Skills for Australia.

Dawkins, J. S.; Holding, A. C.


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Skills for Australia

Circulated by:
The Honourable J.S. Dawkins, M.P.,
Minister for Employment, Education and Training
and
The Honourable A.C. Holding, M.P.,
Minister for Employment Services and Youth Affairs
SKILLS FOR AUSTRALIA

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Minister for Employment, Education and Training

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Minister for Employment Services and Youth Affairs

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FOREWORD

The Government is determined that our education and training systems should play an active role in responding to the major economic challenges now facing Australia.

The adjustments required in the structure of the economy, and improvements in Australia's international competitiveness, will make heavy demands on our human resources and labour force skills. Our skills formation and training arrangements are not yet adequate to meet those demands.

The world's most successful economies over the past two decades have given high priority to education, skills and competence at work as vital factors in economic performance, and have supported their skills development policies accordingly. Now we must do likewise.

Specifically, action is required to:

1. increase the total level of participation in education and training, and expand the national training capacity
2. improve the quality and flexibility of our education and training systems, and hence the quality, breadth and adaptability of skills acquired
3. improve the distribution and balance of the national education and training effort, to better meet the long-term needs of the economy and labour market
4. raise the level of private sector investment in training and skills formation
. improve the employment and training opportunities available to the unemployed and otherwise disadvantaged members of the community

- including measures to reduce the high degree of occupational segregation in the labour market and to improve training opportunities for women

. increase the productivity of our education and training resources, and evaluate the outputs achieved from the use of those resources.

The Government has already signalled its strong commitment to these objectives by creating a new portfolio to co-ordinate all Commonwealth policies in the fields of employment, education and training. The decisions announced in this 1987-88 Budget represent the first steps towards an integrated set of programs which ultimately will embrace all Commonwealth activity in these fields.

J S Dawkins, MP
Minister for Employment, Education and Training

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PART 1

THE GOVERNMENT'S APPROACH
SKILLS FOR AUSTRALIA

1.1 INTRODUCTION

Skills and skill formation policies are of central importance to the task of structural adjustment facing Australia.

For many years abundant natural resources in Australia have underpinned our comparative advantage as a trading nation and fostered an attitude of benign neglect for trading opportunities in other areas. The strong economic recovery from 1983-84 revealed, through the rapid increase in import growth, both the uncompetitive structure of Australian traded goods and service industries and the costs of that complacent approach. These structural weaknesses in Australia's external position have been compounded by the sharp fall, since 1985-86, in the world prices of many of our traditional exports.

In responding to these pressures, we cannot rely on any early general improvement in trading prospects for these traditional commodities. Rather, urgent action is needed to broaden our trading base by expanding those elements of our manufacturing and services sectors which can contribute effectively to export growth and compete efficiently with imports. Increased competitiveness in these areas will depend not only on improved relative costs, but crucially on non-price factors, including quality, innovation, skills and technology.

Looking beyond the current imperative for structural adjustment, Australia will remain part of an international economy in which change is continuous. A highly trained
and flexible labour force makes possible sustained improvements in living standards through the capacity to adapt to major changes in the economic environment. This is not just a question of minimising the costs of immobility that arise from reacting to change as a threat, but of positively embracing change for the opportunities it brings.

Productivity improvements are central. Our long-run productivity performance has been poor by the standards of our international competitors, and the slower we are in bridging this gap, the greater the burden which will need to be borne by adjustments to wages growth and living standards.

The main sources of productivity growth are technological change, increases in capital intensity, improvements in labour efficiency and economies of scale. Education and training will play a vital role in productivity performance, directly conditioning the quality, depth and flexibility of our labour force skills.

Skills are also required to underpin business investment in new technologies and modes of organisation. The experience of other countries suggests that an abundant supply of skills in itself helps to attract investment in such activities. Conversely, the incentive to invest in advanced manufacturing and other skill-intensive industries will be lessened to the extent that requisite skills are not available in Australia.

Changes in technology and the organisation of production are continual. As in other countries, traditional techniques of high volume, standardised production will increasingly give way to flexible production systems,
especially in manufacturing. Such flexible systems place a high premium on broadly skilled staff at all levels of the design, production, management and marketing processes.

Narrow job assignments will need to be replaced by broader job classifications. Training also will need to be considerably broadened, with a heightened emphasis on quality, technical understanding and teamwork.

The world's most successful economies have typically given high priority to basic education and to the skills which determine competence at work. They have shaped their skills development policies accordingly. Australia has not seen this relationship so clearly; the time has come to do so, and to act accordingly.

The Government is moving on a number of fronts to make our education and training systems more attuned to the new requirements for skills demanded by our changed economic circumstances. However, the changes involved are both varied and complex, and the Commonwealth is but one of many parties to the action required. Employers, unions and State and Territory Governments, amongst others, will also need to play a major role.

Close consultation and co-operation will therefore be essential if improvements in our skills formation arrangements are to be made with the necessary efficiency and speed. More than this, a sense of national commitment is needed to the enhancement of our labour force skills, in keeping with our status as a highly developed nation in an increasingly competitive world. The Commonwealth will play its part in fostering this commitment.
1.2 OBJECTIVES AND PRIORITIES

The Government is determined that our education and training systems will play an active role in the process of economic adjustment which faces Australia, and in contributing to rising living standards. The necessary improvements in the national skills base will require action on a number of fronts.

1.2.1 Increased Participation in Education and Training

First is the need to boost the general level of education and training within the Australian community, in quality and quantity.

Despite the recent rapid increase in secondary retention rates - from 36.3% in 1982 to 48.7% in 1986 - school-level retention in Australia remains low by comparison with countries such as Japan and the USA. The Commonwealth has set a goal of a 65% retention rate to Year 12 by the early 1990s. Achievement of this target will require new approaches to make the final years of secondary education more attractive and relevant to a wider range of young people. Curriculum reform will be an essential element in this process.

We also lag behind other countries in the proportion of the workforce holding post-school qualifications. Fewer than half of all persons in the labour force at February 1987 held any form of post-school qualification, and only 9% held a degree or equivalent qualification. Increases in tertiary participation will therefore be another high priority.
The range of structured training opportunities for our young people also needs to be considerably broadened. Apprenticeship remains a major employment and training destination for large numbers of young Australians, particularly young men, but outside of apprenticeship and tertiary education, up to 100,000 young people leave school each year and receive no further substantial vocational preparation.

The new Australian Traineeship System (ATS) aims to remedy this deficiency by offering young school leavers a year of systematic vocational preparation involving a combination of structured on-the-job training within employment and broadly based instruction at a TAFE institution or other approved training facility. Increased emphasis on vocational competence and adaptability of skills are key objectives of these new arrangements.

By end August 1987 more than 11,000 traineeship positions had been created under ATS and over 9,000 trainees had commenced their training. Training completions numbered about 1,250. Nonetheless, there continues to be resistance to the traineeship concept from some key employers and unions. A wider acceptance of the traineeship concept will be important both to improve the competitiveness of young people in the labour market and to achieve further long-term improvements in the national skill base.

The Government has also adopted special measures embracing employment assistance, training, community-based initiatives and income support to assist long-term unemployed youth and others assessed as especially disadvantaged in the labour market. Priority will be
given to active measures which enhance the long-run employment and skill development prospects of these young people.

The quality of Australia's future workforce skills will depend not only on the basic education and initial vocational preparation provided to young people. It is essential also to develop and continuously upgrade the skills of the adult workforce. For example, early gains in the development of overseas trading opportunities will require greater attention to the development of foreign language skills by the current workforce, especially in the languages of our major trading partners and tourist markets.

More generally, traditional skill requirements have already undergone significant change as a result of the rapid spread of micro-electronic applications in both manufacturing and service industries, and further changes will inevitably occur under the influence of continuing improvements in technology. The need for skills upgrading and redirection during working life will apply to all levels of the workforce, including management.

1.2.2 Quality and Structure of Education and Training

Increases in participation alone will not be sufficient to generate the increased skills demanded by our national economic circumstances. Improvements will also be needed in the quality, structure and flexibility of our education and training arrangements.

A high quality basic education is an essential pre-requisite for a vocationally skilled and adaptable labour force. More needs to be known about the levels of competence achieved by our students at school, especially
in the core disciplines of language, mathematics and science. Too many students, especially girls, are closing off future career options by early decisions to drop the study of such subjects. We also need to examine new ways to impart the less measurable skills on which future prosperity depends - life-time learning, enterprise and initiative, pursuit of excellence, communication skills, teamwork and responsibility. In other words, we need to lay the foundations of a productive culture.

Quality issues are also important at the tertiary level. Even with the best information on likely technological and structural change, we cannot confidently predict the types and mixtures of skills that will be needed in the future. The emphasis, rather, must be on broad and transferable skills, and attitudes which equip the workforce to adapt to and influence change. This applies not only to 'generalist' courses in the humanities and social sciences, but also to more directly vocational disciplines such as engineering and commerce.

The extent to which our tertiary institutions are able to influence and respond to emerging skill requirements will be directly influenced by the involvement of industry in course design and monitoring. Industry must also play its part in turning broadly-based skills to the particular requirements of the workplace.

Despite numerous inquiries into Australia's apprenticeship system over the past thirty years, serious deficiencies persist in the quality and structure of apprenticeship training.

Skill boundaries between the trades continue to be far too rigidly delineated, with the result that skills imparted are often unduly narrow and poorly related to modern
industrial needs. Flexibility is hampered by a range of outmoded legislative and arbitral constraints, which emphasise time-serving rather than competence achieved and unduly restrict access to training. Female participation in apprenticeship remains far too low. Again, the 'front-end' nature of current apprenticeship arrangements serves to bolster the misconception that training is a once-and-for-all affair. In consequence, adult training and retraining are relatively neglected, and little attention is paid to the upgrading and updating of labour force skills.

For all these deficiencies, the apprenticeship system remains an essential source of labour market skills and a key vehicle for provision of structured training opportunities to young Australians. Moreover, the basic principle underlying apprenticeship remains sound — namely, the integration of systematic training off the job with supervised experience within employment. In securing the necessary improvements, therefore, we need to build upon these established strengths.

The Government will give a high priority to such improvements, while recognising that action cannot proceed independently of wider industrial and legislative considerations. At the industrial level, the introduction of the two-tier wages system offers considerable potential for employers and unions to pursue improvements in industry training arrangements generally, and apprenticeship in particular. The developments currently in progress in the metal industry, covering for example new career structures and a review of training provisions in the Federal Metal Industry Award, are likely to have major implications for future arrangements for training in the key metal trades. More generally, recent statements by both employer and union organisations have accorded a
high priority to skill development issues and indicated a willingness to explore new approaches to training and skills formation.

The challenge now is to build on this new appreciation of skills and to secure some practical progress within particular industries, sectors and enterprises. A prime objective should be a broadened base of initial vocational training on which subsequent skills upgrading can build, together with improved arrangements for the recognition of skills and for progression from one skill level to another in the course of working life. Changes will also be needed in matters such as the term of apprenticeship and adult access to training. Governments and educational institutions will have a facilitating role in this process, but major impetus for change will need to come from employers, unions and individuals.

1.2.3 Distribution of Education and Training Effort

The Government will give high priority also to issues of resource allocation in education and training. More than $4,000m is currently spent each year on public tertiary education institutions alone, about three-quarters of this funded directly by Commonwealth grants. It is essential that the allocation of these funds generates the maximum possible community benefit.

Despite high levels of labour mobility and an unemployment rate of more than 8% nationally, shortages of skilled labour continue to be widely reported. The shortages of current concern span a wide range of strategic industries and occupations: for example, metal and electrical trade skills vital to modern manufacturing industry; computing and engineering skills essential to the rapidly growing
information industries; and a range of service skills on which the further expansion of Australia's tourism industry will depend.

Many factors other than training have contributed to this problem, including high rates of occupational wastage, deficiencies in occupational career paths, and inadequacies in the rewards provided for acquisition of additional skills.

