

House of Representatives – Employment and Workplace Relations– DEST Responses to Request for Additional Information

Additional Information on Mature Aged New Apprentices

Mature aged New Apprentices (45+) in trades and related occupations account for less than 1% (0.6%) of all New Apprentices in training.

Intermediate production and transport workers account for 30% of all mature aged New Apprentices, and make up nearly 4% of all New Apprentices in training.

In training as at June 2003 (NCVER collection)						
	45+	% of 45+ total	25-44	% of 25-44 total	15-19	% 15-19 total
1 Managers and Administrators	328	0.6%	991	0.8%	560	0.3%
2 Professionals	333	0.6%	1,028	0.8%	1,233	0.6%
3 Associate Professionals	7,871	15.3%	17,511	13.8%	8,631	3.9%
4 Tradespersons and Related Workers	2,329	4.5%	17,504	13.8%	114,786	52.3%
5 Advanced Clerical and Service Workers	1,797	3.5%	4,222	3.3%	2,657	1.2%
6 Intermediate Clerical, Sales and Service Workers	13,986	27.2%	34,649	27.4%	59,777	27.2%
7 Intermediate Production and Transport Workers	15,433	30.0%	28,173	22.2%	6,951	3.2%
8 Elementary Clerical, Sales and Service Workers	2,224	4.3%	7,487	5.9%	12,757	5.8%
9 Labourers and Related Workers	7,171	13.9%	15,077	11.9%	12,242	5.6%
Total	51,471		126,642		219,594	

32% of mature aged New Apprentices are involved in food trades New Apprenticeships; however these New Apprentices represent only 4% of all persons undertaking a New Apprenticeship as a food tradesperson.

As at Feb 2004, 31 Mature Age Worker commencement incentives had been claimed. These claims total \$25,575. This incentive has only been in place from 1 July 2003 and employers have 12 months to claim the incentive.

In Training as at June 2003	45+	% of 45+ total	25-44	% of 25-44 total	15-19	% 15-19 total
400 Tradespersons and Related Workers - nfd	120	5%	300	2%	160	0%
410 Mechanical & Fabrication Eng Tradespersons - nfd	170	7%	430	2%	120	0%
411 Mechanical Engineering Tradespersons	100	4%	1,190	7%	7,180	6%
412 Fabrication Engineering Tradespersons	30	1%	680	4%	6,310	5%
420 Automotive Tradespersons - nfd	10	1%	40	0%	0	0%
421 Automotive Tradespersons	60	3%	1880	11%	20,800	18%
430 Electrical and Electronics Tradespersons - nfd	30	1%	790	5%	5,870	5%
431 Electrical and Electronics Tradespersons	90	4%	1,780	10%	9,200	8%
441 Structural Construction Tradespersons	60	2%	1,870	11%	19,300	17%
442 Final Finishes Construction Tradespersons	20	1%	370	2%	2,860	2%
443 Plumbers	30	1%	1,030	6%	6,380	6%
451 Food Tradespersons	740	32%	3,290	19%	14,800	13%
461 Skilled Agricultural Workers	70		330	2%	990	1%
462 Horticultural Tradespersons	320	14%	1,160	7%	3,250	3%
491 Printing Tradespersons	40	2%	520	3%	1,300	1%
492 Wood Tradespersons	20	1%	300	2%	4,370	4%
493 Hairdressers	60	2%	660	4%	9,710	8%
494 Textile, Clothing and Related Tradespersons	150	7%	250	1%	370	0%
498 Miscellaneous Tradespersons and Related Workers	200	9%	540	3%	1,570	1%
499 Miscellaneous Tradespersons and Related Workers	20	1%	90	1%	330	0%
Total	2340		17500		114870	

Overview of Incentive arrangements

To be eligible to receive Commonwealth New Apprenticeships Incentives, both the employer and the New Apprentice must satisfy the relevant eligibility criteria as set out in the Commonwealth New Apprenticeships Incentives Guidelines. New Apprenticeships Centres provide advice on eligibility.

