THE KIRBY REPORT: Implications for training, education and work

MACQUARIE UNIVERSITY
THE KIRBY REPORT:
Implications for training, education and work

Proceedings from a Conference

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## CONTENTS

Preface to the Proceedings ................................................................. 1
Russell Lansbury

The Kirby Report – Some Introductory Comments .......................... 3
Graham Hermann

The Need for a Change .................................................................... 7
(The Kirby Report: The Major Recommendations)
Peter Kirby

Willingness is Crucial ...................................................................... 12
(Implications of the Report for Major Interest Groups)
Kaye Schofield

Consultation Needed ...................................................................... 15
(Implications of the Report for Major Interest Groups)
Brian Pickett

Traineeships for Youth .................................................................... 19
(An Assessment of the Report)
Don Anderson

Developing Vocational Training ...................................................... 26
(Implications of the Report for Government)
Jack Dusseldorp

Prospects of Help .......................................................................... 29
(Implications of the Report for Industrial Relations)
James Macken

Challenge of Change ...................................................................... 33
(Implications of the Report for Industrial Relations)
Greg Harrison

A Summary .................................................................................. 35
Peter Scherer
Preface to the Proceedings

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A conference on the Kirby Report was organised jointly by the Centre for Research in Education and Work and the Labour-Management Studies Program, both of Macquarie University, in order to analyse the main findings of the Report and examine how its recommendations could be effectively implemented. The papers presented at the conference, which are reproduced in these Proceedings, examined the Kirby Report from the perspective of various interest groups. Three members of the Committee of Inquiry into Labour Market Programs (the formal title of the Kirby Committee) presented papers which highlighted the main implications of the Report for government, educational institutions, industry, and various disadvantaged groups within the community. Dr Don Anderson made an assessment of the Report from an educational perspective. Mr Justice Macken and Mr Greg Harrison examined the implications of the Report for industrial relations, especially in regard to issues such as youth wages and the apprenticeship system. Mr Jack Dusseldorp examined options open to the Government when considering actions to be taken on the Report’s recommendations. Finally, Dr Peter Scherer summed up the main issues debated by people at the Conference.

The Kirby Report is the latest of a number of inquiries which have been conducted during the past 20 years into the deficiencies of arrangements for training, re-training and recurrent education in Australia. The urgency of finding solutions to problems in these areas is highlighted by the fact that recorded unemployment has risen from 60,000 in the late 1960’s (one per cent of the labour force) to more than 600,000 currently (over eight per cent of the labour force), and that the average spell of unemployment has lengthened from seven weeks in 1970 to 45 weeks in 1984. Furthermore, since the early 1970’s, the level of fulltime teenage employment has actually fallen, while part-time and casual employment of young people has grown by more than 25 per cent.

The release of the Kirby Report followed closely upon an OECD Report on Youth Policies which criticised Australia’s education and training arrangements as based on obsolete notions of an industrial economy which required few professional and skilled workers. The OECD Report also questioned the adequacy and appropriateness of Australia’s vocational training resources. Similarly, a study by the Bureau of Labour Market Research on Youth Employment Patterns emphasized the importance of providing better training and education for young people as a means of improving their employment prospects. Considerable support has been generated for the proposal by the Kirby Report that the balance of current expenditures on labour market and related programs should be redirected towards education and training.

The principal recommendations of the Kirby Report aim at increased efforts to improve the participation of young people in secondary and post-secondary education, the development of a new training system for young people, which combines education and training, both on and off-the-job, and wage subsidies to improve the access to employment of those people facing significant disadvantages in the labour market. The main vehicle which the Kirby Report has proposed for achieving its aims is the new traineeship system which would broaden the range of structured training arrangements to young people, especially in areas outside the traditional trades. As is discussed in much greater detail in the conference papers, the traineeship system will be directed towards 16-17 year olds initially, but eventually could serve as a model for re-training mature-aged people both in industry and those seeking to return to the labour market.

The ultimate success of the Kirby Report will, of course, depend on the degree to which it can achieve widespread support from governments, employers and trade unions. At the time of writing, the Federal Government has endorsed the principle of establishing industrial traineeships which will allow greater flexibility in wage

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levels and duration and be more cost-effective than the present apprenticeship system. In 1986, the Federal Government, in conjunction with the States, will launch pilot traineeship programs as the first step towards action on the Kirby recommendations.