Our education and training systems also, however, must bear a measure of responsibility. There has been a persistent shortfall of tertiary places for computer science students, despite clear evidence of long-term demand. Likewise, tertiary courses in hospitality management, catering and travel consultancy are meeting only a fraction of industry demand. The training efforts of industry itself are also seriously deficient in many cases.

We can no longer rely on one of our traditional responses to meeting skilled labour shortages - ready resort to overseas recruitment. Immigration has played an important part in the Government's overall social and economic development strategies, and provides a valuable supplement to domestic sources of labour market skills. In many cases, however, the particular skills in shortage within Australia are also in shortage on the international market. Our primary objective, therefore, must be to improve Australia's performance in generating the skills required for national economic development.

A range of Government policies will contribute to the achievement of this objective. In addition to education and training policies as such, initiatives in areas such as multiculturalism and affirmative action will also play
an important part in ensuring that our human resources are fully and effectively used. As a complement to such measures, improvements will be needed in the planning process for the supply of skills to the labour market.

The Government accepts that educational outcomes should not be measured solely in terms of current labour market requirements. It recognises also that centralised planning of education and training, at a detailed level, is neither technically feasible nor generally acceptable in the Australian context. At a broader level, however, the Government considers that there is scope for an approach to the use of Commonwealth funds for education and training which is more closely linked to performance, to labour market demands, and to national economic and industry development objectives.

1.2.4 Raising Industry's Commitment to Training

The limited evidence available for Australia suggests that training is viewed by many firms as a current operating cost to be minimised, rather than an investment in improved competitiveness and profitability. The mentality is still widespread that skills can be "poached" when needed, or alternatively obtained from overseas. Moreover, the training which is provided by industry is often unduly concentrated on a select group of more highly skilled workers, rather than more broadly distributed across the company workforce, from production operatives to managers.

There is an urgent need to reverse the long-term trend for the public sector to meet an ever-increasing share of total financial responsibility for training. Fiscal considerations, while important, are by no means the only concern.
Governments have a large and appropriate role to play in the basic education and training system. Beyond this, it is primarily the responsibility of employers and workers themselves to develop the skills required for effective industrial performance and individual development. The rewards to higher level performance in this area have both a national and a private, individual dimension. Moreover, skills so developed as an integral part of the productive process will be the more relevant, responsive and up-to-date.

The rapid spread of new technology is adding a further dimension to the requirement for training within industry, as our higher education and TAFE institutions find it increasingly difficult to upgrade their equipment and the skills of their teaching staff. Already there is evidence - for example, in the metal, automotive and printing industries - that advances in technology have outstripped the capacity of our formal training institutions to respond.

The Government will be examining a range of measures designed to encourage and increase industry's contribution to the national training effort. In pursuing this aim, however, it will be sensitive to the varying training requirements of different industry sectors, and also to the need for distributional equity in the financing of training.

The Government will also be taking action to achieve a more effective relationship between industry and the formal education sector in matters such as curriculum development, the sharing of training facilities and equipment, and the provision of training itself.
1.2.5 **Employment and Training for Disadvantaged Groups**

The Government will maintain its commitment to improving education, training and employment opportunities for the long-term unemployed and other groups identified as disadvantaged in the labour market. These include Aboriginal people, migrants from non-English speaking backgrounds, disabled people, sole parents and women seeking to enter or re-enter the labour force, and those without marketable skills who are displaced from employment through structural and technological change.

Much has already been achieved in these areas. In the four years to June 1987, for example, more than a million placements were made under Commonwealth labour force programs directed primarily towards the unemployed or otherwise disadvantaged. The recently announced National Policy on Languages will provide increased resources to English language training for migrants from non-English speaking backgrounds. Still more needs to be done, however, in particular to improve the access of these groups to mainstream opportunities for education, training and skills development.

There is a strong and well-demonstrated relationship between low socio-economic status, lack of skills, and high levels of unemployment and other forms of social disadvantage. Considering educational attainment alone, the rate of unemployment among persons lacking formal post-school qualifications stood at 11.6% in February 1987, compared with 5.3% for those who held such qualifications. This gap widens further when additional allowance is made for differences in socio-economic background.
Without appropriate Government intervention, people lacking vocational training and qualifications are likely to become even more disadvantaged over time in a labour market which increasingly values skills and relevant employment experience. A society which does not respond to the needs of its disadvantaged groups will incur the heavy socio-economic costs of under-developed and under-utilised human resources.

A related concern is the persistence of an excessive degree of occupational segregation by gender in the Australian labour market. This is not only a significant barrier to women's full and equal participation in employment, but a major source of structural rigidity and inefficiency.

In enacting its Affirmative Action legislation the Government has signalled its determination to remove barriers to women's participation in the workforce on equal terms with men. While implementation of affirmative action programs will increase industry's demand for women with the requisite skills, the Government has a complementary responsibility in its skills formation policies to ensure that women have equitable access to all education and training programs.

This is not simply a matter of meeting social objectives related to equity. Rather, it is an economic argument about increasing the pool of human resources available, especially in skilled occupations which have hitherto been largely restricted to men. The Government will continue to develop strategies to overcome the inefficiencies and inequities flowing from occupational segregation.
Another major concern of the Government has been to improve the links between income support through the social security system and labour market programs designed to assist jobless people in gaining employment. A number of measures, announced in the Government's May 1987 Statement, will result in a greater degree of integration between income support and labour market assistance.

In particular, the Job Search Allowance, which will be payable from January 1988 to unemployed 16 and 17 year-olds, incorporates strong ties between continuing income support and participation in work, training or job search assistance activities.

Other changes announced by the Government in its May Statement are consistent with this direction. Changes to the age of qualifying child for Class A Widow's pension and supporting parent's benefit and the phasing out of Class B Widow's pension, together with additional subsidised child care, additional places in training programs, and liberalisation of the income test, will serve to improve the opportunities for sole parents and older women without children to gain employment.

1.2.6 Efficiency and Effectiveness in Education and Training

The Government recognises that there are a number of approaches which can be taken to achieve the desired increases in the quality and flexibility of our labour force skills. Some of these, as outlined above, will involve the development of new structures and programs of action. Others will rely heavily on the enhancement and more effective use of existing structures.
The best possible result must be achieved with the resources which can be made available. As in other industries served by our education and training system, there is considerable scope to improve the outputs from our present stock of education and training resources. Given that salary costs make up about 80% of total recurrent budgets for education and training, the productivity of staffing resources is one issue that requires attention.

Special attention will also be paid to the relative efficiency and value of the various approaches taken to achieve program objectives. Accordingly, plans for the systematic monitoring and evaluation of each program will be developed. The impact of programs will be assessed to determine their continued relevance and priority, and to ensure that desired outcomes are achieved in the most cost-effective manner. A flexible approach to the achievement of the Government's objectives will thus be maintained, and programs modified in the light of effectiveness and efficiency considerations.

1.2.7 The Fiscal Constraint

The Government recognises that the necessary improvements in the quantity and quality of our national skills base will require a substantial commitment of resources. At the same time, these objectives will need to be pursued in the context of a continuing tight rein on overall public sector expenditure, linked closely to the imperative to reduce our external deficit. This requirement applies to all areas of Government spending, even those as vital as education and training.

Taken together, these considerations suggest three important conclusions.
First is the need just noted to enhance the effectiveness and productivity of our current set of education and training resources.

Second, and related, is the need for close attention to the distribution of these resources. Priorities will need to be carefully balanced across different sectors, disciplines and program objectives. Governments as well as individual institutions will need to take an active part in this priority-setting process. There will also be an important role for employers and unions, especially in the area of vocational training for industry.

Finally, there is a need for more diversified sources of finance for education and training. Governments alone should not and cannot carry the full financial burden of improvements in our skills formation arrangements. Corporations and in appropriate cases, the individual beneficiaries of training, will have to carry more of the load.
PART 2

PROGRAM DIRECTIONS AND PRIORITIES FOR 1987-88
2.1 INTRODUCTION

The following sections of this Statement outline the key features of the Government's Budget decisions in employment, education and training for 1987-88, classified into five main program areas:

- Commonwealth support for TAFE (Section 2.2)

- employment and training assistance for youth (Section 2.3)

- apprenticeship and trade training programs (Section 2.4)

- industry training programs and services (Section 2.5)

- employment and training programs for the disadvantaged (Section 2.6).

Summary details are given of financial allocations for each major program category, together with a broader account of overall program directions and priorities. Appendix A provides a composite summary of program changes to be introduced during 1987-88. Appendix B gives details of expenditure allocations and estimated program approvals for 1987-88, together with comparative data for 1986-87, where applicable.

Excluded from this document are details of Government decisions relating to schools and higher education, both of which will be the subject of separate Government announcements.
The decisions being announced by the Government at this time are very much initial steps in an ongoing process of policy development and reform. They are nevertheless significant, both in their own right and as a guide to the Government's priorities for improvement and change. Further measures will be announced progressively as appropriate.

The Government recognises that the Commonwealth is but one of many parties to the skills formation process in Australia, and that State and Territory Governments, employers and unions, in particular, will also play an essential part in the process of reform. Indeed, in a number of significant areas, the Commonwealth's role is catalytic rather than dominant, and the prime responsibilities for action must be exercised by others.

Accordingly, the Government will be undertaking early consultations with these and other relevant parties on the impact of its latest Budget decisions and arrangements for their implementation. More generally, the Government will consult on a regular basis with all interested parties to ensure that the necessary improvements in our education and training arrangements are pursued by means of a co-operative national effort.

As part of the process of integrating the development of its employment, education and training policies and programs, the Government has appointed a Task Force chaired by Mr Charles Halton to review and report on advisory arrangements and structures to complement the establishment of the new Department. The Halton Task Force is expected to finalise its report for Government consideration before the end of 1987, with a view to introduction of any revised arrangements from early in 1988.
2.1.1 Labour Market Context

The labour market has made remarkable gains over the past four years, reflecting the strength of economic recovery between 1983-84 and 1985-86 and the effects of sustained wage restraint since 1983-84. Between April 1983 and August 1987 total employment rose by 13.2%, a net increase of 828,900 employees. Employment growth has averaged 3% per annum over the last four years - the fastest rate of employment growth in the Western industrialised world.

In 1986-87 continued restraint in labour costs underpinned the resilience of the labour market in the face of a slowdown in economic activity. After falling in the September quarter, employment picked up to register growth of 2.3% for the year as a whole. The unemployment rate in 1986-87 stood at 8.3%, some half of a percentage point higher than in 1985-86.

Recent labour market performance has been marked by strong growth in part-time employment and an increasing share of females in total employment. While full-time employment increased by 10.2% between April 1983 and August 1987, part-time employment grew by 26.6%. Female employment grew by 20.3% over the same period, accounting for slightly less than half of all full-time employment growth and 80% of part-time employment growth.

Employment growth has been particularly strong in the private sector, especially in areas where business operations are labour intensive. The private sector accounted for 85% of the total increase in employed wage and salary earners over the three years to March 1987. Among industries, the service sector has provided the greatest contribution to employment, particularly for females, with employed wage and salary earners in finance,
property and business services growing by 23.5% and strong growth recorded also in construction, recreation, personal and other services, wholesale and retail trade and community services. Employment growth has been significantly slower in manufacturing at 2.6%, but recent improvements in Australia's competitiveness have enhanced employment prospects in this sector.

Unemployment

One impact of the 1982-83 recession was a sharp rise in the unemployment level and rate to magnitudes not seen for fifty years. The subsequent recovery in the economy and the labour market was associated with increased participation in the labour force, particularly by women. Strong labour force growth thus muted the impact on the unemployment rate. Since peaking in mid-1983 the unemployment rate has fallen by around 2 percentage points to 8.1%, while the number of unemployed persons has declined by about 90,000.

In 1986-87 the unemployment rate rose at the beginning of the year and thereafter remained largely within the range 8.2% to 8.4%.

