause alone is a hopeless exercise. It would be far better to create more employment opportunities.

It is asserted by the majority that this inquiry is not about youth unemployment. The major direction of the inquiry and its recommendations revolve around how to improve the employment prospects of young people. The semantics in suggesting that the emphasis of the inquiry has not been on youth unemployment is implausible. That implausibility has become even more difficult given the emphasis of this inquiry's recommendations which assert a contribution to reducing youth unemployment.

Developing an understanding about youth unemployment is an important step before considering factors that influence the employment of young people. This report first develops understanding about youth unemployment and what its costs are. Changes to education and labour market programs are critically assessed. Majority recommendations are then examined in light of that analysis. Finally, options for improving young people's chances in the labour market that were not contemplated in the majority report are canvassed.

Acknowledgment

Much of the literature surveyed in this Minority Report was prepared by Ann Mathews. The author owes much of the work in this report to her research. The conclusions in the minority report however are those of the author.

2.0 YOUTH UNEMPLOYMENT

2.1 Reasons for youth unemployment

Youth unemployment has been a critical problem in Australia for the past ten years, with unemployment for 15 to 19 year olds stagnating at around 25 per cent to 30 per cent for this period.¹ The reasons for such high levels of youth unemployment are complex. The economic recessions of 1982/83 and 1990 are a contributing factor. By 1981, youth unemployment was 13.9 per cent; in 1982-83 the recession caused it to jump to 22.6 per cent. It was not until 1989 that teenage unemployment fell to pre-recession levels.² In this year youth unemployment rates went down to 13.1 per cent, but in 1990 they jumped to 20.8 per cent, and then peaked at a massive 30.9 per cent in 1992.³ They have stayed somewhere around this alarmingly high rate ever since. It is clear from these figures that the recessions had a huge impact on youth unemployment. It is widely accepted that young people are the 'first to be fired, last to be hired'. Youth unemployment has never recovered to pre-recession levels in Australia.

Youth unemployment is not only due to the recent recessions Australia has witnessed but is also a result of structural and technological changes that have taken place in the labour market over the last 25 years. These changes include new communications technologies, computerisation, and the increased efficiency of employers in matching labour supply to labour demand,⁴ and mean that there are fewer job opportunities. In addition, many of the jobs remaining require more skill. For example, nursing is now a three year university course.⁵

These structural and technical changes in the labour market have had a particular impact on youth unemployment because the jobs that have disappeared were traditionally held by young people. The decline in the number of young people in full-time employment from 603,700 in 1964 to 223,200 in 1993 has occurred across all industries and occupations. Young females have been most affected, with employment dropping between 1970 and 1993 by three quarters. The corresponding rates for young males is just over half.⁶

Not only is this significant because there has been a demise in full-time jobs, but because these full-time jobs were the traditional 'entry level' jobs for young people. Jobs such as clerical work, cashiering, bookkeeping, teller positions and data

1 Julian Pocock, Submission to Senate Economics Committee Inquiry, (Canberra, AYPAC, 1996), p. 2.

2 David Winderlich, *Surplus to Requirements* (Adelaide; Youth Affairs Council of South Australia, 1991), p. 15.

3 Catherine Magree, *Aspects of Youth Unemployment in Australia* (Fitzroy, Brotherhood of St Laurence, 1994), Table 1, p. 4.

4 *ibid.* p. 5.

5 Mary Crooks & Marcia Webb, *op.cit.*, p. 2.

6 Mary Crooks & Marcia Webb, *op.cit.*, p.2; Catherine Magree, *op.cit.*, p. 5.

processing⁷ used to be the starting point for a career for young people but are now much harder to find. The public service was once another area in which young people could start a career with very little training or qualifications. The recent cutbacks to the public sector will have further significant negative effect on youth employment. The Committee should have recommended that current public sector cutbacks to employment be ceased.

While there has been a substantial increase in part-time employment, nearly all part-time jobs are held by students with 90 per cent of these jobs being casual.⁸ These jobs are not secure or seen as a possible career path. The increase in part-time work has therefore not directly helped the problem of youth unemployment.

The Committee agreed that privatisation and contracting out has resulted in fewer jobs for young people.

Because unskilled entry-level jobs have disappeared, education and training are imperative if young people are going to be competitive in the labour market. Another reason given for the high rates of youth unemployment by Crooks and Webb, is the competition young people now face from well-educated and experienced adults.⁹ The issues of education and training will be addressed later.

2.2 The costs of unemployment

David Winderlich, in *Surplus to Requirements*, writes that:

*The debate about unemployment has concentrated on the allegedly prohibitive cost of reducing it. Providing jobs is said to cause inflation and requires increased government spending.*¹⁰

He argues that the so-called 'Economic Rationalists' see these costs as 'economically damaging and irresponsible'.¹¹ Evidence of this line of thought can be seen in the massive cutbacks the new Federal Liberal Government has inflicted on labour market programs. 'Economic Rationalists' however ignore the massive and disturbing economic, social and individual costs of sustained high levels of unemployment. The costs of unemployment are important to this paper, because it is estimated that young people 'represent just over 40 per cent of all unemployed people'.¹²

The most obvious direct economic cost to the government in relation to unemployment is unemployment benefits. Australia has allocated 1.27 per cent of Gross Domestic Product (GDP) for the 1996/97 financial year to unemployment benefits alone.¹³ The loss of revenue in the form of taxation is also substantial.¹⁴

7 Catherine Magree, op.cit., p. 5.

8 Mary Crooks & Marcia Webb, op.cit., p. 2.

9 ibid.

10 David Winderlich, op.cit., p. 26.

11 ibid.

12 Julian Pocock, op.cit., p. 2.

13 Budget Statements 1996-97, Budget Paper No.1.

Other financial costs of unemployment are less direct, but nonetheless significant. Daryl Dixon in *Unemployment: the Economic and Social Costs*, gives a good outline of these costs. Unemployment forces people into low income brackets which means they then qualify for government assistance in the form of public housing or rental assistance. Further to this, unemployment for long periods of time can mean that people are unable to meet their mortgage repayments so are forced onto the government housing waiting lists this way. Free or reduced rates for health care is another cost to the government caused by unemployment, and the children of unemployed people make up a substantial proportion of AUSTUDY recipients.¹⁵ Dixon argues that the financial strain which comes with unemployment can often lead to marriage breakdowns, which in turn leads to increased government expenditure in the form of the sole parent pension.¹⁶ The list could go on.