However, this will require the support of the States as well as employers and trade unions. One of the key issues yet to be resolved is the 'trainee wage'. While Kirby has rejected any suggestion that the traineeship system represents an attempt to cut youth wages or undermine existing awards, he has also insisted that 'we must have wage rates for trainees which have regard to an employer's training effort and place less emphasis on the trainee's contribution to production'. The Confederation of Australian Industry (CAI), however, has argued that the Kirby Report is unclear both on how the trainee wage is to be determined and how it will reflect the value of training which is provided. Similarly, the Australian Council of Trade Unions (ACTU) has insisted that the union movement must be involved in any decisions concerning trainee wages.

The Kirby Report is a significant document which provides an important blueprint for the future direction of education and training in Australia. It adopts a pragmatic approach which recognises that labour market programs by themselves cannot resolve Australia's unemployment problems. The Report concedes that macroeconomic policies have a fundamental influence on the demand for labour and that without economic growth the impact of programs such as the proposed traineeships will do little to solve long-term problems. A weakness of the Report is that it was constrained by its terms of reference from dealing with the wider macroeconomic issues which ultimately determine the actions of government in this field. Yet the Report does provide a framework within which government, business, unions and other interest groups can develop positive and co-operative approaches to the provision of education and training for the future.

Acknowledgements

I would like to thank the following people who provided valuable assistance to the Conference: Mrs Barbara Horsfield who co-ordinated the program, with the able assistance of Lisa McLeod, also Mr Michael Easson, Ms Ivana Puren and Associate Professor Dick Pearse who chaired various sessions.
The Kirby Report – Some Introductory Comments

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The Background
On 20 December 1983, the Federal Minister for Employment and Industrial Relations, the Hon. Ralph Willis MP, appointed the Committee of Inquiry to examine the objectives and cost effectiveness of existing labour market programs, and to consider ways in which they could be developed into a comprehensive and integrated approach to address the Federal Government’s labour market objectives.

The Committee was asked to consult widely with State Governments, industry, unions, user groups and other interested parties, to provide an interim progress report by the end of May 1984, and to report within 12 months.

Terms of Reference
Having regard to:
- the Government’s social and economic objectives, particularly to improve the quality and quantity of skills in Australia, to increase employment opportunities and to promote equity in the labour market;
- the levels of unemployment likely to apply in the foreseeable future and possible structural changes affecting demand and supply in the labour market;
- the need for continuing restraint in the growth of public expenditure and the desirability of maximising efficiency and cost effectiveness in the provision of labour market programs;
- the establishment of the Community Employment Program and the Government’s commitment to introduce the Private Sector Assistance Program; and
- the Government’s Review of Australian Youth Policy, including the study by the OECD;

assess the extent to which the range of training and work experience programs inherited from the previous Government meet the labour market objectives of the present Government, and make recommendations on necessary improvements.

The Government is particularly concerned to develop an integrated set of labour market programs which balances the needs of disadvantaged groups in the labour force and the skill requirements of industry and the economy.

The Review in particular should consider:
(i) the scope for improved labour market planning including the adequacy of current information and the use made of it in identifying current and future educational and training needs especially in the context of expected future economic expansion;
(ii) the objectives and effectiveness of current labour force programs and their contribution to the training system;
(iii) the training needs of the economy, the appropriate roles of government and industry in meeting these needs, and the adequacy of existing approaches;
(iv) the employment, training and re-training needs of the various groups of jobseekers, and in particular the adequacy of existing programs in facilitating the training and entry or re-entry into the labour market of:
- young people,
- women,
- older workers,
- especially disadvantaged groups, such as the long-term unemployed, migrants and the disabled;

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INTRODUCTORY COMMENTS

(v) the scope for rationalisation and improved integration of the existing range of programs; and
(vi) the cost-effectiveness of individual programs in achieving their objectives.

The Review will not cover the placement and advisory services of the Commonwealth Employment Service, the operational effectiveness of the Community Employment Program (which is being evaluated separately), or the Special Employment and Training Assistance provided specifically for Aboriginals (which will be assessed separately in view of the special needs and characteristics of Aboriginals), except to the extent that the operation of those programs and services is of relevance in determining the effectiveness of the programs under review.