The number of persons unemployed for twelve months or more has remained high, notwithstanding some improvement over the past four years. After declining to 162,100 in the three months to July 1986, the number of persons in this category increased to 180,600 in the three months to July 1987.
Teenagers

The labour market for persons aged 15-19 years - the teenage labour market - is strongly influenced by school and tertiary education participation. There has been an inverse association between full-time participation in the teenage labour market and participation in education. Related to this, there has been a long-term declining trend in the teenage full-time labour force participation rate, which fell from 47.7% in 1982-83 to 40.9% in 1986-87. Over the same period the school participation rate has risen from 38.4% to 44.1%, in line with the strong growth in school retention. Participation in tertiary education has also increased.

Over the four years to the three months ending July 1987, teenage employment (not seasonally adjusted) increased by 11.2% (66,300 persons), made up of a sharp rise in teenage part-time employment partly offset by a fall of 1.4% in full-time employment. The unemployment rate for teenagers seeking full-time work has fallen from over 27% in mid-1983 to 21.9% (seasonally adjusted) in July 1987. The proportion of the teenage population unemployed and looking for full-time work has fallen from 12.3% to 8.9%.

Section 2.3 provides additional information on the activity profile of teenagers.

Skill Shortages

Despite high levels of unemployment, significant skill shortages persist in a range of key industries and occupations. While shortages are most severe for highly skilled and experienced workers, they also extend to the new graduate level in a range of important trades and professions.
The continuation of skilled labour shortages at a time of high unemployment emphasises the structural inadequacy of parts of the labour market. Moreover, the strategic nature of current shortages could impede the type of structural change required to underpin the adjustment of Australia's external position and stabilisation of the external debt.

Although total employment in manufacturing has experienced below-average growth over the past three years, shortages of skilled labour have re-emerged in key areas such as the metal trades (especially in the machine tooling area), electrical trades and electronic engineering and technical support occupations. Outside of manufacturing, shortages persist in a range of important occupational groupings, including computing professionals, catering and food processing trades, business professionals, printing trades, and nurses.

A significant factor in the re-emergence of skilled trade shortages has been the pipeline effect of the sharp reduction in apprenticeship training intakes during the 1982-83 recession and into 1983-84. The effects of this reduction will continue to be felt until early in 1989, when the increased apprenticeship intakes since 1984-85 will feed through into higher levels of training completions.

Outlook

Labour market outcomes in recent years have been largely determined by macro-economic developments, underpinned by appropriate macro-economic policies. While a sound macro-economic framework will continue to be essential, the imperatives of structural adjustment must be accommodated in a way that permits an early resumption of
rising living standards. In particular, the capacity to achieve the necessary changes in the balance of our industrial structure will depend on achieving the necessary profile of skills in the workforce.

The outlook for the labour market in 1987-88 is covered more fully in Budget Statement No. 2. In general terms, employment is expected to grow solidly and the unemployment rate to remain at around its current level. Recent trends of strong growth in part-time employment and in the service sector, particularly for women, are expected to continue.

At the industry level, employment in the non-traditional traded goods and services sectors of the economy, such as significant areas of manufacturing, tourism and the information industries, is expected to receive a boost through the structural adjustment process. Accordingly, the skill needs of these sectors will command a high priority in development of the Government's education and training strategies.
2.2 COMMONWEALTH SUPPORT FOR TAFE

The Government's May 1987 Statement made clear its wish to see greater industry involvement in TAFE and more flexible and diversified arrangements for vocational education and training generally.

For the most part, current Commonwealth funding programs for TAFE are not directly related to the Government's broader economic and labour market objectives. In light of the urgent need to raise the level of national skills development, the Government has decided to sharpen the focus of its financial assistance for TAFE to ensure that funds are spent in accordance with national objectives and priorities.

2.2.1 The TAFE System

Prior to 1974 there was no recognised system of technical and further education in Australia. Thirteen years later, thanks to the combined efforts of the Commonwealth and State Governments, TAFE is a significant national resource and a key element of Australia's education and training system.

The development of TAFE since the mid-1970s has been a major national achievement, and provides a sound basis for the further developments which must now be pursued over coming years. In the period since 1974 TAFE enrolments in vocational and preparatory courses (Streams 1-5) have almost doubled, rising from 458,000 to more than 850,000. Concurrently, enrolments in recreational, leisure and personal enrichment courses (Stream 6) have risen from 133,000 to 457,000. By 1985 more than 1.3m Australians
were participating in TAFE each year, representing a level of student load roughly equivalent to that carried by universities and colleges of advanced education combined.

Of all education sectors, TAFE has the strongest links with the labour market and is the most directly affected by changes in labour market conditions, particularly for young people. A high proportion of TAFE students are participants in TAFE precisely because of their labour market circumstances, whether as apprentices or trainees, unemployed young people seeking to improve their labour market prospects, women seeking to re-enter the workforce after a period of absence, or workers seeking to upgrade their vocational skills within employment. More than three-quarters of all TAFE teaching effort is directed to courses with a specifically vocational orientation, and another 19% to courses of a preparatory or remedial nature.

TAFE, then, is a key element of Australia's vocational education and training system, and will be central to the Government's concerns to upgrade the quality of our labour force skills. More than this, TAFE is a recognised system in its own right, with a charter which extends well beyond the provision of narrowly-based skills training for industry.

It has a major role in providing broadly-based and adaptable skills to young people seeking to establish a foundation for future career development. Its student population is the most diverse of all the tertiary sectors, as well as the most representative of the general Australian community. TAFE is also the most geographically accessible of the post-school sectors; it has a wide range of bridging programs to facilitate access.
to mainstream study or employment; and its general ethos is typically sensitive to the needs of the disadvantaged, and understanding of their circumstances.

The Government recognises these significant strengths of TAFE and is conscious of the need to protect them. Indeed, the Commonwealth itself has played a significant role in the development of these strengths, acting as catalyst to the development of a national identity for TAFE and providing the greater part of the $2,000m spent since 1974 in expanding its physical capacity.

Under the new funding arrangements to be introduced from 1988 the Government will continue to place a strong emphasis on the national development of TAFE, but in a framework which accords a high priority to its broader economic, labour market and industry development objectives.

2.2.2 Commonwealth Assistance for TAFE

In calendar 1988 the Commonwealth will provide $270.9m (in December 1986 prices) in direct grants to the States and Northern Territory for expenditure on TAFE. A further amount of up to $70m is expected to be provided to TAFE in 1987-88 under other labour market and training programs. In addition, the Commonwealth is wholly responsible through the ACT administration for funding TAFE programs in the Australian Capital Territory.

Existing programs of Commonwealth assistance for TAFE were introduced in the mid-1970s and have remained in place, with only relatively minor changes, since that time. These programs have served an important purpose in improving the overall quality of TAFE provision and expanding its physical capacity. The Commonwealth's
capital program, in particular, has played a vital part in facilitating the significant rates of growth which have been achieved by TAFE over the past ten years.

Especially in the recurrent expenditure area, however, current Commonwealth funding arrangements for TAFE suffer from a number of significant limitations. These include:

- an absence of clear program goals and targets
- a heavy emphasis on the funding of educational inputs rather than the achievement of specified outcomes
- for the most part, the lack of a direct relationship to wider economic, industry development or labour market objectives
- the lack of inducements to greater public and private sector co-operation in the delivery of training and the sharing of training costs
- the absence of any substantial evaluation of program effectiveness.

In recognition of such deficiencies, the Review of TAFE Funding Report (May 1986) concluded that there was a need for "considerable restructuring of Commonwealth grants for TAFE and the arrangements under which they are provided in order to serve more effectively an outcomes-oriented approach with effective accountability".

The Government agrees with this conclusion, and has accordingly determined a major restructuring of Commonwealth assistance for TAFE, to take effect from 1 January 1988. The objectives of this restructuring are
consistent with the broad objectives outlined in Part 1 of this Statement - in particular, to achieve in partnership with State and Territory Governments:

- further increases in participation in vocational education and training, and an expansion of total training capacity
- improvements in the relevance of TAFE provision, and in the use of Commonwealth funds to meet specified Commonwealth objectives
- productivity improvements and efficiency gains in the use of existing resources
- greater industry involvement in TAFE, leading to more flexible and diversified arrangements for vocational education and training generally
- an enhancement of the labour market prospects of the unemployed and other disadvantaged groups, especially among the young.

The new funding arrangements comprise a TAFE Infrastructure Program and a General Recurrent Program, and will operate from 1 January 1988.

**TAFE Infrastructure Program**

The existing Capital Grants, Special Equipment and TAFE Minor Works and Equipment Programs for Traineeships will be combined into a single TAFE Infrastructure Program. An amount of $170.9m (in December 1986 prices) will be available for this program in calendar 1988. Funds will be allocated on the basis of competitive bidding, with individual proposals being considered on their merits.
Capital grants will be used to better reflect national priorities and skill formation objectives as part of an overall objective aimed at increasing the capacity of the vocational training system. In particular, the guidelines for new capital projects will give priority to projects which:

- generate additional capacity in priority areas of skill shortage or strategic importance to future economic development (such as computing studies and tourism and hospitality)

- enhance TAFE's capacity to deliver Commonwealth training programs, particularly for young people (including the Australian Traineeship System)

- are supported by industry and involve an industry contribution.

Equipment grants will continue to be used to upgrade the technology of equipment in TAFE. An amount of $3m in 1988 will be withheld for priority proposals involving industry contributions towards the purchase of TAFE equipment. The balance of equipment funds will be available for competitive bidding by States and individual colleges on the basis of responsiveness to industry requests for equipment upgrading, or as part of a general upgrading of equipment for generic skills (e.g. micro-computer and other keyboard equipment).

In allocating funds under the Infrastructure Program the Commonwealth will continue to have regard to disparities in TAFE provision as between States and regions within States. The Commonwealth would expect those States which
lag in the provision of TAFE services to increase their commitment to expansion of their systems, consistent with national economic requirements.

General Recurrent Program

With three minor exceptions referred to below, the existing Fees Reimbursement and Designated Recurrent Grants are to be replaced by a General Recurrent Program which will be subject to Resource Agreements with the States covering:

1. a commitment to pursue improvements in productivity in 1988, including in the area of terms and conditions of staff employment

2. agreed target growth rates in designated courses of high priority to meet skill shortages, equity objectives, or of strategic importance to future economic development

3. changes in administrative arrangements to enable TAFE colleges to retain revenues from entrepreneurial effort.

An amount of $100m (in December 1986 prices) will be made available under this program in calendar 1988. Achievements against program objectives will be subject to regular monitoring and evaluation.

As an adjunct to these grants the Commonwealth has decided selectively to relax the prohibition on charging of fees in TAFE. This relaxation will be limited to those courses which are undertaken for the purpose of upgrading skills and income, often at the request of industry. The aim is to provide a further basis for industry and individual
contributions without threat to the public financing of TAFE. The fees prohibition will be relaxed on the basis of State submissions to the Commonwealth Minister.

The prohibition on fees will remain in relation to that great majority of TAFE courses which involve the initial acquisition of skills by young people. The Commonwealth will not reduce the level of the General Recurrent Grant on account of fees revenue generated by State proposals, and under these arrangements, revenue from fees could be used to provide additional education and training opportunities in TAFE.

The abolition of the existing Designated Grants means that those portions of existing grants allocated to purposes such as Staff Development, Curriculum Development and Student Services will be discontinued in their current form. It will be open to States, however, to devote parts of the new General Recurrent Grant to these purposes, consistent with the conditions attaching to Resource Agreements. In particular, there will be a continuing need for major effort and effective co-ordination in the area of curriculum development.

The level of funds to be provided to the States for TAFE in 1989 and future years under the General Recurrent Program will be dependent on achievements in 1988, particularly in relation to productivity.

Other Commonwealth Grants for TAFE

Three existing special purpose grants for TAFE under the Designated Grants Program are to be maintained:
grants for advanced English language courses for migrants ($4.1m) will continue to be administered directly by the Commonwealth, as will the allowances paid to participants in such courses.

grants for adult literacy ($1.1m) and for non-Government adult education ($1.4m) will be maintained and rolled in with funding to be allocated under the National Language Policy for adult literacy purposes.