The social and individual costs of unemployment are similarly disturbing. The Australia Institute's recently published discussion paper titled: *Redistributing Work*, asserts that:

*Many studies have confirmed that unemployment results in declining feelings of self-worth, alienation from society, a range of pathological or anti-social behaviours, loss of skills including basic life skills, and general malaise.*¹⁷

Unemployment seems to impact particularly on young unemployed people this way, possibly because many young people have not had any experience in the workforce at all; their self-esteem is more fragile and they become disillusioned more readily. There is also a lot of literature on the negative consequences of young people not being able to become independent, (the traditional way for young people to achieve independence has been through paid employment), and how this affects the individual young person, their family, and society generally.¹⁸ Youth unemployment and youth homelessness have also been shown to be linked by studies undertaken by the Brotherhood of St Laurence.¹⁹ The most alarming cost of youth unemployment is suicide. A correlation between unemployment and suicide has long been established in adult males, but since 1961 suicide has changed from an adult to a youth problem. The teenage male suicide rate rose from '6 to 16.6 per 100, 000 between 1961 and 1985.²⁰

Some have endeavoured to scape-goat the unemployed rather than deal with the underlying causes of unemployment. This activity has not helped to reduce the escalating suicide rate amongst young people.

14 Daryl Dixon, *Unemployment: the Economic and Social Costs* (Melbourne, Brotherhood of St Laurence, 1992), Ch. 3.

15 *ibid*, p. 23.

16 *ibid*. Chs 3 & 4.

17 The Australia Institute, *Redistributing Work*, 1996, p. 1.

18 Catherine Magree, *op.cit.*, Section 2.

19 Daryl Dixon, *op.cit.*, p. 20.

20 David Winderlich, *op.cit.*, p. 27.

Leading on from these consequences of unemployment are costs to the government in the form of family support services, law enforcement and correction services.²¹

2.3 Is Economic Growth a solution to youth unemployment?

Economic growth is necessary but not sufficient, and will not become sufficient to solve the crisis of unemployment in Australia, especially for youth. The Australia Institute argues that:

*Nowadays, it simply cannot be assumed that economic progress will automatically be transformed into employment. In most OECD countries, charts that plot GDP growth and employment growth together over the years since the 1960s show GDP rising by 150 to 250 per cent while employment has increased by 0 to 80 per cent.*²²

If economic growth is to have a positive effect on employment it is estimated that 'GDP must grow by over 3.5 per cent for an extended period. This seems unlikely.'²³

Therefore further interventions are required to facilitate jobs growth. Vision is required to establish and promote job intensive industries. The popular myth that economic growth alone will improve a person's chance of getting a job is not supported by the evidence. We must create employment. Those that oppose projects such as large scale infrastructure schemes, or job engines, do so out of ignorance of the real costs of unemployment.

3. LABOUR MARKET SCHEMES

It is useful to compare initiatives in European and North American countries, which seek to address the problem of youth unemployment, with the situation in Australia. A report compiled by Colin Ball was commissioned by the *Young Australians: Making the Future Work Project*. The report gives a detailed account of an array of programs that have been implemented in European and North American countries, and New Zealand. The best of the programs are based on the recognition that young people are a diverse group, that consequently they need a wide-range of programs to suit their needs, and that unemployment is about more than simply not having a job. Some of the schemes initiated are designed for school kids and have a preventative approach, some are designed to make the transition from school to work smooth, whereas others are designed to help young people once they have become unemployed. No one country has a perfect combination of programs.

3.1 Labour Market Programs under the previous Government

21 ibid.

22 The Australia Institute, op.cit., p. 5.

23 ibid.

The Federal Labor Government recognised the increased need for training at the Youth Forum in 1992, and introduced the National Employment and Training Plan. The then Government also introduced new labour market programs and expanded those already in existence.²⁴

The Federal Labor Government also implemented the Training Guarantee Levy to try and get business to take some responsibility for training through investing in it. The levy was later removed after it had achieved some success in increasing employer expenditure on training. Increasing school retention rates was another priority of Labor and the number of students completing Year 12 increased from 64 per cent in 1990 to 72.2 per cent in 1995.²⁵

Major inroads into the problem of youth unemployment still had not been made so, as a part of *Working Nation*, the Youth Training Initiative (YTI) was implemented in January 1995. It broadly provided:

*Intensive case management;...access to a labour market or vocational training program for those who remain unemployed six months after registering; ...and income support arrangements for those undertaking approved education, training or job search activities.*²⁶

Progress was made in the area of youth unemployment under Labor. The number of unemployed teenagers actually dropped from around 150,000 to 90,000 during Labor's term.²⁷

The numbers of long-term unemployed had fallen in trend terms every month for the last 32 months of the Labor government. However, despite the successes, it has been alleged that labour market schemes under *Working Nation* were wasteful. For example, the Minister for Schools, Vocational Education and Training stated in the house — and the Prime Minister repeated the claim — that 'the cost per job obtained through new work opportunities...was \$143 000'.

It later became clear that these figures related not to the cost per person assisted, as the statement implied, but the so-called 'cost per net impact' of the programs. It also became clear that the so-called 'cost per net impact' was a very artificial concept. It asserted that more was being spent on these programs than actually was.

Senator Vanstone, at Senate Estimates Committee hearings, has admitted that assessing labour market programs according to the cost '**per net impact**' is a limited measure of their effectiveness. The Minister said that suggesting that the figure for jobs under the new work opportunities program is \$143 000 is '**not** the cost per person'. Department officials made it clear that this figure is in fact 14 times the **actual** cost per person assisted.

24 Catherine Magree, op.cit., p. 15.

25 ABS, *Schools Australia 1995*, Cat No. 4221.0.

26 Department of Employment, Education and Training, *Programs 1995-96*, p. 137.

27 Ross Gittins, op.cit., p. 15.

Assertions that programs under *Working Nation* were wasteful are not supported. Youth unemployment was dropping under Labor with the assistance of *Working Nation*.

3.2 Labour market programs under the Federal Coalition Government

The new Federal Coalition Government is not embracing an expansionary approach to labour market programs for young unemployed people. In the 1996 budget \$1.8 billion was taken out of labour market programs and, according to the Portfolio Budget Statements, there would be an estimated 232,542 fewer training program commencements in 1996-97.