The Review should be completed within 12 months. The Committee of Inquiry should provide an interim progress report by end-May 1984 for consideration in the context of the 1984/85 Budget.

Committee Members
- Associate Professor Bill Ford, University of New South Wales
- Mr Harry Hauenschild, President of the Trades and Labor Council of Queensland
- Mr Peter Kirby, Chairperson, TAFE Board, Victoria (Chair)
- Mr Brian Pickett, General Manager Personnel, Email Ltd., and member of the National Training Council
- Ms Kaye Schofield, Head of the Women's Co-ordination Unit, New South Wales Department of Technical and Further Education.

Committee Procedures
The Committee received some 250 submissions, and engaged in consultative discussions involving over 400 groups and individuals.

In addition, a research program was conducted, which included the gathering of statistical data, the reviewing of relevant literature, and the commissioning of research and discussion papers.

THE REPORT

The Objective of Full Employment
The Overview to the Report commences as follows:

For the 30 years from 1945 to 1975, unemployment was regarded as an affliction so destructive of the nation that Australians would find it impossible to accept. Now, as Australia approaches its bicentennial celebrations, we have suffered that affliction continuously for more than a decade.

More than 600,000 people, through no fault of their own, want work but are without it; as many again want work but have given up the search . . .

Considering the prominence given to this topic in the Overview to the Report, in Chapter One of the Report, and in the paper by Peter Kirby in this document, unemployment was conceived as a major labour market problem.

The Committee appears to adopt 'the objective of full employment': 'The restoration of full employment is still seen as a worthy goal and as the underlying rationale for government intervention in the labour market' (p.4).

However, the Committee noted that labour market programs 'are not a panacea for achieving full employment', and that 'the potential of labour market programs themselves to increase overall employment is limited' (p.4). Such a stance elicits two questions:

(i) What mechanisms are involved in the 'limited' increase of employment attributable to labour market programs; knowledge of such mechanisms should enable programs to be appropriately developed and targeted.

(ii) For that major contribution to full employment (not able to be made by labour market programs), what mechanisms can be developed to ensure that the work that is available is shared equitably among all Australians who wish to participate in the workforce.

Extensive analyses of these questions are still required. The Committee categorized existing labour market programs as follows (p.69):

(a) measures for education and skills training
(b) measures to reduce unemployment and promote employment
(c) measures for special disadvantage
(d) measures to facilitate job placement
(e) measures to reduce structural and regional imbalances.

It later stated: 'the single objective of labour market policy in our view should be to enhance the knowledge, skills, and long term labour market prospects of the individual' (p.91). This appears to suggest that (a) above is being favoured at the expense of (b) above, despite the apparent emphasis of the Committee on full employment.

Focus and Recommendations
Rather than undertaking a detailed examination of the existing individual programs, the Committee decided to focus on the fundamental philosophical, systemic, and structural questions concerning labour market programs. It made 86 recommendations, including:

- greater emphasis to the needs of the individual for access to education and training
- greater involvement of employers, unions, and community groups in planning, policy formulation, and review
- greater equity of access of females to employment and training
- the transformation of the National Training Council into the National Council for Training and Employment
- the development of a system of traineeships for young people combining work, education, and training.

THE TRAINEESHIP SYSTEM
It is this topic which has received most discussion since the release of the Report. The directly relevant recommendations are:

Recommendation 18. A system of traineeships combining work and formal education and training should be developed, initially for young people. (p.114)
Recommendation 19. The Australian Education Council's Task Force on Education and Technology should be asked to report on the ways in which traineeship courses could be designed to include training in information technology. (p.113)

Recommendation 20. A specialist group, comprising people from education, industry, unions and State training authorities, should be established to develop the appropriate training structures and content for traineeships. (p.116)

Recommendation 21. As an interim measure, Experimental Training Projects (ETP) should be used to fund off-the-job training for piloting traineeships. In the longer term, the ETP should be absorbed in the traineeship system. (p.118)

Recommendation 22. The new traineeship system should have the following basic features:

(i) formal off-the-job education and training complemented by work in a related occupation;

(ii) the target group initially should be those aged 16 and 17 who have left school before completing year 12 and there should be equal access for females and males;