The processes of allocating these grants will be reviewed during the year.

The existing TAFE Participation and Equity Program (PEP) will terminate on 31 December 1987, and the target group currently served by this program catered for by the new Youth and Adult Training Programs.

Apart from Commonwealth grants to TAFE through the TAFE Infrastructure Program and General Recurrent Program, a further $70m (approximately) is expected to be provided to TAFE under other labour market and training programs. The administration of these programs will foster a competitive environment which provides an opportunity for TAFE and other training providers, where appropriate, to tender for the provision of relevant courses. The objective is to broaden the present infrastructure for vocational education and training.

2.2.3 Administration of TAFE Grants

The previous administration of programs involving grants to TAFE has been fragmented between the Commonwealth Tertiary Education Commission, the former Department of Education and the former Department of Employment and
Industrial Relations, as well as other Commonwealth agencies. Administrative responsibility for the new TAFE program will be located within the new Department of Employment, Education and Training. Steps to implement these arrangements are already under way.
2.3 EMPLOYMENT AND TRAINING ASSISTANCE FOR YOUTH

2.3.1 Overview

Relative to a number of our international competitors, Australia has lower levels of secondary education retention and participation, fewer opportunities for structured vocational education and training for those who do not continue to tertiary education, and a higher incidence of youth unemployment, particularly for short periods. Both the Report of the Committee of Inquiry into Labour Market Programs (Kirby Report, January 1985) and the OECD Report: Youth and Work in Australia: Comprehensive Policy Agenda (May 1985) highlighted the need for structured training opportunities for the 100,000 young people who leave school each year and receive no further substantive vocational preparation.

Activity Profile of Youth

Tables 1 and 2 provide information on the educational and labour force status of 16-20 year-old Australians at mid-1986 and for the cohort of 1985-86 secondary school leavers. The information reveals that:

- for those not attending school, full-time employment is the most significant activity for 16-20 year-olds;

- the structured vocational training provided in employment by the apprenticeship and traineeship systems represents less than 25% of all full-time employment opportunities for this age-group. The proportion for young females is even lower given their limited access to apprenticeship opportunities;

40
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**TOTAL POPULATION**

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**Note:** The estimates shown in the main body of this table have been derived from a variety of independent sources, and estimates in the 'Other' category derived as a residual. Although the categories identified are largely mutually exclusive, some limited double-counting does occur (e.g. between those in full-time education and those unemployed looking for full-time work). In consequence, the size of the 'Other' category may be understated.
### TABLE 2

**ACTIVITY PROFILE OF 1985-86 SCHOOL LEAVER COHORT AS AT MID-1986 - AUSTRALIA (BROAD ESTIMATES ONLY)**

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</tr>
<tr>
<td>UNEMPLOYED, LOOKING FOR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FULL-TIME WORK</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- &lt; 3 MONTHS</td>
<td>5.0</td>
<td>12.5</td>
<td>17.5</td>
</tr>
<tr>
<td>- 3-6 MONTHS</td>
<td>4.7</td>
<td>11.7</td>
<td>16.4</td>
</tr>
<tr>
<td>- 6+ MONTHS</td>
<td>2.2</td>
<td>5.6</td>
<td>7.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>11.9</td>
<td>29.8</td>
<td>41.7</td>
</tr>
<tr>
<td>TOTAL SCHOOL LEAVERS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 1985-86</td>
<td>116.3</td>
<td>127.1</td>
<td>243.4</td>
</tr>
<tr>
<td>- 1986-87</td>
<td>128.3</td>
<td>128.3</td>
<td>256.6</td>
</tr>
<tr>
<td>- 1987-88</td>
<td>138.1</td>
<td>127.1</td>
<td>265.2</td>
</tr>
<tr>
<td>- 1988-89</td>
<td>149.3</td>
<td>122.9</td>
<td>272.2</td>
</tr>
<tr>
<td>- 1989-90</td>
<td>150.4</td>
<td>117.3</td>
<td>267.7</td>
</tr>
</tbody>
</table>

**NOTE:** The estimates shown in the main body of this table have been derived from a variety of independent sources. Although the categories identified are largely mutually exclusive, some limited double-counting does occur. In consequence, the sum of components may exceed the total population estimate shown at the foot of the table. A residual 'Other' category is not separately identified.
Some 52,000 young people are in full-time TAFE education. However, significantly larger numbers of young people attend TAFE on a part-time basis to undertake vocational training courses linked to their employment aspirations;

Older teenagers tend to experience longer periods of unemployment, and those who do not complete secondary education have a significantly higher incidence of unemployment;

The youth population which determines the number of school leavers will peak in 1990. The 16-17 year-old population will peak in 1988, although the 18-20 year-old population will continue to increase to 1990.

Other available information indicates that over 60% of school leavers in the full-time labour force find their first full-time job within 13 weeks. Many subsequently leave these jobs and experience periods of unemployment, particularly in the 18-20 year age group. The absence of structured vocational training opportunities for school leavers obviously contributes to such turnover and affects the subsequent employability of many young people. At present, around 140,000 young people experience unemployment spells of 3 months or more during a year and of these, 80,000 experience unemployment spells of 6 months or more.

Government Measures

In addressing these significant education and employment features of the Australian youth population, the Government has adopted a comprehensive education, employment and support strategy aimed at:
increasing the number of young people who complete secondary education or an equivalent. In 1982, just over a third of young people completed Year 12. By the end of 1987, the proportion is expected to have increased to 50%;

significantly increasing the number of tertiary education places available. Over the past four years an extra 42,600 tertiary places have been created;

a major restructuring of unemployment benefits and education allowances to maximise the incentive for young people to either find work or undertake further education and training;

expanding the range of structured vocational preparation and training opportunities for young people by introducing the Australian Traineeship System and continuing support for the apprenticeship system;

providing a safety-net of employment, training and community assistance to those who have been unable to establish themselves in permanent worthwhile employment.

In the 1987-88 Budget, further initiatives have been undertaken in these areas. This statement outlines the initiatives in respect of the income support, traineeship and apprenticeship, and employment, training and community assistance areas.
Income Support

In the 1985-86 Budget, a program of fundamental reform was announced to progressively introduce a structure of financial assistance to young people which would reinforce the Government's training and education policies by:

- increasing the level of assistance available to those in full-time education or training; and

- removing the financial disincentives to remain in full-time study which faced young people from lower income families who could receive considerably greater assistance through unemployment benefits than through education allowances.

In 1988 the Government will set in place the final basic framework of these reforms.

On 1 January 1988 the new Job Search Allowance (JSA) will replace unemployment benefits to 16-17 year-olds, placing a greater emphasis on active job seeking supported by job-search training. The JSA will be subject to a parental income test, under which the maximum paid will be $50 per week and the minimum $25 per week (before the application of any personal income test). In introducing JSA, the Government has sought to integrate more closely the provision of income support for young people with a range of measures to assist their entry into the labour market. Under the new arrangements, young unemployed people will be encouraged to search more actively for jobs and given more help to move into workforce training programs.
Also from 1 January 1988, AUSTUDY rates will be increased to provide equality of basic benefits for secondary and tertiary students and unemployed young people. The rate of AUSTUDY for 16-17 year-old secondary and tertiary students living at home will be $50 per week, equal to the maximum rate of the Job Search Allowance. This is more than double the 1985 rate of secondary allowances. AUSTUDY rates for independent and living-away-from-home students aged 18-20 will be aligned with the intermediate rate of unemployment benefit.

Further steps have also been taken in the 1987-88 Budget to equalise the incentives to young people to undertake employment, education and training.

The additional $15 per week available to unemployed young people over and above the job search allowance/unemployment benefit to undertake short-term training courses will be removed. In an environment where the priority is on all young people pursuing further education and vocational training options, the Government considered this $15 was anomalous and no longer appropriate.

2.3.2 Apprenticeship and Trade Training Programs

The traditional apprenticeship system remains a major source of employment and training opportunities for young Australians. About 50,000 young people currently commence apprenticeship each year, representing about one-third of all school leavers who find full-time employment.

Details of Commonwealth programs of support for apprenticeship, and program directions for 1987-88, are provided in Section 2.4. In summary, apprenticeship programs will assist an estimated 92,000 15-19 year-olds in 1987-88.
2.3.3 **Australian Traineeship System**

During 1987-88 the Government will continue to accord a high priority to the further development, in partnership with State and Territory Governments, of the Australian Traineeship System with a view to ensuring that it becomes a major means of entry into the labour market for young people.

**Features**

The Australian Traineeship System aims to achieve long-term fundamental improvements in training arrangements for young people in non-trades employment and thereby improve both the long-term employment prospects of young people and the national skill base. The System complements apprenticeship as a major entry point into the labour force, particularly those in the 16-18 year-old age group who have not completed Year 12 education or equivalent.

The objectives of the Australian Traineeship System are:

- to provide a new form of quality training for young people entering the workforce
- to provide increased employment and training opportunities for youth
- to extend the provision of quality on- and off-the-job training to industry and young people
to provide trainees with qualifications that are recognised by industry and education bodies, and which can be used as a step to permanent employment and a worthwhile career, and/or further education and training, and

to provide equal access to employment and training opportunities for young men and women.

Like apprenticeship, a traineeship involves a combination of structured on- and off-the-job training, and contracts between employers and trainees.

The achievement of a fundamental change in the school-to-work transition process for thousands of young Australians is a complex task, involving agreements between employers and unions on the terms and conditions for the employment of trainees, and on the development and Australia-wide approval of training plans.

Progress to Date

While progress has been slower than originally envisaged when the System was announced in 1985, substantial advances have been made and momentum is gathering, particularly in the private sector (Figure 1). However, some key employers and unions are still resisting the introduction of traineeships. Their co-operation will be essential to the long-term success of the concept, and to the creation of a durable training system that will stand the test of time.
As at 28 August 1987 the following situation had been reached:

<table>
<thead>
<tr>
<th></th>
<th>Traineeships Created</th>
<th>Trainees Commenced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Sector</td>
<td>5,393</td>
<td>3,875</td>
</tr>
<tr>
<td>Public Sector</td>
<td>6,023</td>
<td>5,279</td>
</tr>
<tr>
<td>Total</td>
<td>11,416</td>
<td>9,154</td>
</tr>
</tbody>
</table>

There are now:

- 36 trade unions involved
- 143 industrial agreements and/or award variations
more than 2500 individual private employers who have employed trainees

21 group training schemes which are either employing or have been approved to employ trainees

Traineeships in both the public and private sectors in such diverse occupations and industries as office/clerical, furniture removals, textile clothing and footwear, building and construction, banking, rural and hospitality.

Nearly three-quarters of trainees to date have been 16-18 year-olds without Year 12 qualifications. By contrast with their low participation in apprenticeship, young women are well represented in traineeships, accounting for 68% of commencements to date. Some 1,250 trainees have already completed their training, and available evidence suggests that the vast majority of these have found subsequent employment or have gone on to further education or training.

The Commonwealth provides $1,000 to employers for each trainee employed to assist in offsetting the cost of on-the-job training. An additional $1,000 is paid in the case of trainees assessed as being disadvantaged by the Commonwealth Employment Service (CES). The Commonwealth also provides $1,800 to TAFE and $2,000 to other approved training providers in respect of each trainee undertaking off-the-job training, as well as assistance towards the cost of curriculum development. Trainees are also eligible for a Living-Away-From-Home Allowance (LAFHA) if required to move to take up a traineeship.
Commonwealth expenditure on traineeships and related assistance to employers and training providers in 1986-87 amounted to $13.6m.

Prospects in 1987-88

While developments continue to be uneven across Australia and many difficulties remain to be overcome before the system becomes fully institutionalised, a further increase in numbers is expected in 1987-88. Development work is likely to focus particularly on areas such as manufacturing, transport and storage, insurance, office clerical and the Australian Public Service.

Taking into account completions and commencements, in 1987-88 it is expected that about 20,000 young people will participate in traineeships, with Commonwealth expenditure on traineeships likely to amount to $43.9m.