Since the government began to remove labour market programs, the number of long-term unemployed has risen by almost 32,000 to a 27 month high, reversing the steep declines in their numbers under Labor. The youth unemployment rate has in fact risen by one full percentage point over the term of this Government from 26.8 per cent in February 1996, the figure current at the time of the election, to 27.8 per cent. The 1997 budget papers show within the savings measures table²⁸ that another \$72 million will be cut through 'benchmarking efficiencies in vocational education and training grants to the states'.

The labour and employment affairs outlays tables²⁹ show a cut of \$14.3 million for vocational and industry training, including a cut of \$16.8 million for entry level training in 1997-98.

Cuts to labour market programs, education and vocational training are short sighted and fail to factor the real costs of unemployment. As mentioned previously, unemployment is estimated to cost Australia up to '40 billion dollars a year in economic terms alone.'³⁰

Labour market programs have helped many young people. The majority of the Committee has failed to identify cuts to labour market programs as a major problem.

4. EDUCATION

The Committee agreed that education and access to it was an important factor influencing the employment of young people. The Committee identified the clear relationship between educational attainment and employment, however, a number of assumptions were made in the majority report that deserve scrutiny.

In Paragraph 3.2 the view that employment growth in unskilled occupations is unlikely to keep pace with employment overall, is an optimistic viewpoint. Employment in unskilled occupations has been in decline for years and will continue to decline for the foreseeable future. Technological advancement targets these jobs.

28 Budget Paper No. 1, Table 7.

29 Budget Paper No. 1, p 4-94.

30 P. Junakar & C. Kapusanski, *The Costs of Unemployment* (Canberra, Australian Government Publishing Service, 1992) p. 47.

Young people must be competitive in the workplace. This requires a broad general education based on the eight key learning areas that sustain their flexibility to change career modes and to move easily into and through further training. Literacy and numeracy are essential as are vocational education and training opportunities that enhance the adaptability of young people entering the workplace.

Narrow vocationalism is not the answer to future flexibility in the workforce. Adequate comprehensive careers advice is essential but requires the support of other counselling advice and support services in schools and the community to ensure students at risk receive the assistance required to enable them to stay within the education system.

Resources are needed to support disadvantaged groups in the community, for example, students from non-English speaking backgrounds, Aboriginal students and other students who experience socio-economic disadvantage. Welfare support for students and schools to assist students in completing their education is also required.

Such support mechanisms are now particularly important for those under 18 who are being forced back into the education system through the abolition of the under 18 dole. Unless adequate resources are provided these students will become a disruptive influence in schools and will not benefit from their time in school.

It should be noted that Australia's young people come from a range of cultural and family backgrounds and governments must ensure that employers do not employ people on the basis of prejudice against people from groups that do not fit into their own perceived norm.

4.1 Literacy

The majority report does not provide credible evidence of research into literacy and numeracy levels for school leavers. Most of the evidence is anecdotal and from employers.

There is no doubt that some students have problems with acquisition of literacy and numeracy skills. Those problems can often be related to specific disadvantage. In school systems starved of resources as they are currently, it is very difficult to address the range of student learning needs without more resources. The Commonwealth and State Governments need to adequately fund schools to meet the learning needs of all students and to strive for high levels of student outcomes across all curriculum areas.

The focus of the majority report on primary school illiteracy as a factor leading to unemployment presents a very inaccurate picture of the real situation relating to literacy in schools. No State or Territory Minister supported the views of Federal Minister David Kemp on literacy levels in primary schools. Testing data from the school systems does not support claims that there is a literacy crisis. In fact, recent Australian Bureau of Statistics data demonstrates that 20-24 year olds are amongst the most literate in the Australian population.

When jobs are limited and competition intense, the least literate and numerate will fall by the wayside. In the pursuit of jobs available for young people investment in

these students is certainly required to avoid the social costs of unemployment for this group in later life.

The Youth in Transition Study demonstrates that students who fail to complete Year 12 or equivalent are four times more likely to be unemployed.

The majority report refers to *The Literacy Challenge* which found ‘that between 10 and 20 per cent of students finished primary school with literacy problems’. Whilst that Report made recommendations to improve the situation it would be worthwhile examining what has been achieved. The call for additional resources to support literacy in primary schools is supported.

This does not suggest however that unemployment is solved by education alone.

The over reliance of the majority report on a limited range of witnesses has on occasion led to a distorted focus on cause. Comments from Mr Ian Wallis, Principal of a vocational senior college in Sale, who claims a total of only three hours a week is dedicated to literacy and numeracy skills in primary schools, demonstrates a clear lack of understanding of how primary school curriculum works. Literacy and numeracy skills are not simply addressed as stand alone exercises but are also integrated into all aspects of the curriculum.

Consequently, the generalised concluding comment in Paragraph 3.9 that early leavers have been ‘let down in primary school’ fails to take into account the real reasons as to why students leave school early.

This fallacious conclusion is also worth noting in the light of the contradictory, but accurate, Recommendation 3.1 that comprehensive teaching of literacy and numeracy in every primary school in Australia takes place now.

4.2 Retention Rates

The peak in retention rates to Year 12 coincided with the election of the Kennett Government in Victoria. The recent decline follows the loss of 8,000 teaching positions in the State and the closure of hundreds of government schools. Similar rounds of staff cuts took place in other States, increasing class sizes and removing specialist support. It is these actions that have led to a fall in retention rates.

Claims by Professor Judith Sloan that there had been little or no change in curriculum throughout the 1980s and 1990s are inaccurate. Vocational education initiatives have expanded often at the expense of more traditional curriculum offerings. These pressures on curriculum have been exacerbated by staff cuts, declining budgets etc. Support services in schools for at risk students have been amongst the first services to be cut when staff have been lost.

The suggestion that students in Years 7 and 8 can realistically benefit from workplace learning is wrong. Employers are already experiencing pressures to place students from senior high schools and TAFE and are not willing to support future expansion. Students at these younger year levels should be concentrating on developing their key competencies within the school situation. Duty of care issues are also a factor of concern with these young students.

What has not been explored is whether employers' reported perceptions are accurate. Without establishing this threshold issue, it is difficult to proceed to propose significant changes to the education system that is contained in the majority report. It may be appropriate to challenge employers' assumptions about the 'young people of today'.

The Committee did not view detailed evaluations of pilot schemes where workplace learning had been trialed. The move to expand those schemes in the absence of thoroughly reviewing their performance is therefore premature.