(iii) traineeships should be of a minimum of one year's duration with a minimum of 13 weeks off-the-job training covering broad-based skills relating to families of occupations. The off-the-job training should be flexible in content, duration and attendance patterns;

(iv) trainees should be contracted to individual employers or State regulated group training schemes;

(v) income support should be provided through appropriately negotiated wages, which take into account the value of the training to the trainee, the trainee's productivity and other relevant factors;

(vi) there should be contracts of training, administered by the State training authorities;

(vii) training arrangements and conditions should be consistent across States and Territories;

(viii) the Commonwealth should lead and co-ordinate the development of the traineeship system;

(ix) TAFE should be the predominant provider of the off-the-job component, but industry and private organisations should be encouraged to participate in this training;

(x) the program should be appropriately accredited and provide avenues to further accredited education, training and employment;

(xi) in 1985 there should be a national conference on the proposal, followed by a White Paper and legislation and pilot programs;

(xii) the target should be at least 75,000 traineeship places by the end of 1988; and

(xiii) an appropriate recruitment incentive in the form of a wage subsidy should be introduced to ensure that especially disadvantaged young people are able to participate in the system. (p.119)

Using a flow analysis approach, the Committee indicated (p.61) that it desired the vast bulk of young people to be engaged in education/training:

Two points should be noted:

(i) Since the majority of apprentices are male, the flow pattern is different for males and females;

(ii) The analysis apparently ignores students enrolling in part-time TAFE Certificate (Stream 2) courses, which definitely should not be included in the traineeship scheme.

The traineeship scheme is seen as 'self-funding' with respect to the recurrent costs of the 13 weeks (i.e. two days per week) institutional (TAFE) education/training. Funding is to come, hopefully, from three sources (p.14):

(a) Reallocation to TAFE of $75,000,000 from unemployment benefits, etc. 'as participation in the traineeship system reduces the numbers of people over 18 years of age who have received no initial vocational training'. (A more detailed analysis and costing is needed).

(b) Transfer of $25,000,000 within TAFE of TAFE PEP and Transition Allowance funds (for those under 18 years of age).

(c) Reallocation to TAFE of $36,000,000 of wage subsidies paid to employers under SYETP and related programs for 15 to 17 year olds. The following extract from the Report is germane:

In Chapter 7 we confirmed the view expressed in our Interim Report that subsidised employment without any links with education or training is of strictly limited value to the longer term labour market prospects of young people under 18. We have recommended new traineeship arrangements to assist them. We recognise, however, that time lags will necessarily be associated with the introduction of these new traineeship arrangements.

Recommendation 64. Subsidised employment for young people under the age of 18 should be phased out concurrently with the phasing in of the proposed traineeship arrangements, with the change-over being completed by the end of 1988.

The proposal to phase out subsidised employment for young people under the age of 18 could be achieved in a number of ways. We favour the phasing out of subsidies on an industry by industry basis, as agreements are developed with industries on the traineeship arrangements for young people proposed in Chapter 7. It should also be noted here that in Chapter 7 we have recognised that there may be a need to subsidise the wages of some disadvantaged groups for the employment component of the traineeship arrangements. However, any such arrangements should be developed as part of the traineeship system (p.159).
INTRODUCTORY COMMENTS

IMPLEMENTATION OF THE TRAINEESHIP SCHEME

The Kirby Committee did not propose a detailed implementation procedure. It did, however, emphasise the principles of consultation and equity.

Recommendation 20 (presented above) relates to consultation. It is to be hoped that participants (present, prospective, and past) will also be involved in the consultations.

Equity emphases can be analysed with respect to several dimensions:

- equity of obtaining traineeships ("...the allocation of places to groups considered to be especially disadvantaged in the labour market should reflect each group's share of joblessness, and duration of unemployment") (p.95)
- equity of effective education/training (program graduates should be competent in specified occupational skills)
- equity of financial support to trainees
- equity of employment on completion of traineeships
- equity of access to further education on completion of traineeships

There are obviously many implementation issues which need analysis, elucidation, and agreement. Some are listed below.