Traineeships as a Major Entry Point

While one of the objectives of the Australian Traineeship System is to generate additional employment and training opportunities, it is essential that traineeships become a normal, rather than exceptional, method of entry into the workforce. To expect traineeships to be fully additional to normal employment intakes would be inconsistent with this objective, would confine traineeships to a marginal role, and would not make them available to the many thousands of young people who currently enter the workforce without the benefits of this structured training.

To show a lead the Commonwealth will in 1988 convert the recruitment of all base-grade clerical positions for 16-18 year olds, without Year 12 qualifications, to traineeships in both the Australian Public Service and in Commonwealth
Statutory Authorities for those occupational categories where traineeships have been developed. It is expected that 1,500 traineeship positions will result from this initiative; of these, 600 will be additional to normal intakes.

Group Training Schemes

Group Training schemes have been established to enable the participation of smaller employers who would not ordinarily have the capacity to take on trainees for the whole year and also enable traineeship opportunities to be maximised in rural areas. 21 group schemes are either employing or have been approved to employ trainees and it is likely that 30-40 group schemes employing trainees will be operating by June 1988.

Disadvantaged Trainees

To date, approximately 15% of trainees have been assessed as disadvantaged in the labour market (e.g. Aboriginal, disabled, long-term unemployed etc). This participation rate approximates that of disadvantaged young people in the youth labour market.

Measures to facilitate the participation of disadvantaged groups in the Australian Traineeship System include: an additional payment to employers to help offset the costs of providing on-the-job training; funds for workplace modifications if necessary; and the provision of pre-traineeship courses to increase the skill levels of disadvantaged young people, enabling them to be more competitive in seeking traineeship places.
2.3.4 Employment, Training and Community Assistance Programs

For young people who fail to obtain an apprenticeship or traineeship place, permanent employment or enter full-time tertiary education, the Government provides a range of "safety-net" training, employment assistance and community programs.

In addition, the Commonwealth Employment Service provides a range of information and counselling services. These services include the information and advice provided by the CES Youth Access Centres, the Work Information Centres and Career Reference Centres.

CES Youth Services

In 1985-86, the Government introduced a pilot program of Youth Access Centres to provide young people with a central access point to comprehensive, co-ordinated information on employment occupations, education, income support and community services. In 1987-88, this network of Youth Access Centres will be further expanded. However, given resource constraints and the need to ensure that efficiencies of integrating employment and education services are thoroughly assessed, the pace of expansion will be slowed.

To supplement the CES placement and advisory services, a new Job Search Training Program will be introduced in 1987-88 to enhance the job search activity and improve the success of job seekers. The program will have two elements: Job Clubs and Job Search Training. Some 40 Job Clubs will be trialled in 1987-88 and will provide intensive 3-week training courses and practical experience in job search skills for job seekers unemployed for 6
months or more. Job Search Training will involve shorter term job search training opportunities (usually between 17 and 20 hours) provided through 200 external organisations, such as community bodies, TAFE and CYSS projects. The courses will be targeted at unemployed people out of work for at least six months but, initially, priority for placement will be given to 16-17 year-olds.

An estimated 12,000 16-17 year-olds and 4,000 18-20 year-olds are expected to undertake Job Search Skills Training courses in 1987-88, and an estimated 500 16-17 year-olds and 800 18-20 year-olds are expected to participate in Job Clubs in 1987-88.

Youth Training Program

A major new initiative in 1987-88 will be the introduction of the Youth Training Program to provide a range of short-term vocational training opportunities for unemployed young people.

It responds to the overall need to cater for the basic skills training needs of unemployed and disadvantaged young people who have been unable to avail themselves of mainstream training through apprenticeships and traineeships.

The Program will

- combine and replace the elements of the TAFE Participation and Equity Program, the Adult Training Program and the Experimental Training Projects program directed at 15-20 year-olds into a single program involving vocationally oriented training courses
make use of TAFE mainstream programs to complement and supplement specifically arranged training packages

significantly expand the training opportunities available for disadvantaged young people.

The Program is modelled on the Adult Training Program established in January 1986 and training opportunities will be developed locally on a fee-for-service basis, together with some additional support for some mainstream TAFE courses. The courses will be vocationally oriented, and will take account of the needs of the individuals and the skills requirements of the local labour markets and industry. Particular attention will be paid to the preparatory training needs of young people, and structured training in job search skills will also be covered. Some experimental training initiatives will also be possible.

More than 13,000 young people are expected to be assisted under the Youth Training Program in 1987-88, at an estimated cost of $30.7m. A further significant expansion is planned for 1988-89.

Employment and Community-Based Assistance

In addition to the specific youth programs such as the Youth Training Program, unemployed young people are also currently assisted under a range of community-based programs such as the Community Youth Support Scheme, the Community Training Program and Community Volunteer Program, and employment assistance programs such as JOBSTART, the general wage subsidy program and mobility programs such as the Relocation Assistance Scheme and Fares Assistance Scheme. Further details on these programs are provided in Sections 2.5 and 2.6.
The range of assistance which will be provided by these safety-net programs in 1987-88 including the Job Search Training Program will be extensive. Provision has been made within these programs to assist more than 60,000 long-term unemployed young people or those assessed as especially disadvantaged.
2.4  APPRENTICESHIP AND TRADE TRAINING PROGRAMS

2.4.1  Overview

Numerically at least, the apprenticeship system has served Australia well over a long period of time. It has been the principal source of supply of skilled workers to the Australian labour market, has provided a significant level of employment and training opportunities for school leavers, and has assisted in achieving a better balance between domestic training and migration as sources of skills.

In quality terms, however, there is now widespread agreement that the apprenticeship system needs to be made more flexible and responsive to the needs of industry and advances in technology. Skills training should become more broadly-based and multi-skilled in character, be moved from a time-serving to a competency basis, and become a significant component in a ladder of continuous skills development.

The Commonwealth has undertaken a review of its apprenticeship support programs with the aims of:

. maintaining the incentive for employers to continue a high level of apprenticeship intake

. focussing attention on completion and competency outcomes rather than on financial inputs

. simplifying procedures for employers to obtain assistance and, over time, reducing administrative costs

. where possible, rationalising and mainstreaming support programs.
As a result of this review, changes will be introduced with effect from 1 January 1988 to the Technical Education Rebate under the Commonwealth Rebate for Apprentice Full-Time Training (CRAFT) program, the Special Assistance Program, the Group Apprenticeship Support Program and the Group One Year Apprentice Scheme. Details of these changes are provided below.

At the same time, the Commonwealth's substantial support for apprenticeship will be maintained, with expenditure in 1987-88 expected to total $129.3m, an increase of 12.3% over 1986-87.

2.4.2 The Apprenticeship System

Apprenticeship is a major source of full-time employment and training for young people. Indeed, its importance has increased substantially over time:

- as a proportion of all full-time employment for 15-19 year-olds, the share of apprenticeship has risen from just over 12% in 1966 to almost 23% in 1986 (Figure 2)

![Figure 2](image)

Apprenticeship share of full-time employment for teenagers - Australia, 1966 to 1986
while other full-time employment for youth has fallen sharply over the past two decades relative to the size of the teenage population, apprenticeship has remained at a relatively steady level (Figure 3).

Figure 3  Apprenticeship and other full-time employment for teenagers, as percentage of teenage civilian population - Australia, 1966 to 1986

About 1 million Australians hold trade-level qualifications, the great majority of these gained through the apprenticeship system. The skills provided by apprenticeship are applied not only in the skilled manual trades but extensively also in other occupations. Apprenticeship as a source of trade skills has been steadily increasing over the past 15 years, from 63% of the gross annual addition to stock in 1970-71 to around 90% currently (Figure 4). It is estimated that an average annual intake of some 45,000 apprentices is required to meet the long-term needs of the economy in aggregate terms.
Notwithstanding these considerable strengths, there is a need to bring skills training rapidly into line with the demands of new technology, to overcome persistent skill shortages in the trades and, through improved and more flexible training methods, to improve the productivity of the skilled labour force. Yet another issue that needs to be addressed is the poor record of the apprenticeship system in training young women in trades other than hairdressing.
2.4.3 Commonwealth Support for Apprenticeship and Trade Training

While statutory responsibility for the administration of apprenticeship rests with the States and Territories, the Commonwealth has for many years provided substantial support to its maintenance, previously under the National Apprenticeship Assistance Scheme (NAAS) and, since January 1977, principally through the Commonwealth Rebate for Apprentice Full-time Training (CRAFT).

The major objectives of Government support programs have been to maintain and increase the supply of skilled tradespersons and to improve the quality of trade training. As the principal element in Commonwealth program support, the CRAFT Technical Education Rebate (TER) program has been largely successful in contributing to the achievement of the first of those objectives. In particular, there has been a significant increase in the level of national apprentice intakes since the introduction of CRAFT, from an average annual level of some 34,000 in the 10 years prior to 1977 to 45,500 in the past 10 years (Figure 5).

Figure 5 National apprenticeship commencements - all trades, 1966-67 to 1986-87
Program support by the Government, however, has been less successful in bringing about the necessary improvements in the quality and flexibility of the trade training system. The Government has therefore reviewed its existing programs of support and decided to re-direct some elements of current program assistance, while maintaining the overall level of that assistance. The ultimate aims of these changes are to make the trade training system more flexible, to increase employer contributions to training, and to develop a competency-based rather than time-served approach to the acquisition and recognition of skills.

The following program changes will be implemented as from 1 January 1988.

**CRAFT Technical Education Rebate (TER)**

To the present time, assistance to employers under the CRAFT TER program has been provided as a wage-subsidy, with payments directly tied to attendance days at TAFE colleges. The median amount paid to employers for each apprentice has been about $3,000.

The new arrangements will direct assistance towards training outcomes rather than cost inputs, in a way which retains the element of incentive to employers to maintain a high level of apprentice recruitment, but at the same time provides incentives to improve the quality of training by moving to a competency-based system.

This will be done by introducing a system involving two grant payments: one of up to $1,500 at the start of apprenticeship, to be paid on registration of indenture (or, in the case of trainee apprentices in New South Wales, formalisation of that training arrangement); and a second of up to $1,500 on completion of apprenticeship.
The initial grant to employers for each apprentice engaged in an approved trade will comprise an indenture bonus of up to $500 and a training fee of up to $1,000. The indenture bonus will also be paid for recruitment of out-of-trade apprentices, thus incorporating into CRAFT this element of the Special Assistance Program, which will otherwise be changed as described below.

The second grant will be paid in respect of each apprentice who completes training, payable upon signing off of the indenture. As a more competency-based method of training is developed, the completion payment will be tied to the attainment of specified competency standards.

Where the normal prescribed duration of an apprenticeship is less than three years, an appropriate adjustment to the level of these payments will be made. The final details of the revised program will be announced after discussions have been held with State and Territory authorities, employers and unions.

The revised CRAFT program will be phased in progressively from 1 January 1988 and will apply in respect of all eligible apprentices who commence from that date. Present TER arrangements will apply to all apprentices who commence employment up to 31 December 1987.

The 1987-88 allocation of $85.3m will include maintenance of the continuing elements of CRAFT TER, the addition of elements from SAP and the phasing in of the revised CRAFT program.
Special Assistance Program (SAP)

Because of improved economic circumstances and high apprentice intakes, it is no longer appropriate to continue the present element of the SAP program which provides a financial incentive to employers to retain apprentices under threat of retrenchment due to adverse economic circumstances. Accordingly, Category 1 assistance will be abolished from 1 January 1988.

The Government will, however, continue to provide support for out-of-trade apprentices to enable them to complete their trade training:

- the $500 indenture bonus payable under the revised TER program will be payable to each employer who recruits an out-of-trade apprentice, so mainstreaming Category 2 assistance into CRAFT TER

- Category 3 assistance to enable out-of-trade apprentices to continue TAFE training while unemployed will be maintained.

$2.17m will be provided in 1987-88 to assist the latter group and to meet outstanding obligations up to 31 December 1987.