4.3 Beyond Schooling

While apprenticeship and traineeship training features in the report, little attention has been given to the TAFE system itself as the vehicle for comprehensive workplace orientated training.

Closer links are being established with secondary schools to allow articulation from school into TAFE courses. TAFEs offer in addition to formal training, careers advice, industry networks and other support services to students.

The recommendation that the only responsibility to be taken up by universities is that they publish prospective data on graduate employment opportunities is limited and not very helpful unless supported by ongoing careers counselling and organised contact with industry, including individual employers.

Issues of self confidence, good manners, positive attitudes and presentation are described at Paragraph 3.62 of the Report as being significant in terms of employability. It is accepted that in the eyes of many employers these are often the determinants rather than maturity or skill levels. These attributes are those that most frequently are determined in the home. However, to state as the majority report does that these attributes are not valued in Australian public schools reveals a bias that is disturbing and incorrect. Employers should recognise the skills achieved and should value employees from diverse social backgrounds.

Strong partnerships between schools and parents can assist in the developmental processes of young people moving towards maturity and employment.

Central school systems can also more consistently support classroom teachers and school leaders in developing student management processes.

National cross curriculum perspectives produced under the previous government, and varied by the States, recommended work education from Kindergarten to Year 12. Very few schools and systems are able to support these initiatives because of lack of resources. John Paul College is clearly an exception.

The school system offers no coordinated central careers education support to schools because of budget constraints.

Careers teachers are not able to operate well in a rapidly changing work environment. Without strong support from industry and government, schools cannot provide their careers advisers with adequate support. The recommendations relating

to careers advice improvement are supported in the knowledge that additional resources are again required.

4.4 Information Technology

In retrospect probably the greatest weakness of the Committee's work in relation to education was to fail to take into account the issue of information technology training, its lack of provision in schools and the poor approach taken by most governments to supporting schools. Australia's international competitors are moving rapidly to invest in IT training for their youth in order to ensure a comprehensive edge for the future. The recently released Goldsworthy Report on Information Technology makes strong representations on the need to support schools' work in this area.

4.5 Vocational Education & Training

The majority report fails to detail the role of TAFE in training young people for employment despite the fact that there are almost two million students enrolled in more than eighty colleges around Australia. Unmet demand in the VET sector is nearly three times higher than unmet demand in the higher education sector with more than 60,000 unmet places in 1996 and something of the same order expected in 1997.

It must be pointed out that the Vocational Education and Training Amendment Bill currently before the Senate will provide a resource base far short of such demand levels. In addition, the budget cuts over two years, the abolition of Commonwealth growth funds, the Federal Minister's call for efficiency dividends of more than \$300 million in TAFE and the additional pressure placed on public institutions by the introduction of the Common Youth Allowance all add further pressure to an under-funded VET sector. In this context the call from the Coalition Government for an improved skills base and its hope for falling youth unemployment has a hollow ring.

TAFE provides more than 92 per cent of the student contact hours in the VET sector. With the planned under-funding which is inherent in the current bill and the introduction of user choice, the Opposition Committee members are justified in their concern that an ideologically based move to dismantle TAFE as an effective public provider might be a stronger motive for the Government than the problem of youth unemployment.

The impact of reduced funding and the operation of user choice in an artificially created market will not be sufficient to ensure the maintenance of a quality VET sector through which the skills and qualifications necessary for young people to take their place in the workforce are, in large part, achieved.

The animosity which has developed between the Commonwealth and the States in regard to the ANTA agreement and the failure of the Federal Minister for Schools, Vocational Education and Training to adequately fund his proposed initiatives threatens the basis of partnership on which Australia's VET strategy is constructed.

Labour Market programs should be increased but they must be accredited and lead to real outcomes recognised within the VET sector and the relevant industry.

4.6 Higher Education

An analysis of issues associated with youth unemployment requires some consideration of the role of universities.

The Coalition Government's attack on this sector has placed impediments in the way of young people accessing university. The increase in HECS charges, the reduction of the repayment threshold and the privatisation of places through the introduction of full fees is a disincentive for aspiring students, particularly those from disadvantaged backgrounds. This is showing up in reduced student demand and the socio-economic profile of students applying for university courses.

Access and equity is a real issue in the university sector if we are to provide opportunity for all young Australians. Youth unemployment is an issue across the board and strategies should include a commitment to expansion of the university sector in the interests of enriching the skills base of the nation.

5. APPRENTICESHIPS & TRAINEESHIPS

The Modernised Australian Apprenticeship and Training System (MAATS) is the cornerstone of the Coalition Government's strategy for training. It does, however, seem to have some serious flaws. AYPAC is 'concerned that the Federal Government is to move away from a tripartite approach to the development of traineeships and apprenticeships in favour of a more industry (read employer) driven system.'³¹ This could cause problems with the portability of skills and result in narrowly focused training. AYPAC also believes that the proposal not to pay trainees and apprentices for the time they spend in training undermines the value of that training.³²

The Minister for Schools, Vocational Education and Training has asserted that government is providing \$265 million for 100,000 new apprenticeships and traineeships in 1997-98.³³ Funds for vocational education and training are in fact being cut, not increased.

The 'new' apprenticeships and traineeships are just the continuation of annual commencements, and their rate of growth has in fact slowed drastically since the Government took office. The number of traditional, four year trade apprenticeships has in fact **fallen**, not risen, over the term of the current government. Departmental officers confirmed at recent Senate Estimates Committee hearings that the number of apprenticeships in 1996-97 will be as many as 2,000 down on 1995-96 — approximately 46,000 compared with 48,000.

31 Pocock, op.cit., p. 11.

32 *ibid.*

33 Minister for Schools, Vocational Education and Training, Press Release, *New Apprenticeships — Working for Australia*, 20 August 1997.

The rate of growth in traineeships has also dramatically slowed since the Coalition took office, from 117 per cent in Labor's last year of office to, at best, 44 per cent in the last financial year. Virtually **no** growth is expected for next year. This is a result of cuts to vocational and industry training in the last two budgets, totalling nearly \$270 million dollars, with most of the cuts being in grants to state governments.

The Minister has asserted that the government would be committing new funds to enable another 18,000 young people to take up apprenticeships and traineeships at school.³⁴ However, the Department gave evidence at the Senate Estimates Committee hearings, that only **900** young people would in fact start apprenticeships and traineeships in schools as a result of this program.