Educational Institution

- How curriculum and instruction flexibility is to be created and maintained
- How a needs-based approach can be devised, to meet the needs of each trainee
- What is meant by broad-based education, and what are the perceptions of prospective participants towards various conceptions of broad-based education
- How traineeships can be effectively articulated into existing TAFE programs (including trade courses)
- How trainee competency is to be ensured in at least one occupation
- How TAFE colleges are to be funded
- How participants are to be involved in the development of their learning programs
- How to develop programs for trainees who perceive 13 weeks' institutional education/training to be far in excess of their job needs
- How to meet the needs of those who can't obtain a traineeship
- How to train TAFE teachers involved in these programs
- How to determine those specific occupations in which traineeship arrangements can initially be introduced for trialling.

Enterprise

- Whether private industry will find additional funds to hire additional persons
- How private industry, without a wage subsidy, can be encouraged to hire trainees on an 'equity' basis
- How enterprises, which in very many cases have not trained effectively in the past, can be encouraged to train more effectively in the future.

Overall Program

- How will the program be evaluated
- Whether people competent in an occupation will be prevented from taking a job in that occupation if they have not undertaken a specified traineeship
- How the TAFE and the enterprise segments can be effectively integrated, so that one body is responsible for ensuring that the trainee gains occupational competency.

CONCLUSION

There seems to be a general positive reaction to the conception of the traineeship system. Much analysis and consultation will be necessary to determine how such a system can be effectively implemented.
The Need for a Change

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Chairman, Committee of Inquiry into Labour Market Programs
Speaker: The Kirby Report: The Major Recommendations

Introduction

Once the Committee of Inquiry had decided, as stated on page 3 of our Report, to reject the notion of a detailed audit of labour market programs but instead to focus on the fundamental philosophical, systematic and structural questions, we were confronted by three major considerations. These same three considerations should be in your minds today as we discuss the Report:

1. Has the labour market program intervention of the past 10 or 12 years been successful?
2. Is a change of direction required?
3. What reforms are required?

The Report is not concerned with another program or two, or more changes to existing programs. It is concerned to bring about a change of direction. A change, in particular, to our approach to providing training and work experience to young people in transition from school to adulthood. As a result the Report challenges some established practice, current resource allocations, institutional arrangements and, inevitably, some vested interests.

The Committee sums up its view on page 15 of the Report:

"The recommendations which follow will set a new direction for labour market policy. We strongly believe a new direction is needed - one which gives greater emphasis to the needs of the individual for access to education, training and other support to deal with a variety of labour market conditions."

Is Change Required?

Is change required? The Committee was in no doubt that changes in approach are necessary and pressing. There is a wide range of qualitative and quantitative information available on the condition of the labour market and the impact of labour market and related programs. A deal of this information is contained in chapters 1 to 4 of the Committee's Report and in the recent OECD Draft Report on The Review of Youth Policies in Australia (November 1984).

In the last 15 years, while our working population has grown by an annual average 2.3 per cent and our labour force by 2.1 per cent, employment has grown by only 1.4 per cent. Recorded unemployment has risen from 60,000 to 70,000 in the late sixties and early seventies (one per cent to 1.5 per cent of the labour force) to more than 600,000 currently (over eight per cent of the labour force) and the average spell of unemployment has lengthened from 7.3 weeks in 1970, to 45 weeks in 1984. About fifteen years ago only 6.5 per cent of the unemployed had been unemployed for over six months; today over half the registered unemployed are in that position and nearly one-third have been unemployed for 12 months or more.

Progression through secondary school was once marked by a series of exit points at Years 10, 11 and 12, each giving access to reasonable jobs or post-secondary courses. Within the recent memory of most of us this situation has changed dramatically.

Apprenticeship commonly was entered after Year 10. A Year 10 certificate was sufficient for entry to base clerical grades of Australia's Public Services. Nursing training could be entered with a Year 11 pass. Competition for entry to higher education, including teachers' colleges, with Year 11 or 12 was confined to a limited number of scholarships covering fees and in some cases a small living allowance.

Now Year 12 is required for access to the range of subsequent options once staggered over a number of exit...."
MAJOR RECOMMENDATIONS

points. Competition for places in higher education is strong and growing stronger.

All this is an indication of the changed labour market. There are other revealing indicators of our plight.