Group Training Scheme and Group One Year Apprentice Scheme (GOYAS)

The GOYAS program has provided support over a number of years for small employers having difficulty in absorbing the costs of the less productive first year of apprenticeship training.
The group training arrangements which have developed, particularly since 1981, have provided an alternative and more effective mechanism, at lower unit cost, for maximising participation in apprenticeship by small employers. The number of apprentices in group schemes has grown from around 400 in 1980-81 to 4,300 in 1986-87. In 1987-88 it is expected that 5,500 apprentices will be in training in group schemes.

The Government supports this innovative development in apprenticeship training and will continue to provide for its growth. As group training is a more effective means of encouraging small employers to participate in apprentice training, and of improving training in fragmented and specialised industries, GOYAS will be discontinued after present participants have completed their training. Resources saved will be redirected to provide support for the further development of group training arrangements.

Those elements of GOYAS which have provided particular assistance for the entry of disadvantaged young people into apprenticeship will be maintained by transferring them into CRAFT.

In 1987-88, $1m will be available under GOYAS in respect of obligations arising from the 1987 intake of apprentices. A further $0.5m of GOYAS resources will be transferred to support group training schemes, providing for total expenditure under the latter program of $2.97m in 1987-88, while $0.2m of GOYAS resources will be transferred to CRAFT.
Off-the-Job Training Rebate

In addition to the subsidies payable under TER, assistance has also been provided to employers through the Off-the-Job Training Rebate component of CRAFT, to provide structured in-plant, off-the-job training, supplementary to that received in TAFE. This component has been instrumental in an expansion of such training by employers, and has provided the catalyst for the development of a 'skill centre' approach to the delivery of skills training.

In 1987-88, $14.93m will be provided, which includes the transfer of $0.2m from rationalisation of the GOYAS program. The Government intends to review this element of CRAFT in 1987-88, with the aim of redirecting present levels of assistance towards attaining a further expansion in structured off-the-job training; a greater contribution on the part of employers to doing so; and a focus on improving the delivery of training through the life of an apprenticeship.

Other Apprenticeship Support Programs

In addition to major programs directed to maintaining the supply of skilled labour and ensuring quality of training, a number of supplementary programs have been introduced in the past in response to particular problems in the skilled labour market, and to provide equity assistance, infrastructure support and specific forms of assistance during cyclical downturns.

Where it is appropriate to do so, these programs will be rationalised and mainstreamed into the CRAFT system in a
way which provides for more flexible administration, less complexity for employers in obtaining assistance, and more efficient use of available resources.

Living-Away-From-Home Allowance (LAFHA)

Assistance has been available through CRAFT since its inception to young people required to live away from home in order to undertake trade training. In recognition of the financial hardship faced in such circumstances, and of the imbalance between supply and demand for apprenticeship across geographic areas, the Commonwealth will provide assistance under this program to an estimated 5,500 apprentices in 1987-88, involving total expenditure of $7.88m.

Trade-Based Pre-Employment (TBPE) Courses

As a means of supplementing the supply of entrants to apprenticeship, improving the quality of trade training, and enhancing the prospects of young women seeking entry to non-traditional trades, the Commonwealth will continue to fund the provision of additional trade-based pre-employment course places in TAFE colleges. The Commonwealth will fund up to 2,000 places in 1988, as well as 500 places in courses to assist young women, at a total cost of $10.75m.

Pre-Vocational Graduate Employment Rebate (PVGER)

The Government considers pre-vocational training to be an important adjunct to mainstream apprentice training. In 1987-88, it will continue to provide an incentive to employers through this scheme to recruit the graduates of TBPE courses and to grant the indenture term and
educational credits accruing from their successful completion. An allocation of $1.8m will be provided in support of the employment of an estimated 2,200 TBPE course graduates.

It is the Government's intention to review this program during 1988 with a view to mainstreaming this form of assistance into the revised CRAFT scheme.

Disabled Apprentice Wage Subsidy (DAWS) Scheme

The wage subsidy incentives and other assistance provided under DAWS to improve the access of disabled young people to apprenticeship will be continued in 1987-88. An estimated 450 persons will be assisted at a total cost of $2.5m.

2.4.4 Further Development of the Apprenticeship System

The fundamental improvements needed in Australia's apprenticeship arrangements will require action by a wide range of parties, including Governments both State and Commonwealth, employers, unions and legislative and arbitral authorities.

The Commonwealth, for its part, has reviewed its programs of support for apprenticeship training, and will continue to do so, in order to provide a platform for facilitating constructive reform.

There are many other essential measures, however, which will require action and co-operation on the part of other parties. These include:
industrial relations constraints such as inappropriate work practices and award classifications, lack of career structures in the trades, and restrictive training provisions in Federal Awards. Some of these issues are being addressed in the context of the two-tier wage system;

State-level constraints such as inconsistencies between States in training provisions, trade definitions, TAFE arrangements and accreditation of training, and a lack of defined competency standards and arrangements for competency testing.

Particular attention will need to be paid to those factors leading to high rates of wastage from the trades, which in turn contribute to trade skill shortages and require an undesirably high level of investment in replacement training.

Concerted action will therefore be needed on the part of the States, employers and unions if the legislative and arbitral changes necessary to secure a substantial improvement in the trade training system are to be attained. The Commonwealth will give priority support to such measures.
2.5 INDUSTRY TRAINING PROGRAMS AND SERVICES

2.5.1 Overview

There is an urgent need for improvement in both the quality and quantity of post-entry and other skills training in Australia. The urgency derives not only from the increased importance of skills to our national economic objectives, but also from the need to keep our skills base in line with the continuing and rapid changes in technology.

Governments cannot achieve these objectives on their own. Indeed, a key responsibility must rest with the private sector and with individual workers, especially in the area of post-entry level training designed to upgrade, update or re-orient skills.

Various studies have shown that, while government contributions to training in Australia have been broadly in line with the experience of our trading partners, the contribution of private industry continues to be considerably less. This suggests that, particularly in a climate of fiscal restraint, the role of governments in increasing industry training effort should be primarily catalytic in nature. Certainly, there is a need to avoid any further shift of training costs from the private to the public sector as the national training effort expands.

Accordingly, there will be a need for a substantial commitment of resources to training on the part of industry itself, together with an increased recognition of the importance of training as an investment rather than a cost. Improvements will also be needed in arrangements for the delivery of industry training, and in the development of alternative and innovative training approaches.
The Commonwealth for its part will provide $22.6m for expenditure in 1987-88 on a new Skills Training Program to support Innovative Training Projects and the national network of Industry Training Committees. These funds will be catalytic in nature, and used to stimulate increased private sector commitment to training.

A further $21.6m will also be provided in 1987-88 to support labour adjustment programs in industries undergoing significant structural change.

2.5.2 Skills Training Program

Innovative Training Projects

Under Innovative Training Projects assistance will be available to:

. support the development and expansion of industry skill centres in partnership with industry, State and Local Governments

. assist in addressing major skills shortages and strategic skill objectives

. support innovative approaches to training.

Support for the development and expansion of industry skill centres will complement those measures proposed to increase private sector involvement in the provision of training through TAPE. The limited funds will be used carefully and selectively in circumstances where:

. the training proposed will have industry-wide rather than firm-specific application
the capacity of TAFE is limited or at a premium, or the training to be provided falls outside the traditional province of the TAFE system

there is a significant contribution from other parties, particularly private industry, but not precluding the participation of State and Local Governments

the skills to be provided are of strategic significance in terms of industry restructuring and international competitiveness

the industries in question are actively involved in significant Government initiatives such as the Australian Traineeship System, apprenticeship reform, and youth and adult training.

The assistance provided will be limited both in quantity and time-scale, on the understanding that industry itself should meet the ongoing costs of skill centre operations.

Assistance will continue to be provided to unemployed people to undertake training/re-training relevant to occupations experiencing national shortages of skills. In addition, in 1987-88, direct financial assistance will be provided to selected industries/firms to upgrade the skills of existing employees in key areas of need.

Support for innovative approaches to training will also be available to those industries which are prepared at the national level (on a tripartite basis) to develop training arrangements and career structures relevant to contemporary needs, and to consider reform of entry-level training arrangements including participation in the Australian Traineeship System (ATS), and apprenticeship reform.
An example of the type of industry involvement envisaged is the project recently developed jointly by the Metal Trades Industry Association and the Metal Trades Federation of Unions, towards which the Commonwealth has agreed to make a substantial contribution over a three-year period. The aims of this wide-ranging project include the establishment of new career structures in the metal industry; investigation of ways of overcoming skill shortages; and the pursuit of measures to reduce wastage, to develop more effective training arrangements, including the use of the ATS for entry-level training, to improve co-operation between TAFE and industry, and to review the training provisions of the Federal Metal Industry Award.

The wider achievement of such aims could play an important part in revitalising Australia's manufacturing industry, and enhancing its contribution to the goal of international competitiveness.

Industry Training Committees

The Commonwealth will continue to support the national network of autonomous tripartite Industry Training Committees (ITCs). The functions of these Committees are to promote and develop systematic training in industry, and to provide advice on training matters. The training activities supported by ITCs are designed to increase efficiency, productivity and safety in industry, as well as to increase industry's capacity to cope with new equipment and techniques and changing market requirements.

The ITC network currently consists of 110 National and State Committees in 18 major industries, representing more than half of the private sector workforce. ITCs have been
heavily involved in training research and development projects, and a number of innovative training packages have been produced.

While many of these Committees have made a significant contribution to training in their own industries, and to the national training effort generally, there are others which do not have the same level of achievement or industry recognition. Committees will therefore be subject to on-going review to ensure that scarce resources are allocated in accordance with achievement and performance.

At the State and Territory level there are examples where Industry Training Committees overlap with other committees established to provide advice on training matters, and it will be the Commonwealth's objective to eliminate such duplication of effort.

2.5.3 National Trainer Training Service

It is important that those industry personnel with training and development responsibilities are equipped with the skills to perform those tasks. It is also important that trainees have access to clear, concise and well illustrated skills training manuals.

In 1972, the then Government established a National Trainer Training Service which has since provided training to several thousand industry trainers on a fee-for-service basis, and produced an extensive range of basic training manuals.

In 1986-87, at a cost of about $1.3m, the National Trainer Training Service conducted 143 courses, training 1,376 trainers and generating income of $313,000. In addition,
the range of basic training manual titles was expanded to 102 with sales in excess of 100,000 copies, generating income of more than $600,000 for the year.

The Government will be undertaking an early review of the National Trainer Training Service to ensure that its operations remain consistent with current needs. The objectives of the review will be to produce a more flexible and responsive approach to meeting the requirements of industry from the Service, and to increase its level of cost recovery and industry participation. The new arrangements arising from this review will be implemented early in 1988.

2.5.4 Industry Adjustment Programs

The fall in the terms of trade and consequent deterioration in the balance of payments and foreign debt have emphasised the importance of restructuring Australian industry to ensure that it is internationally competitive. Microeconomic adjustment is therefore a major element in the Government's overall economic policy.

Labour adjustment assistance has an important role to play in the community acceptance of and adaptation to structural change, both by lessening the social costs of industry rationalisation and in particular, by ensuring that the burden of adjustment does not fall disproportionately on any specific group of employees or regions.

Government assistance in this area began with the introduction of the Labour Adjustment Training Arrangements (LATA) in 1982. Under LATA, workers retrenched from designated industries were eligible for immediate retraining assistance, provided in TAFE or at another government or private training institution. Age-related
allowances equivalent to the trainee's Unemployment Benefit entitlement were paid, together with a training allowance component. Assistance was also provided towards course fees and essential books and equipment.

LATA was originally introduced in response to large-scale labour shedding in the steel industry in the Newcastle, Wollongong and Whyalla regions. Later industries to be covered by LATA were the International Harvester Company's Corio plant (December 1982-May 1984), the New South Wales coal mining industry (August 1983), the 'upstream' steel suppliers in Wollongong, Newcastle and Whyalla (August 1983), and the Passenger Motor Vehicle (PMV) plan producers and component parts manufacturers (May 1984).