In its 1997-98 Budget the Government cut \$14.3 million from Vocational and Industry Training and \$72 million from Education and Training Grants to the states. This was in addition to the \$183 million it cut from Vocational Education in the 1996-97 Budget. The consequence of these cuts has been fewer apprenticeships and a deceleration of the trainee take up rate. Higher youth unemployment has eventuated. This is a very sad outcome when industry is complaining of skills shortages.

Employers gave the Committee plenty of evidence of skills shortages. A report recently released in Western Australia says that some 7,000 skilled tradespeople, managers and engineers will need to be imported to meet expected skill shortages in Western Australian development projects between 1998 and 2000. Skill shortages should be resolved by training the rising number of unemployed young Australians who desperately want to work. However, cuts to education are going to make this impossible. Education funding must be restored.

On a positive note, the Committee agreed that Governments should show leadership by engaging more apprentices and trainees. However, simply hiring some more public sector apprentices will not arrest the decline in apprenticeships. We need the private sector to engage more apprentices.

Despite overwhelming criticisms by employers of the Government's reduction in wage subsidies, Coalition members would not support a recommendation for the immediate restitution of subsidies to large employers.

6. YOUTH WAGES AND CONDITIONS

Key issues that are explored in this debate include:

- Would an increase in youth wages impact negatively on youth employment?
- Would a decrease in youth wages impact positively on youth employment?
- If so, what is the acceptable income level for young people? And
- What are the effects of the Coalition proposals?

34 Minister for Schools, Vocational Education and Training, Press Release, *Industry Training for 18,000 Students*, 10 August 1997.

6.1 The Coalition members propose to lower youth incomes

Coalition members propose to implement a number of structural changes that will lower youth incomes and keep youth incomes lower than they otherwise would become.

Briefly, the Coalition members propose to:

- Abolish Superannuation for young people. **Recommendation 5.7.**
- Oppose the concept of a fair day's work for a fair day's pay articulated in competency based wages and instead argue for the retention of junior wages. **Recommendations 5.2 & 5.3.**
- 'Double Dip' apprentice incomes. Currently apprentices receive a discount rate, which is lower than the trade rate, partly in recognition of time spent away from the workplace in formal training. Coalition members seek to 'discount' apprentice wages again, for that proportion of time which is spent in training. **Recommendation 5.3.**
- Establish a new youth rate of pay, retaining the junior rates concept, through a new instrument that overrides all awards, including consent awards but excluding Enterprise Bargaining Agreements. This rate would probably be lower than the existing rate. **Recommendation 5.3.**
- Freeze junior rates and remove the ability of the Australian Industrial Relations Commission (AIRC) to protect young people's standards of living. **Recommendation 5.3.**
- Whilst the majority of the Committee did not explicitly recommend an abolition of overtime for young people, they assert that penalty payments are disincentive for employers to engage young people. It is possible that the Government may seek to abolish overtime and other penalty payments for young people by using this weakly supported view.
- Trample on the NSW Government's ability to protect youth incomes. **Recommendation 5.5.**

The effects of these proposals on young people are significant.

Calculating how substantial this attack on youth incomes is is difficult because the majority proposal to establish a single, youth, age based wage fails to recommend the level of that wage progression. What is particularly significant is the Coalition members' refusal to incorporate a no disadvantage test in their proposal — that is, a commitment that the recommendations should not be implemented in such a way so as to lower youth incomes.

The proposal is surrounded by weak assumptions regarding the asserted 'high cost' of young workers. Further, the majority argue that there is evidence that 'A decline in the quality of candidates for apprenticeships also appears to a factor influencing the decline in commencements.' (Paragraph 4.4) They argue that reducing youth incomes will make the alternative wages in apprenticeships and traineeships more attractive by comparison. The intention of the Coalition members is clearly to cut youth incomes, although they shroud the agenda in a national youth wage.

Coalition members were invited to, but refused to place a dollar figure on the wage. The proposal lacks political credibility because it dodges one of the most contentious issues. How low will the Government go?

Coalition members displayed a worrying disregard for the quality of life of young workers. This is evidenced by their refusal to incorporate in the report, data relating to young people's standard of living such as a comparison between the Henderson poverty line and junior wage rates. Their disregard is also evidenced by their commitment to remove junior rates from the purvey of the AIRC. Together with employment issues the AIRC also considers questions of equity and fairness. The Coalition Government does not have to consider these questions and that is why they want the debate taken out of the Commission's jurisdiction.

If the Coalition Committee members' proposal operated so as to remove the over-award payments, penalties and so on, then young people would be significantly worse off per week. Abolishing over-award payments is canvassed in Chapter 5 of the majority report.

6.2 The effect of changes

The debate over junior and training rates of pay must contemplate the effects of changes to those rates on the young people themselves. Coalition members of the Committee refrain from this analysis in the majority report. For example, no effort was made to calculate the damage to their retirement incomes that abolishing young people's superannuation would have.

In August 1995 **full-time** median weekly earnings for teenagers was \$273 and \$461 for young people 20-24 years of age.³⁵ Half the **full-time** workers in these age groups earn less than the median earnings quoted while the Poverty Line for single people is \$191.24 per week. However, many young people depend upon part-time work for their primary source of income because they are unable to secure full-time work.

At July 1997, there were 227,800 full-time workers and 371,200 part-time workers between 15 and 19 years of age. There were 730,100 full-time workers and 232,800 part time workers between 20 and 24 years of age. A significant number of these young people are living independently from their parents. For other young people, their part-time, casual or full-time earnings are important income for the family unit as a whole.

The current junior pay packet is already very small. Trainees and apprentices are also badly paid. It is clear from the evidence that reduced youth incomes would have a significant, deleterious effect on young people's quality of life.

6.3 The junior wage rates debate

The Keating Labor Government had planned to phase out junior rates of pay by 1997 on the basis that they were discriminatory, a move that was supported by the Australian Democrats. Those who advocate the retention of junior rates of pay see

35 ABS, *Weekly Earnings of Employees (Distribution)*, August 1995, Cat No. 6310.0.40.001.

the problem of unemployment philosophically differently from those who oppose junior rates.