For those who see nothing but increased government expenditure in seeking new approaches, let me remind you of some of the present costs. Those receiving unemployment benefits in the early 1970s numbered about 13,000, and the benefits (1973/74) cost less than $60m. Today about 600,000 draw unemployment benefits and the cost is about $3,000m, excluding administration. Over about the same period (1973/74 to 1983/84) expenditure on the labour market programs has risen from about $10m to about $1,600m.

One of the more significant trends in the employment of young people has been the shift from full-time employment to part-time employment. Since the early seventies teenage employment has actually fallen while part-time employment of young people has grown by more than 25 per cent. Yet faced with the poor employment prospects which these and other statistics indicate, the Committee estimated that up to 100,000 young Australians still seek to enter the labour market each year without completing a full secondary education and with no substantial vocational preparation.

The apprenticeship system has been something of a drawcard for young people in recent years, particularly for young males. With the help of substantial public funds for wage subsidies and off the job technical education it has provided young people not intending to go on to tertiary studies with the one significant and recognised alternative of structured training. However, for all the government support apprenticeship still caters for only about 10 per cent of teenagers; and for all its virtues it has obstructed the development of systems for re-training mature aged people, a major contemporary problem.

The early chapters of the report show how deep seated and persistent are some of our labour market difficulties, even after a decade of intervention with labour market programs. These programs have been in a continual state of flux, with frequent change to the overall mix, priorities, program parameters, and administration. Throughout this period there has been a lack of clearly articulated objectives for many of the programs which has resulted in considerable confusion.

There has, however, been no shortage of advice on what should be done. Since our economic problems of the early seventies there has been a range of recommendations made from committees of inquiry. In the case of some farsighted committees the advice was offered well before the Australian labour market collapsed. In many reports we have been told that the ability to re-train and enhance the skills of our workforce is critical for our success in re-structuring our industries and achieving sustained economic growth. The Vernon Report, the Tregillis Report, the Cochrane Report, the OECD Review of Manpower Policy, the Crawford Report, the Jackson Report, the Williams Report, the Myers Report in different ways have pointed out the deficiencies in our present arrangements for training, re-training, and recurrent education.

In 1963, Vernon stated: 'There is much that can be done to increase the proportion of skilled workers.' It is to be hoped that the efforts of Government to increase the supply of apprentices and to adapt the system to the needs of today will be successful. A supplementary scheme for the training of adults in craft occupations would help to make up for the deficiencies of the apprenticeship system. In more than a decade later, the Crawford Committee made four points that were echoed in our report:

'No comprehensive statement of Government manpower policy and objectives has been made since the 1945 White Paper. While many reviews and inquiries have been conducted in recent years no overall policy framework has resulted. Training programs, for example, need to become more forward-looking, equipping people with skills suited to more than those specific jobs available at the end of training. Both employees and employers must face the realities of the need to work together if the best possible solutions for all involved are to be found to adjustment problems. The Study Group is concerned at the lack of an effective mechanism for co-ordinating manpower policy with other policies and decisions."

Directions for Change

While in our Report we were able to identify some major problems and suggest principles and practices that should form the basis of a redirected effort, we concluded that there are no simple solutions. Labour market programs by themselves cannot resolve our labour market problems. The problems arise largely from the economic condition of the nation.

Macroeconomic policies have a far more significant influence on the demand for labour than labour market programs, and without economic growth the task of improving the condition of the labour market will be even more daunting. While governments may, although it seems unlikely, substantially increase expenditures on labour market programs such action will not avoid having to face up to substantial reforms. What then is the nature of the reforms required?

The Committee believed that first and foremost there is a need for governments to give greater emphasis to education and training; to assist employers and the economy by developing the nation's skill base and the capacity of the labour force to adjust. The OECD examiner's Draft Report criticises Australia's education and training arrangements as being based on dangerously obsolete notions of an industrial economy requiring a few professional and trade workers and large numbers of semi-skilled and unskilled workers. The examiners also found grounds for questioning the appropriateness of some of the training provided, and reasons to doubt that we have adequate vocational training resources.

In the face of uncertainty, the Committee on labour market programs asserts that the best policy for helping young people is to ensure that as many of them as possible have a sufficiently high level of basic education, training, and work experience to be able to acquire new and enhanced skills in later life. Better educated and trained individuals have broader options in working life, and beyond it. They have a greater capacity to exploit whatever economic and labour market circumstances they confront.