Incentive	New arrangements from 1 July 2003 (GST inclusive)	
	Certificate II \$	Certificate III or IV \$
Commencement	1,375	1,650
Recommencement for employers who recommence an out-of-trade Certificate III or IV New Apprentice	nil	825
Special Rural and Regional commencement for employers of a Certificate III or IV New Apprentice in an occupation or trade identified as a skill shortage in a non-metropolitan area	nil	1,100
Completion	nil	2,750
Group Training Organisations additional incentive for traineeship commencement	to be phased out by 2005-06	
	1,100 - 03/04	1,100 - 03/04
	550 - 04/05	550 - 04/05
	0 - 05/06	0 - 05/06
Special Group Training Organisations	1,100	nil

<i>Incentive</i>	New arrangements from 1 July 2003 (GST inclusive)	
	<i>Certificate II</i> \$	<i>Certificate III or IV</i> \$
additional incentive for mentoring Certificate II New Apprentices paid on completion	from 04/05	
Special incentive for women in a non-traditional New Apprenticeship	1,100	1,100
Additional commencement incentive for school based New Apprenticeships	825	825
Special retention incentive for school based New Apprenticeships	825	825
Special innovation New Apprenticeships incentive	nil	1,210
Additional incentive for Sporting Operations Traineeship:		
- commencement	1,650	nil
- completion	1,650	nil
Additional incentive for Exceptional Circumstances "declared drought area" certificate:		
- commencement	1,650	nil
- completion	1,650	nil
Special incentive for Mature Aged Workers (45 and over) who have been welfare dependent, those returning to the workforce or those made redundant:		
- commencement	825	825
- completion	825	825
Disabled Assistance	Commonwealth assistance extended to all New Apprentices (Certificate level II to IV), including Trainees .	
Living Away From Home Allowance (LAFHA)	LAFHA increased and extended to the second year, payable at \$77.17 per week for the first 12 months and \$38.59 for the second 12 months of the New Apprenticeship if they had to move away from their parental/guardian home to commence or remain in a New Apprenticeship or are homeless.	

Unemployment rates by highest education qualification in capital cities and the rest of states (2001)

Table 1 Unemployment rate by highest education qualification NSW and VIC (2001)

NSW	Unemployment rate		VIC	Unemployment rate	
	Capital city	Rest of State		Capital city	Rest of State
Higher education	2.3%	1.8%	Higher education	3.6%	2.3%
VET	3.5%	4.4%	VET	4.2%	4.2%
Year 12	6.1%	5.9%	Year 12	6.6%	8.2%
Less than year 12	7.7%	11.0%	Less than year 12	9.7%	8.1%

Sources ABS, Transition from education to work survey (2001), unpublished data

Table 2 Unemployment rate by highest education qualification QLD and SA (2001)

QLD	Unemployment rate		SA	Unemployment rate	
	Capital city	Rest of State		Capital city	Rest of State
Higher education	4.1%	3.0%	Higher education	2.6%	3.2%
VET	7.6%	7.7%	VET	4.6%	3.9%
Year 12	8.5%	12.3%	Year 12	8.7%	7.9%
Less than year 12	13.3%	13.7%	Less than year 12	12.7%	8.9%

Sources ABS, Transition from education to work survey (2001), unpublished data

Table 3 Unemployment rate by highest education qualification WA, TAS, NT and ACT (2001)

WA	Unemployment rate		TAS, NT, and ACT	Unemployment rate	
	Capital city	Rest of State		Capital city	Rest of State / Territory
Higher education	3.1%	1.3%	Higher education	1.9%	1.7%
VET	5.4%	6.3%	VET	4.0%	3.9%
Year 12	6.6%	8.9%	Year 12	5.1%	7.5%
Less than year 12	9.8%	10.8%	Less than year 12	11.4%	11.3%

Sources ABS, Transition from education to work survey (2001), unpublished data

Response by the Department of Education, Science and Training to issues raised by Professor Saunders (submission No. 75 Inquiry into Employment: Increasing participation in Paid Work)

Prof Saunders and Dr Kayoko Tsumori (Submission No 75 section 1.2.4) states

“A third strategy is to pump more money into training the unemployed, but this too is rarely effective (even though it is repeatedly urged by Australian welfare lobbyists). OECD evidence suggests that only one group among the unemployed clearly benefits from training, and this is mature-age women seeking to return to the labour force after a period spent raising children. They are generally highly motivated and they benefit from the opportunity to brush up on their rusty skills. For others, training achieves little, and it is a complete waste of time and money when it is directed at the young unemployed.” While basic literacy and numeracy skills can help improve people’s employability, government training schemes rarely achieve more than a 5 to 15% return”.