The advocates of junior wage rates adopt what is known as the orthodox theory of work. The Australia Institute's *Redistributing Work* outlines this theory. 'The labour market is like any other market, one in which the commodity bought and sold is labour.'³⁶ If this theory is seen as reality then the only barrier to full employment is wages.³⁷ The main argument for the retention of junior rates of pay is that low wages are young people's best protection for keeping their jobs, and the best bargaining chips they hold in gaining employment in the first place. They acknowledge, however, that junior rates of pay are discriminatory.³⁸

The opponents of junior wage rates argue that the orthodox theory of work is 'far from reality as people work for reasons beyond that of only financial incentives.'³⁹ It is well documented that unemployment causes loss of self-esteem and it follows that work is pivotal to people's self-worth, dignity, and place in society.⁴⁰ They argue that junior rates of pay are irrelevant to the protection of young people's jobs, endorsing instead the concept of skill and competency determining rates of pay.⁴¹ This option will be canvassed later.

The case for a fair go is strong

A recent British study contradicted orthodox theory on the relationship between wage levels and unemployment. A comparison of unemployment and wage levels in various regional labour markets concluded that 'unemployment rates are **higher** in regions with low wages levels, even in the same industries'.⁴² Factors other than rates of pay must be at work.

This research is supplemented by a recent U.S. study into the effects of increased minimum wages on employment. The study by David Card and Alan B Kreuger, titled *Myth and Measurement: The new economics of the minimum wage*, details the United States Federal Government initiative to raise minimum wages in 1990, and how that affected employment on a state by state basis. The Australian Youth Policy and Action Coalition (AYPAC) maintain that: 'The study indicates that the rise in the Federal minimum wage increased teenage employment in the low wage states with no measurable effect in the medium wage states.'⁴³ This result, they assert, goes against traditional thought that increases in minimum wages causes a fall in youth employment⁴⁴. Further to this AYPAC suggests that 'the recent evidence from

36 Australia Institute, op.cit., p. 5.

37 ibid.

38 Senate Economics References Committee, *Report on consideration of the Workplace Relations and Other Legislation Amendment Bill 1996*, August 1996, p. 144.

39 Australia Institute, op.cit., p. 6.

40 ibid.

41 Senate Economics References Committee, *Report on the consideration of the Workplace Relations and Other Legislation Amendment Bill 1996*, August 1996, p. 145.

42 Australia Institute, op.cit., p. 6.

43 Pocock, op.cit., p. 9.

44 ibid, p. 8.

the United States indicates the increased youth wages stimulate rather than stifle youth employment.⁴⁵

The Organisation for Economic Co-Operation and Development (OECD), which Tim Colebatch describes as the 'citadel of economic rationalism',⁴⁶ has changed its long-held view that the abolition of junior rates of pay will increase youth unemployment. In its recently published *Employment Outlook* (July 1996) it concludes that:

*The employment or unemployment rates of youth, women and unskilled workers do not appear to be significantly correlated across countries with the incidence of low-paid employment. This suggests that factors other than relative wages such as the overall level of aggregate demand, or the amount of training received, may be more important for determining labour market outcomes of these groups.*⁴⁷

The case against a fair go is weak

Two pieces of Australian research are used to justify reducing youth incomes or at least maintaining junior rates. The oldest is the BLMR study commissioned by the Fraser Government and published in 1983. It was titled *Youth Wages, Employment and the Labour Force*. The document has been a major focus in the debate on junior rates of pay ever since. Proponents of the retention of junior rates of pay argue that the report found a direct link between rising youth unemployment and increases in youth wages.⁴⁸ Keith Windschuttle, a senior lecturer in Social Policy at the University of NSW, reviewed the report and maintains that the 'BLMR conclusions were much more cautious and hedged with qualifications than this'.⁴⁹ He concludes that factors such as the recessions, changes in the labour market (which mean young people need to be more skilled) and a decline in key industries that once provided entry-level positions for young people are more significant causes of youth unemployment.⁵⁰ He does not believe that high youth wages are a cause.

The researchers concede that their work is not definitive when they issued the following strong qualification :

The wage data available for use have some shortcomings and are not completely reliable, and some important manpower programs could not be fully incorporated in the analysis. The confidence that can be placed in the results is therefore not certain. Moreover, as the overseas results vary widely depending on the analytical approach and data etc., different results might be found for

45 ibid, p. 10.

46 Tim Colebatch, *The Age*, 20 July 1996, p. A23.

47 ibid.

48 Keith Windschuttle, *Youth Wages, Employment and Unemployment* (Sydney, University of NSW, 1985) p. 1.

49 ibid.

50 ibid, p. 14.

Australia if further analyses using different approaches were made.

Winderlich describes the criticisms of the BLMR study as follows:

- The study focused on awards at a period when the ending of wage indexation led to a growth in non-award payments. Such payments tend to favour adults. In fact, while junior rates average 65 per cent of adult award rates their actual earnings are only 50 per cent of the adult earnings. This is because adults are more likely to receive overtime and over-award payments.
- The BLMR study was based on a sample of 13 awards. The sample omitted industries such as building, transport, communications and wholesale. Windschuttle believes ABS statistics on average weekly and hourly earnings would be more reliable than the use of such a simple index.
- The study is confined to the 1970 and 1981 period. While there is a correlation between wage relativities and employment in this period it does not hold for the 1981 and 1983 period which saw an increase in relativities and over-award payments.
- The survey did not always compare like with like. While average junior rates are arrived at by a process of aggregation, adult rates are derived by selecting a 'representative adult rate' from an occupation within an award. E.g. fitter.

The BLMR research is also open to accusations of political bias and irrelevance because it did not disclose the methodology it used to construct the index.

The BLMR research is too old to be of much use because the youth labour market has changed so dramatically. Winderlich points to Junankar who

notes that while most studies have focused on full time jobs and average weekly earnings, young people are increasingly involved in combinations of part time work and full time education, full time work and part time education. Most studies also ignore changes in the composition of occupations and industry.

The BLMR research is therefore too old, too heavily qualified, and too open to criticism of bias to be used by either side of the debate over youth wages.

Coalition members on the Committee also cite a survey conducted in 1990 by the Confederation of Australian Industry of its member's attitude towards young employees. Employers and their members can hardly be seen as independent in the debate over youth wages. However, even that survey relegates wages to a fourth order issue behind other factors.

The Confederation of Australian Industry and its predecessors have opposed almost every pay rise ever sought by workers from arbitral bodies, going right back to the Commonwealth Court of Conciliation and Arbitration constituted in 1905. Australian workers would still be paid the wages that they were paid at the start of this century had organisations like the Confederation been successful.