Despite a tapering in numbers assisted in recent years, the general LATA provisions remain in force in the steel industry (until 20 June 1988) and the PMV industry (under arrangements which terminate on 31 December 1992). Some $2.6m will be made available for LATA in 1987-88 to cater for an estimated 350 program participants.

More recently, however, the trend has been to tailor labour adjustment packages to the characteristics and needs of employees in specific industries undergoing adjustment. Current instances include the labour adjustment packages for the heavy engineering, textiles, clothing and footwear (TCF) and coal mining industries.

Heavy Engineering Adjustment and Development Program (HEADP)

This program, which came into operation on 1 July 1986, includes an extensive and flexible range of labour adjustment provisions. Retrenched employees are eligible for re-employment assistance through wage subsidies,
formal training and enhanced relocation assistance. In addition, the program breaks new ground in providing assistance to employers to upgrade the skills of current employees who will remain within the firm. This assistance is conditional upon substantial progress being made on improvements in work practices, and requires employers to develop, in consultation with employees, a plan for skill enhancement in their enterprise covering the duration of the three-year industry assistance package.

As at June 1987 five skills enhancement applications were being processed, involving total funding proposals of $1.2m, while a further 20 firms were developing proposals. In total, some $7m has been provided for support of skills enhancement under HEADP in 1987-88, and another $1m for retrenchment assistance.

Labour Adjustment Measures Under the TCF Plan

On 28 November 1986 the Government announced an Industry Plan for the redevelopment of the Textiles, Clothing and Footwear (TCF) industries.

While the seven-year Plan will be introduced on 1 March 1989, its labour adjustment measures will be available from 1 January 1988. This early start date will ensure that assistance is available to workers who may be retrenched if firms contract in size in anticipation of the introduction of the Plan.

The Government will provide a range of special measures to those workers seeking re-employment in jobs outside the textiles, clothing and footwear industries. Assistance will be directed to those who have been employed in the industry for at least 24 of the last 36 months.
Wage subsidies will be payable to employers outside the industry to employ retrenched TCF workers. Up to 12 months vocational training will be available for retrenched workers and relocation assistance will be provided to assist greater job mobility, particularly for retrenched TCF workers in country areas. English language training for retrenched migrants will also be available.

A special feature of the TCF package is an allowance of $100 per week paid to retrenched TCF workers from two-income families. Normal income testing procedures would have made these workers ineligible for assistance to undertake formal training courses. The allowance recognises the presence of a large number of married women working in TCF plants.

The TCF package also introduces innovative arrangements for the delivery of assistance. Special 'retrenchment teams' will be established which will move to factories when retrenchments are announced to provide early and accessible advice and assistance to workers.

An amount of $1.0m covering program and essential administrative costs has been provided for TCF labour adjustment assistance in 1987-88, and the Government has announced that up to $50m will be available for labour adjustment assistance over the course of the TCF Plan.

Labour Adjustment Package for the Coal Mining Industry

As part of a wider strategy to improve mine viability and secure the future of the industry, the Government has introduced a labour adjustment package for retrenched coal mining industry workers in New South Wales and
Queensland. The package will cover workers retrenched on or after 1 June 1987 and will replace the LATA assistance previously available to NSW coal mining industry workers.

In developing the package it was recognised that economically vulnerable mines were located either in areas heavily dependent on coal, or in regions which had suffered recently from restructuring in the steel industry and consequently have high unemployment rates.

Against this background the package introduced provides for re-employment and retraining assistance, but also includes an incentive to relocate to take up work or training or even to search for stable employment. In particular, the package provides:

- for retrenches who do not relocate, eligibility for 12 months formal vocational training assistance plus access to six months wage subsidy assistance for those over 45 years
- for retrenches who do relocate, eligibility for 12 months formal vocational training assistance and six months wage subsidy assistance together with enhanced relocation provisions
- assistance, in specific circumstances, to retrenches to relocate within their State to areas of greater employment prospects.

Special retrenchment teams will also be established to enhance the delivery of the package.
The Government has announced that up to $8 m will be available for the coal industry labour adjustment package, and has provided $2.2 m in 1987-88 for adjustment assistance to retrenched coal mining industry workers.

2.5.5 Mobility Assistance Programs

The Commonwealth Employment Service administers two programs of mobility assistance designed to help unemployed workers in seeking or taking up suitable employment. These are:

- the Fares Assistance Scheme (FAS)
- the Relocation Assistance Scheme (RAS).

FAS provides free travel on public transport for job seekers to attend job interviews for employment of a continuing nature. The aim is to ensure that those most in need of financial assistance are not disadvantaged in their search for employment by the cost of fares, which might otherwise be an inhibiting factor. In 1987-88 some $666,000 is available for expenditure under FAS.

RAS provides financial assistance to meet the relocation expenses of job seekers who are unable to obtain continuing employment in their present locality and are prepared to move to a new area to take up a job that cannot be filled by suitable local job seekers registered with the CES.

Assistance under RAS includes fares and expenses associated with moving, including a maximum of $1,500 towards the costs associated with sale and purchase of property or $500 for initial rent in a new location.

In 1987-88 some $3.25 m will be available for expenditure under RAS, which is expected to assist around 2,300 people.
2.5.6 CES Services to Industry

The Commonwealth Employment Service has continued to tailor its services to employer needs in line with changes in the pattern of business activity and requirements. Initiatives have included the establishment of the Templine service, CES hospitality staffing and casual employment services in all States. Recent examples are a centralised apprenticeship recruitment unit in Western Australia, and increased services provided to the retail sector in most States. Efforts are also being made to improve the delivery of CES services to employers in the manufacturing sector.

More than 400,000 employers used CES services during 1986-87 and some 930,000 vacancies were notified, of which approximately 735,000 or 79% were filled.
2.6  EMPLOYMENT AND TRAINING PROGRAMS FOR THE DISADVANTAGED

2.6.1  Introduction

A legacy of the sharp increase in unemployment at the time of the 1982-83 recession has been the deterioration of the position of selected disadvantaged groups in the labour market. These groups include the long-term unemployed (persons unemployed for six months or more), older workers, migrants (especially those with English language difficulties) and aboriginals. Youth unemployment and youth programs are discussed in Section 2.3.

Long-term Unemployed

In the three months to July 1987 persons who had been unemployed for six months or more accounted for around 47 per cent of all unemployed persons, compared with 44 per cent in the three months to July 1986. The increase reflected the slight deterioration in unemployment in mid-1986 and its consequent effects on the distribution of unemployment.

Long-term unemployment presents particular difficulties both to jobseekers and policy makers. Empirical evidence suggests that the probability of leaving unemployment declines as the duration of unemployment increases.

With the prospect of little further reduction in total unemployment in the near term, there is a continuing need for a range of programs that improve the employment prospects of the long-term unemployed, including through work experience and skills renewal or acquisition.
**Older Workers**

Unemployment rates for older workers, those aged 55-64, have generally been lower than the unemployment rate for all workers. However, older workers are disproportionately represented among the long-term unemployed, relative to their share in total unemployment. In July 1981 the unemployment rate for persons aged 55 years and over was 5.6% with median duration 55 weeks, compared to an overall rate of 7.9%, with median duration 23 weeks.

Older unemployed jobseekers also experience considerably more difficulty re-entering employment than younger persons. In particular, many older workers were retrenched from the manufacturing sector during 1982-83, and lack the skills and work experience required for the growing service industries. In many cases also the hiring practices of employers restrict employment opportunities for older workers.

**Migrants**

Newly arrived migrants face significant difficulties in gaining employment in Australia, particularly where there are major cultural differences and difficulties with the English language. Moreover, newly arrived migrants often face difficulties in gaining recognition of their pre-migration qualifications and experience.

The unemployment rate for persons born outside Australia was 8.8 per cent in July 1981 compared with 7.5 per cent for Australian born persons, although there were marked disparities between migrant groups of different ethnic backgrounds and periods of residence.
The single most important factor affecting the unemployment of migrants is their period of residence, reflecting the importance of learning English and establishing themselves in the labour market. Program assistance to this group is therefore appropriately focussed on English language training, particularly in a vocational context, and on the recognition and acquisition of skills and qualifications.

Aboriginals

Aboriginal and Torres Strait Islander people represent the single most disadvantaged group in the Australian labour market. The available information indicates that:

- only one-third of Aboriginals of working age are employed, whereas nearly two-thirds of other Australians of working age have jobs
- Aboriginal employment is concentrated in lower skilled and lower paying jobs that are frequently casual, temporary or seasonal
- Aboriginal unemployment is at least five times higher than the national unemployment rate, and nearly one-third of all Aboriginals of working age are dependent on unemployment benefit for their income, a rate six times higher than the national rate.

Given the severity and regional aspects of the Aboriginal employment situation, co-ordinated policies involving education, employment and training and enterprise initiatives are required.
Program Directions

Drawing these threads together, the experience of these disadvantaged groups points to the need for a balanced, flexible portfolio of labour market programs which address both the markedly different needs of various disadvantaged groups as well as the varying needs of individuals within a particular disadvantaged group. In recognition of the importance of skill acquisition to both employment and income prospects, increasing emphasis will be placed both on training through mainstream vocational education and on programs with a significant training element, in preference to work experience alone.

2.6.2 Adult Training Program

In its May 1987 Statement, the Government indicated that it would be placing greater emphasis on programs which provide training and other measures to encourage skills enhancement. To meet this objective, the Adult Training Program will be expanded significantly. $29.7m has been allocated to the program in 1987-88 which will assist an estimated 13,000 adults. In 1986-87, the comparable program expenditure was $21.5m with 8,700 adults assisted.

The Adult Training Program is focused on adults who have been unemployed for six months or longer or assessed as especially disadvantaged with the aim of increasing their competitiveness in the local labour market through the acquisition of marketable skills. Short-term training is supplied through already established or specially contracted courses provided by TAFE and other training providers. The emphasis is on courses which meet the needs of job seekers and the local labour market. In 1987-88 provision will be made within the program to assist
migrants with overseas professional qualifications to obtain recognition of these qualifications through the provision of appropriate bridging and retraining courses.

As part of the expansion of the Adult Training Program, the Government has made special provision to support people to move from a benefit or pension back into the labour market and thereby increase both their independence and level of income. To encourage this transition, two initiatives have been introduced to provide incentive and assistance for sole parents and older women to find employment.

Firstly, an additional $2m has been allocated under ATP to provide training opportunities for sole parents and women returning to the labour market after significant periods of absence. This assistance is targetted specifically at those people who have been affected by recent changes to pension and benefit entitlements. These changes reduced the maximum age for a qualifying child from 24 years to 15 years for Supporting Parent Benefit and Class A Widow Pension, and included the phasing out of Class B Widow Pension.

The training courses will be designed to meet the needs of this specific group. Courses will have an employment objective, providing short term vocational training and work experience relevant to the local labour market, and also include some preparatory elements designed to assist in the participants' transition into the labour market. In addition to this special allocation of $2m, further funds will be used from within the Adult Training Program allocation to provide the capacity to assist, overall, up to 1,000 sole parents and widows affected by the recent pension/benefit changes.
Secondly, $0.5m has been allocated to assist sole parents in vocational training to meet the costs of child care where Children's Services Program places are not available. This initiative will operate from 1 January 1988 and will assist to overcome the barrier which many sole parents face in undertaking vocational training, namely the limitations on child care facilities.

In the context of the consideration of education and training allowances, the Government has decided that the training allowance adults receive for participation in formal training programs over and above their unemployment benefit or pension entitlement should be set at a standard rate of $30 per week. Currently a higher rate applies to those 25 years and over.

2.6.3 Aboriginal Employment and Training Programs

In light of the findings of the Review of Aboriginal Employment and Training Programs (Miller Review) undertaken in 1985, the Government announced in the 1986-87 Budget the establishment of the Aboriginal Employment Development Policy, together with selected education, enterprise, community employment and training initiatives. The policy represented a response to the clear preferences of the Aboriginal and Torres Strait Islander peoples that they move away from the heavy dependency on welfare and participate effectively in employment and economic development.