Key Points:

- Recent Australian evidence suggests education generally seems to reduce the time in unemployment, but the subsequent duration of employment is not affected.
 - However, education does seem to increase job tenure in the general population.
- Training for both males and females is shown to be effective.
- There is insufficient empirical evidence in Australia to suggest that unemployed youth training schemes are ineffective.

Overseas evidence:

- Results of overseas analysis of youth training are ambiguous with conflicting results.
 - Some recent analysis shows positive benefits for youth training schemes.
- Schooling and vocational training is shown to be beneficial to both men’s and women’s employment prospects.
- Benefits associated with human capital are generally long-term.

Some overseas evidence:

Heckman’s work is perhaps the most referenced on the subject of the effectiveness of training. Heckman (1996; p340) in his evaluation of programmes under the US Job Training Partnership Act (JTPA), (Australian equivalent is Job Placement, Employment and Training (JPET) Scheme) concluded, “The available evidence clearly suggests that adults past a certain age, and below a certain skill level make poor investments.” Heckman modified this view in his 1999 study. In a follow on study Heckman et al (1999) concluded: “the cost-benefit analyses indicate that JTPA services generated a substantial net social benefit when targeted toward adults, but none when targeted toward youths.

In another study Bloom, et al (1997) concluded that, “It appears that employment and training programs for adults can be cost effective from a societal perspective.” The youth results, however, are generally considered much less encouraging. For example, the authors write, “For out of school youths, we are at a more primitive stage in our understanding of how to increase labour market success; we have not found any way to do so.”

However, the result of a recent US study provides contrary conclusion on youth training schemes. For example, Professor Krueger (2002) has this to say: “A common view is that job training for out-of-school youth is ineffective. I used to be sympathetic to this view. However, the accumulation of results from the Job Corps program (a US youths training program) has led me to change my mind”.

Burghardt, et al. (2001) analysed the US unemployed youths training program (Job Corps) and concluded that the social internal rate of return was 10.5 per cent- in the same ballpark as the most successful preschool programmes in the US. Krueger (2002) argues that there are grounds to be more confident in the estimated rate of return from the Job Corps evaluation than the studies relied on by Heckman and others. The Job Corps sample was 125 times larger than those used by Heckman and others. The Job Corps sample was drawn from a national set of communities, rather than just one grammar school catchment area in one city (Krueger, 2002).

One key outcome from the Mathematica -Princeton University study summarised by Burghardt 2001 on youth job training is that the earlier evaluations covered relatively short periods. The recent analysis suggests the benefits are much greater over a longer period following completion of training Krueger (2002). Thus the issue of the effectiveness of young unemployed is not training *per se* but the type and length of training and to an extent the method of assessment,— requires longitudinal data (Kalb, 2003).

Since the late 1970s, a scheme combining training and work experience has been in place for young unemployed school leavers in the United Kingdom. Dolton, Makepeace and Treble (1994) evaluated the effectiveness of the training scheme. They find only limited evidence of effects on young men. When comparing unemployment with the youth training scheme, the scheme did not seem to reduce the time taken to find a job. The authors however makes the observation that, “there is some evidence that it helps trainees to obtain a ‘good’ job more quickly and that it confirms the importance of the training component of the scheme. Dolton, Makepeace and Treble note that; although there is little evidence of a positive effect when comparing non-participants with participants, there does not seem to be a negative result on the probability of finding a ‘good’ job either. This means that it is unlikely that participation in the scheme is associated with low potential productivity in the perception of employers”. In the case of women they find some strong positive effects for young women, in particular on the probability of finding a ‘good’ job when time spent on the scheme is not taken into account. This confirms the importance of the training component of the scheme.

Analysis of the effect of training and education on the work experience of young Irish adults has found that vocational training programs do improve employment outcomes (that is, decrease the probability of unemployment) (Denny & Harmon 2000). Furthermore, educational qualifications are shown to increase the probability of employment (together with the probability of entering higher education). This shows education and training are important factors in preventing unemployment (Kalb, 2003).