Surveys of employers have continuously shown that wages are not the most important factor in the decision to hire or not hire young people. In a recent survey, conducted by the NSW Government, lack of maturity and work-based skills were the two main reasons⁵¹ given for not hiring young people — only 6 per cent gave wage levels as a reason.⁵² Millbank writes that:

*There appears to be a general consensus of opinion among labour market researchers and commentators that there is only limited truth in the notion that youth have been priced out of the job market, and that simply cutting youth wages will not create the extra jobs that are needed, nor would it necessarily motivate either the provision or desire to undertake training.*⁵³

The Morgan & Banks Job Index more recently surveyed employers attitudes. In response to the question: *What sort of government policies or programs would make your organisation more likely to employ more young or long-term unemployed people?* Only 2 per cent of employer respondents cited lower wages, favouring instead incentives and better training.

Those who wish to abolish junior rates of pay, such as the ACTU, argue that the advances towards equal pay women managed to achieve in 1969 did not see more women joining the unemployment queues but actually increased the number of women participating in the workforce.

Women gained pay increases of 25 per cent with the enactment of equal pay legislation. Women's participation in the labour market has increased substantially since that time. Whilst women still do not enjoy actual equality of pay, it cannot be argued that advances in women's income have prevented them from access to the labour market. The Senate Standing Committee on Economics concluded that this clearly indicates that factors other than wage levels are involved when looking at unemployment.⁵⁴

A report compiled by the Senate Committee which considered the Workplace Relations and other Legislation Amendment Bill (1996) concluded on the issue of junior rates of pay that:

*The majority of the Committee recommends that the Government's proposed exemption of junior rates from the requirement to ensure awards are not discriminatory be rejected.*⁵⁵

In other words the Committee which had received submissions from numerous community and business groups and heard evidence over a substantial period of time recommended that junior rates of pay be discontinued.

51 Mike Steketee, *The Weekend Australian*, 21/22 September, 1996.

52 *ibid.*

53 Adrienne Millbank, *op.cit.*, pp. 6-7.

54 Senate Economics References Committee, *Report on the consideration of the Workplace Relations and Other Legislation Amendment Bill 1996*, Aug 1996, p. 144.

55 *ibid.*, p. 147.

Youth and welfare groups strongly oppose the retention of junior rates of pay. They argue that it costs young people as much to live as older people, and that it cannot be assumed that young people are supported by their parents because many of them are not. While junior rates of pay may contribute to the profits of business the empirical evidence from overseas and Australia illustrates that low wages do not correlate with low levels of unemployment for youth. There is no reason to suggest that the abolition of junior rates of pay will increase youth unemployment.

Perhaps the most compelling challenge to the Coalition members' proposals comes from the trend of youth employment versus youth wages relative to adult wages in Australia in recent years. As the majority report notes, 'Comparisons between average junior and adult earnings show a relative decline in the earnings of young people because adults are more likely to benefit from over-award payments or to be covered by enterprise agreements.' (Paragraph 5.5)

That is, youth wages have gone down but youth unemployment has gone up.

Coalition members are left only with anecdotal evidence presented to the Committee to justify their position. Even the anecdotal evidence was divided. For example, Mr Day gave evidence to the Committee on September 26, 1996:

We pay some 18-year olds \$1000 a week because we pay them for the value of the work that they are doing. I have seen some young people pick up a trade in six months. That is why I do not believe that age related wage levels are appropriate at all. It should have nothing to do with the age of the trainee. It should all depend on their relative worth to that particular job.

Some young people expressed resentment over being paid on the basis of their age rather than competence. Ms Rottier gave the following evidence to the Committee on February 19, 1997:

I get pay rises when I get older but I have been promoted and I have got a lot more responsibility than a lot of the other people there. I do not get any pay rise or anything for it... I just get a little badge.

In conclusion, Coalition members of the Committee fail in establishing an evidentiary legitimacy for their wage recommendations. Their recommendations are made **despite** the weight of empirical evidence. They are made from an ideological rather scientific basis.

The National Training Wage proposal

A National Training Wage is a much fairer way to determine rates of pay than discriminating against young people simply because of their age. Such a system was being implemented under the previous Federal Labor Government. Young people, and other people, would be willing to accept a training wage if they know it will rise as their skills develop.

A National Training Wage would also give them the incentive to acquire skills more quickly. The majority of the Senate Committee which considered the Workplace Relations and Other Legislation Amendment Bill felt that the development of a competency based system ‘must be allowed to continue’.⁵⁶

7. CONCLUSION

The most significant factor influencing the employment of young people is the availability of jobs. The benefits of economic growth have not transferred into jobs for young people. Many entry level positions have disappeared.

There is not evidence to suggest that young people are less job ready now, than in the past. The cause of youth unemployment cannot be found in asserted deficiencies of young people themselves, but in the economy which increasingly fails to provide them with employment opportunities. The majority of the Committee, however, has focused on rectifying the alleged deficiencies of young people. Much attention was given to the attitude of young people — the ‘youth of today’.

It is imperative to find innovative ways to approach the problem of youth employment, including adopting a more interventionist approach to industry policy so as to promote job intensive industries.

A number of secondary factors influencing the employment of young people have been explored by the Committee.

There is unanimous support within the Committee and wide spread support amongst interested parties for an increased emphasis and resourcing for careers counselling.

The majority of the Committee was disinclined to seek improved resources for education, training and labour market programs, despite identifying these areas as needing improvement. The social and economic costs of unemployment are astronomical. Cuts to education, training and labour market programs are not justified and should be reversed.

Cuts to youth incomes and conditions are contemplated by the majority but are unjustified and are suggested without considering the consequences upon young people themselves. Coalition members wish to maintain junior rates of pay rather than accept competency based pay while there is no evidence that the abolition of junior rates of pay will increase youth unemployment. Competency based wages should be allowed to proceed.

A number of recommendations are made in this minority report which are not made in the majority report. Specific responses to the majority recommendations are presented in the Attachment to the Dissent.