Over the past 12 months, the Government has further developed the policy and associated programs, and a comprehensive statement on the Aboriginal Employment Development Policy will be released in the near future. The policy will outline a range of employment, training, education and economic resource programs formulated for the
development of employment opportunities for Aboriginal people regardless of where they live and in accordance with Aboriginal cultural and social values.

The overall thrusts of the Aboriginal Employment Development Policy are:

1. support for the creation of employment opportunities for Aboriginal people in rural and remote areas, and
2. enhanced Aboriginal access to jobs within the conventional labour market, through recruitment, training and education programs.

As part of the 1987-88 Budget and to complement the forthcoming major Statement, the Government has decided on a further package of measures to be introduced involving additional program expenditure of $25.1m. Of this, $18m will be administered by the Aboriginal Affairs portfolio for community employment and Aboriginal enterprise projects, $0.3m is for projects in national parks and $6.85m for Aboriginal employment, education and training initiatives. This expenditure will be partially offset by reductions in unemployment benefit paid to participating Aboriginals and rationalisations in other expenditure areas.

Overall, $72.8m has been allocated for Aboriginal employment and training measures in 1987-88 compared with 1986-87 expenditure of $63.2m.

2.6.4 Community Program Assistance

Commonwealth support for community-based assistance to unemployed people is currently provided through the Community Youth Support Scheme (CYSS), the Community Training Program (CTP) and Community Volunteer Program
Expenditure on community programs has increased significantly in recent years. In 1986-87, expenditure was $52.0m compared with $21m in 1982-83.

The Community Youth Support Scheme, established in 1976, aims to encourage communities to assist local unemployed people aged 15 to 24 years to develop their work and personal skills, thereby improving their chances to obtain or retain employment or undertake further education and training. CYSS projects are administered by publicly-elected local management committees which receive grants to assist with staffing, accommodation and administration.

In 1986-87, program expenditure was $35.1m and 353 CYSS projects were funded. Participation in CYSS projects is voluntary, and participants retain any eligibility to Social Security income support payments provided they meet the relevant eligibility provisions.

Under the Community Training Program, grants are made to community organisations or local government authorities to provide structured training, work experience and related services to unemployed people who are most disadvantaged in the labour market. In 1986-87, grants of up to 75% of project costs were provided to 63 organisations, totalling $14.2m in Commonwealth support. These organisations provided structured training and related assistance to some 5,000 participants.

In addition to these projects, three pilot Information Technology Centre (ITeC) projects were funded under CTP in Sydney, Melbourne and Perth. ITeCs focus on providing disadvantaged jobseekers with training in the computer.
applications and electronics area. Expenditure on the pilot ITeCs in 1986-87 was $0.9m; sponsor organisations contributed 50% of program costs.

The Community Volunteer Program funds community sponsors and local governments to operate a referral service to provide unemployed people, especially the young unemployed, with the opportunity to undertake voluntary community work. The program was established in March 1987, subsuming some 21 projects previously funded under the Volunteer Youth Program. Since then, the number of projects has increased to 63 and program expenditure in 1986-87 totalled $1.8m.

Future Directions

The Government has decided that a more effective and consistent use of the available funds can be achieved by integrating these three separate programs into a single community youth, training and employment assistance program. This integration will have the aim of ensuring that over time, the available community-based assistance is provided for structured training and employment-related support, supplemented by relevant counselling, support and advice services for the most disadvantaged jobseekers. The new arrangements will be subject to close monitoring and evaluation to ensure that funding is directed to projects with the best employment outcomes for disadvantaged people.

In 1987-88, a total of $59.6m will be made available and this will broadly maintain the existing level of project activity in the three programs. This allocation will also provide for the establishment of a further seven Information Technology Centres.
Over the coming months, a process of consultation will be undertaken on aspects of the integration such as community sponsorship and the process of implementation.

The applications for 1987-88 funding under the current CYSS, CTP and CVP programs will be considered and assessed in accordance with the current guidelines. However, in relation to CYSS, the Government has decided to discontinue the Special Initiatives Funding introduced in 1984-85 to enable discrete one-off grants to projects to develop innovative activities directed at increasing the awareness of, and participation of, especially disadvantaged groups. Expenditure on Special Initiatives Funding totalled some $1.9m over the period 1984-85 to 1986-87. The Government considers that the aim of these grants, which was to stimulate CYSS projects to cater for the needs of particular disadvantaged groups in their on-going activities, has been largely achieved.

Community Employment Program

The Community Employment Program (CEP) was launched in August 1983 with the objective of creating additional short-term employment opportunities which would provide appropriate work experience for unemployed people. Jobs were generated through the funding of labour-intensive projects of social and economic benefit to the community. Priority was given to assisting the long-term unemployed and unemployed people from especially disadvantaged groups in the labour market (Aboriginals, people with disabilities and disadvantaged migrant job seekers) who were least likely to benefit from employment growth arising from increased economic activity. A further objective was to provide equal access for women to CEP jobs.
In May 1987, the Government announced the phasing out of the CEP during 1987-88 as part of the emphasis of shifting the available resources to training and other skills enhancement programs. During 1987-88, it is anticipated that 12,000 people will be employed in CEP projects approved during 1986-87.

**New Enterprise Incentive Scheme**

The Government has decided to establish the New Enterprise Incentive Scheme, introduced on a pilot basis in 1985-86, as an on-going program available to unemployed people.

The objective of the New Enterprise Incentive Scheme (NEIS) is to provide ongoing employment opportunities for unemployed people by providing training and income support (alongside State/Territory Government loans/grants) for the establishment of small business ventures.

Key features of the Scheme include the following:

1. provision by the Commonwealth of around 6 weeks business training, and 12 months income support at a level broadly equivalent to unemployment benefit

2. provision by participating State/Territory Governments of start-up capital, via loans and/or grants, and business advice

3. NEIS is open to unemployed people aged 18 years and over who are registered as unemployed with the CES and receiving or dependent on unemployment benefit, wife's pension, widow's pension or supporting parent benefit.
During the NEIS pilot, close to 1,000 places were made available over a period of two years. During 1987-88, 600 places will be available under the Program. NEIS is expected to cost $3.5m in 1987-88.

2.6.5 JOBSTART

Continued support for the long-term unemployed and disadvantaged groups will be provided under the general wage subsidy scheme JOBSTART. As announced in the Government's May 1987 Statement, expenditure on JOBSTART in 1987-88 will be reduced by $28m to $100m in line with the greater emphasis on training. In 1987-88 it is estimated that 55,000 jobseekers will be approved for assistance under the program.

The scheme provides subsidy payments to employers which are structured according to age and relative disadvantage of the jobseeker. Its aims are:

- to provide access to employment mainly in the private sector for job seekers who, because of long-term unemployment or other characteristics, are unable to compete on an equal basis in the labour market

- to enhance the employment prospects of job seekers through the provision of employment experiences which will provide, improve or maintain their job related skills, motivation and confidence, and

- to achieve the provision of equitable assistance to disadvantaged groups having regard to the relative labour market needs of these groups.
### APPENDIX A

**RATIONALISATION OF EMPLOYMENT AND TRAINING ASSISTANCE DURING 1987/88**

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**Australian Traineeship System**

- TAFE Participation and Equity Program
- Formal Training Allowance for Youth (FTAY) \((15-20\text{ year olds})\)
- Experimental Training Projects (ETP) \((15-20\text{ year olds})\)
- Local Skills Component of Adult Training Program (ATP) \((18-20\text{ year olds})\)

1987/88

- Youth Training Program\(^{(1)}\)
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<td>1987/88</td>
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<tr>
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<td>. Community Youth Support Scheme (CYSS)</td>
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<td>. Community Volunteer Program</td>
<td>. Community Volunteer Program</td>
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<tr>
<td><strong>Aboriginal Employment and Training</strong></td>
<td><strong>Aboriginal Employment and Training</strong></td>
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<tr>
<td><strong>Employment Incentives</strong></td>
<td><strong>Employment Incentives</strong></td>
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<td>. JOBSTART</td>
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<tr>
<td>- Commonwealth Work Experience Program</td>
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<td><strong>Community Employment Program (CEP)</strong>(5)</td>
<td><strong>Community Employment Program (CEP)</strong>(5)</td>
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<td>New Enterprise Incentive Scheme (NEIS)</td>
</tr>
<tr>
<td></td>
<td>Jobsearch Training Program</td>
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</tbody>
</table>

(1) To be introduced on 1 January 1988.

(2) To be absorbed under the new Youth Training Program as from 1 January 1988.

(3) Some funding will be diverted to the CRAFT Off-the-Job Rebate although the bulk will be directed to Group Training Scheme in 1987/88.
(4) Discontinued as from 1 January 1987.

(5) People will continue to be assisted by CEP in 1987/88 by projects approved in 1986/87. However no new projects will be approved in 1987/88.

(6) The Government has decided to integrate over time these three programs into a single community program.
APPENDIX B

EMPLOYMENT AND TRAINING ASSISTANCE EXPENDITURE AND NUMBERS APPROVED\(^{(1)}\) (BASED ON 1987/88 PROGRAM STRUCTURE)

<table>
<thead>
<tr>
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<tr>
<td><strong>TAFE Programs</strong>(^{(2)})</td>
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<td>General Recurrent Grant</td>
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<td>N/A</td>
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<td>- Technical Education Rebate (TER)</td>
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<td>14.9</td>
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<td>5,500</td>
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<tr>
<td>- Living-Away-From-Home Allowance</td>
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<td>7.9</td>
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<td>- Pre-Vocational Graduate Employment Rebate</td>
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<tr>
<td><strong>Special Apprentice Training</strong></td>
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<tr>
<td>- Group Training Scheme</td>
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<td>1,200</td>
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## Special Assistance Program

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<td>9.2</td>
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### 1987/88 Discontinued Programs

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<th>Program</th>
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### Australian Traineeship

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<td>Youth Training Program</td>
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<td>30.7</td>
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<td>Adult Training Program</td>
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<td>29.7</td>
<td>8,730</td>
<td>12,700</td>
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### Skills Training Program

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<td>12.7</td>
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<td>N/A</td>
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<td>Total</td>
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### Industry and Regional Employment Assistance

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<td>350</td>
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<td>400</td>
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100
<table>
<thead>
<tr>
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<th>$\text{Approvals}</th>
<th>$\text{Actual}</th>
<th>$\text{Est.}</th>
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<tbody>
<tr>
<td>Heavy Engineering Adj and Dev.((3))</td>
<td>0.1</td>
<td>8.0</td>
<td>110((3))</td>
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<td>TCF</td>
<td>-</td>
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<td>Coal</td>
<td>-</td>
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<td><strong>Total</strong></td>
<td><strong>12.0</strong></td>
<td><strong>21.6</strong></td>
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<td>3.2</td>
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<td></td>
<td>10.4</td>
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Community Employment Program (discontinued 1987/88)

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</table>

New Enterprise Incentive Scheme (6)

|                      |         | 3.5     |         | 600     |

Jobsearch Training Program

|                      |         | 1.4     |         | 16,000  |

(1) An "approval" is defined as a person who was approved for, and commenced under, a specific program for which financial assistance was available during a financial year.

(2) TAFE program financial data in this table relate to financial years whereas TAFE program financial data in the body of the statement are presented in calendar year terms.

(3) Expenditure data incorporates funds for skill enhancement as well as retrenchment assistance whereas the numbers refer to retrenchments only.

(4) Total approvals for the Community-based Programs are not available as no formal approval is required to attend CYSS projects. Recent estimates suggest that attendance in CYSS exceeds 90,000. The approval figures for CTP and CVP are shown separately.

(5) Relates to projects approved in 1986/87 and for which funds are provided for operation in this current year. No new approvals will be made in 1987/88.

(6) In 1986/87 NEIS funds and approvals for the pilot phase of the program were included under CEP. $2.7m was expended and 400 places were made available. In 1987/88 a further $2.2m has been committed under CEP to cover the carry-forward commitments from the 1986/87 pilot phase of NEIS.