A review of the international literature Kalb (2003) reveals that most studies were only looking at the short term impact, however, such studies are unlikely to capture the long term impacts.

In their international review of several evaluation studies on training and other active labour market programs, Heckman, LaLonde and Smith (1999) also identify the importance of using long-term data in evaluations. Furthermore, they find that when doing a cost-benefit analysis of a program, the assumptions regarding the duration of earnings impacts and the discount rate all affect the outcome. This review further emphasises the importance of using longer-term longitudinal data to examine the effect of programs. This is also illustrated by a study on the effect of training and work experience programs for sole parents in California, where it became evident that caution is needed when evaluating programs using short-term longitudinal data. Revisiting the Californian experiment using longer-term data and using an improved comparison of the programs in the different counties, it was discovered that training—not work experience—appeared to be most effective in the long run.

Australian evidence:

During the 1990's DEETYA (1997) carried out a series of evaluations of the effectiveness of labour market programs including training (JobTrain and Skillshare). The employment outcome of trainee participants 3 months after completing training are compared with the employment

outcome of a group that did not participate in the training. The results of each evaluation had consistently shown a net program impact of equal or greater than 6 per cent. Thus trainee participants are seen as better off than non participants. Although other labour market programs for example, Jobstart tend to have higher net impact than training, nevertheless there is evidence that when the training evaluation is taken much later after training completion, even after 6 months the impact of the training is much improved. This confirms the prevailing view that the benefits of the acquisition of human capital are long term. The results of these evaluations are not disseminated by age group.

Stromback and Dockery (2000) analysed Australian longitudinal data from 1994 to 1997 to assess the effect of labour market programs on unemployment duration and consequent employment duration. They find large decreasing effects on unemployment duration for program participation and increasing effects on employment duration. The largest effects are estimated for wage subsidy programs and brokered employment programs, followed by job search assistance and training programs. Their analysis of the youth component of the training produce results that was statistically not significant, this is perhaps the only recent Australian study that has examine youth training in depth.

In an earlier study Dockery et al (1996) examined the rewards of apprenticeship training. They concluded that the textbook analysis of individuals investing in training and being rewarded with higher lifetime incomes does not in many cases fit with the facts. In other words those that undertake apprenticeship training gain no advantage in terms of income rewards.

One of the compelling pieces of evidence here in Australia is that individuals and employers value training and this is borne out by the increasing uptake of VET and other training opportunities. Between 1992 and 2002 the number of public VET students increased from 1.04 million to 1.69 million. In 2002 alone new apprentices undertaking training accounted for 20 per cent of the total student population. Thus individuals perceive greater benefits hence the greater participation in VET education and training. An important motivation for individuals to invest in education and training is that the acquired knowledge and skills tend to raise their productivity and hence earnings potential. It also lowers the risk of unemployment.

A recent National Centre for Vocational Education Research (NCVER) survey of TAFE students' outcomes (2003) indicates that those who undertake training do benefit wage-wise. Of the survey respondents 21 and 25 per cent of module and TAFE completers respectively reported either an increase in earnings or promotion.

A recent DEST research report (Securing Success: Good practice in training people aged 45 and over who are disadvantaged in the labour market, 2003) has shown that training does produce good results if it has the following elements-

- a safe, non-threatening environment;
- allowing the learner to negotiate the processes of learning, motivate, engage and sustain the learner;
- organisational flexibility such as small and specialised classes geared to the requests of the learners, local community organisations, employers and industry;

These suggest training *per se* is not the issue but the manner and type of delivery, hence a DEST project now underway:-

Furthering Success : Strategies for Improving the Participation of Disadvantage Matured Aged Workers in Accredited Training and their Transition to Employment is designed to build on the outcomes of the *Securing Success* project carried out in 2002. This project aims to identify and analyse success factors and good practice in assisting disadvantaged people, aged 45 and over to participate in vocational and related education and training and to successfully transition to employment.

From the above we learn that in order to evaluate training programs properly, long-term longitudinal data is needed and these are missing from Australian studies. A review of recent Australian studies suggests there is only one such study that covered a period of 3 years.

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