8. MINORITY RECOMMENDATIONS

The signatories to this report recommend that:

56 *ibid.*

- funding for Labour Market Programs be restored;
- public sector job losses be ceased immediately;
- funding for schools, TAFEs and Universities be restored;
- the Apprenticeship bonus be restored immediately;
- more guided economic expansion is needed, including of the public sector, to create more jobs for young people;
- redistribution of working hours be given consideration by unions, employers, government and the community at large;
- the Commonwealth Government examine new infrastructure schemes as a vehicle for jobs growth;
- funding for early intervention programs targeting literacy and numeracy be provided by the Commonwealth Government directly to primary schools;
- Commonwealth funding of Vocational Education and Training (VET)—
 - * be increased to meet demand with an immediate commitment to the continuation of growth funds for the VET sector;
 - * 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;
 - * recognise the need for literacy in the workplace and expand opportunities for access to special needs programs;
 - * increase funding to labour market programs which include work related key competencies;
 - * ensure training components in labour market programs meet necessary standards for VET accreditation;
 - * conduct meaningful negotiations with the States and Territories to restore a genuine partnership in the provision of quality VET;
- the Commonwealth Government should immediately move to—
 - * abolish full fee paying tertiary education places for Australian students; and
 - * 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.
- the Commonwealth Government must make a commitment to invest in primary education to ensure that—
 - * primary schools are adequately resourced to support all children to develop literacy competence;
 - * 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

- * **national standards of literacy be assessed on a periodic basis using the methodology employed by the National Schools English Literacy Survey (NSELS).**
- the Commonwealth Government institute a National Guarantee which entitles every Australian 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 Commonwealth Minister for Schools, Vocational Education and Training, in consultation with State and Territory Ministers—
 - * **seek agreement among themselves and other stakeholders including the ASTF concerning the criteria underpinning national standards for all workplace learning programs;**
 - * implement national guidelines and, as far as practicable, uniform workplace assessment methods for workplace education programs;
 - * 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
 - * 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.
- 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 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 schooling and into the workforce is to be realised;
- 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—
 - * indigenous students share equally in educational outcomes;
 - * labour market programs are relevant to Aboriginal Communities and carry VET accreditation;
 - * **targeted programs support indigenous young people into appropriate education and training and through education into employment.**

Attachment to the Dissenting Report

Recommendation 2.1

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

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

Funding for labour market programs must be restored.

Literacy

Recommendation 3.1

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

- **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;**
- **the standard of literacy and numeracy is regularly tested; and**
- **those students who fall below the standard are given special attention to raise their literacy and numeracy skills.**

Support for early intervention is strongly supported. Primary School funding needs to be increased to ensure that effective early intervention strategies are implemented. *See* minority recommendations.

Youth Guarantee

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.

This recommendation is supported however it should not be limited to the age of 21.

Vocational education

Recommendation 3.3

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

- **more vigorously promote the Australian Student Traineeship Foundation (ASTF) criteria as the desirable national standard for all workplace education programs;**
- **implement national guidelines and, as far as practicable, a uniform student workplace assessment method for workplace education programs;**
- **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 students; and**
- **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.**

See minority recommendations.

Recommendation 3.4

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

- **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;**
- **implement national guidelines and, as far as practicable, a uniform student workplace assessment method for workplace education programs;**
- **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 students; and**
- **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.**

There must be safeguards so that workplace education does not displace existing employees and schooling is not disrupted. *See minority recommendations.*

Careers guidance

Recommendation 3.5

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

- **establish comprehensive careers guidance, appropriately resourced, as an entitlement for all secondary students;**
- **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;**
- **encourage secondary schools to exploit school-industry links established through workplace learning programs to enhance careers guidance services to all students;**
- **provide for the enhancement of careers education and guidance in secondary schools by providing funding to develop more teachers for the role; and**
- **fund group training companies to promote traineeships and apprenticeships, and to participate generally in careers education and guidance, in secondary schools.**

Agreed.

Recommendation 3.6

The Committee recommends that the Commonwealth Minister for Employment, Education and 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.

This recommendation is a misguided attempt to overcome a demonstrable lack of information about higher education choices.

Each university already provides handbooks and promotional material for prospective students. The problem that prospective university students identified was that they did not have access to it or if they did, comparisons were impossible.

The present government has moved to deregulate higher education and applied cuts to university funding. It is unlikely that prospective students will receive unbiased information from individual institutions, nor is it likely that students will be able to gather all relevant information about every institution in a way that enables informed comparison, from this recommendation.

DEETYA should provide the information to students.

It is suggested that other post secondary options be presented along side higher education options. A common reference about all post-secondary education should be available annually. It would also incorporate vocational education at the TAFE level, traineeships and apprenticeships. Its distribution medium should not be confined to hard copy.

APPRENTICESHIPS AND TRAINEESHIPS

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:

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

This recommendation invites ‘sledge hammer’ encouragement for group training companies to operate another business activity that is not central to their core activity. Leaving aside the disputed wisdom of privatising the CES for the moment, this proposal threatens the viability of many group training companies. Large, established private placement agencies have decided not to tender for the Government’s placement contracts. Those companies have, despite their infrastructure and experience, decided that the Government’s proposal is commercially unviable. It may be viable for a particular group training scheme to tender, particularly in areas of high growth. However, in areas of increasing unemployment, particularly in regional Australia, schemes might be made unviable by an enforced arrangement which is not commercially sound. This would be particularly disastrous in slumped regional economies because group training schemes are often the last bulwark of structured vocational training.

Training by governments

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.

This proposal is agreed but does not go far enough. The Committee agreed that privatisation and contracting out had had deleterious effects on apprenticeships and traineeships. Governments no longer train young people surplus to requirements to be taken on by the private sector. Leaving aside the dubious wisdom of privatisation and contracting out per se, the Government can require its contractors to engage a proportion of young people as trainees and apprentices.

Coalition members of the Committee who maintained that this was too difficult are apparently at variance with the Minister for Transport and Regional Development who maintains that he has done precisely that in the Australian National contracts.

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.

This recommendation is supported.

YOUTH WAGES

Lack of information on wages and employment

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.

The Committee agrees that there is a lack of information and analysis about the relationship between youth wages and employment.

The majority of the Committee wants the Department of Industrial Relations to carry out or commission the research. A more relevant body would be the National Youth Affairs Research Scheme under the Ministerial Council for Employment and Youth Affairs. Further, it would be preferable for more than a single piece of research and/or advice to be available to Government.

Age based wages

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.

This recommendation is opposed.

Incentive to undertake employment based training

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:

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

This recommendation is opposed.

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.

This recommendation is opposed.

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.

This recommendation is opposed.

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.

This recommendation is opposed.

Mr Steve Dargavel MP

Mr Mark Latham MP

Mr Martin Ferguson MP