It was for these and related reasons the Committee believed that the balance of current expenditures on labour market and related programs should be redirected towards education and training and recommended:
• A new training system for the young combining continued education and training off the job with related training on the job and work experience;
• Increased efforts to improve the participation of young people in secondary and post-secondary education;
• Greater attention to systems and arrangements for recurrent education and training;
• Support for the development of industry training centres;
• Income support measures that encourage the acquisition of skills and knowledge.

Some Constraints
Decisions about the direction for reforms and the speed at which those reforms can be achieved, however, must take full and proper account of the constraints that will apply.

There has been some debate of late of the better performance of the less regulated labour market of the USA. The comparisons over the last 20 or so years do not altogether favour America, particularly when employment growth and unemployment are disaggregated by region, age and ethnic groups. The employment growth of the USA is, nevertheless, very impressive. It was sufficiently so to persuade the UK Government led by Mr Heath to attempt in the late sixties to deregulate the British labour market on the American model. Little now remains of that reform – the UK Industrial Relations Act of 1971 – except those measures of employee protection that were designed to ‘sweeten’ the bitter pill for British trade unions.

Therefore, while reforms may be seen to be appropriate, progress to achieving them will only be sustained where the constraining factors are taken into account in the strategy.

The Committee carefully weighed what it saw as a number of constraints, or ‘realities’ in forming its advice:

1. Economic growth will be fundamental for success. It will not be sufficient in itself but without economic growth the changes to institutional arrangements, attitudes and practices required will be next to impossible to achieve. This constraint will almost certainly rule out major extensions of apprenticeship with the existing levels of support or other large financial incentives to reform. Whatever the measures proposed, they would have to be considered in terms of their likely impact on the Government’s economic strategy.

2. Government alone will not be able to bring about the necessary reforms. Although legislation and government support may be necessary, unless trade unions, employers and other major groups are prepared to take a share of responsibility for bringing about the desired changes the chances of success will be very limited.

3. The Constitution ensures that the States will play a major part in delivering education and training. The States will have to be persuaded of the advantages of reform as much as will employers and trade unions. The Commonwealth will need to take special care that it acts as a catalyst, providing a leadership role in establishing the policy goals and using its resources, as necessary, to facilitate the changes required. The differences between States, and their place in the order of education and training authorities will, however, have to be respected.

4. There will be a requirement for far better co-ordination of government activities and rationalisation of advisory structures in both the State and Commonwealth spheres. The Committee recommended in its interim report (May 1984) that labour market and education programs should be more closely related. The same view has to be taken about approaches which seek to separate training and employment and industry and technology policies. Proposed changes to the initial training and employment of the young not only carry important implications for education (for curriculum, credentialling and organisation, including links between education sectors) but also have to pay regard to changes in industry structure and technology. It is impossible to tackle these problems of co-ordination without confronting vested interests, including those arising from the plethora of government and industry advisory bodies on education, training and employment.

5. Obtaining the involvement and commitment of trade unions, employers and others is essential but difficult. It will necessitate a more public and informed debate than there has so far been on the state of the labour market and the options for making improvements. The raising of participation by young people in secondary and post-secondary education and changes to the patterns of training and employment for the majority of young people in the teenage years will require community backing. If the help and advice of the private sector is to be useful it will need to be given at arm’s length from the public service and related bureaucracies, and be seen to be influential. This will in turn raise problems of accountability.

6. The costs and complexities of the current arrangements for income support raise a sixth constraint. If education and training is considered to be preferable to unemployment for young people the financial incentives should point that way. Conditions for receipt of income support can be eased so that they do not prevent people from undertaking education, training or other worthwhile activities to improve their skills, experience or self-sufficiency. However, that may not be sufficient. The financial arrangements may also have to be altered to provide a single income support scheme.

Recommendations
With the considerations and constraints I have outlined in mind the Committee formed its recommendations. We advocated the establishment of a new national council to act as a broker in securing the necessary institutional and attitudinal changes that would be required; to marshal the essential support of employers, trade unions, and governments for those changes; and to consider related developments in education, income support and industry policy.

Linked to this recommendation are proposals to develop a similar central policy advising body at State level, rationalisation of the committee structures, and greater devolution of decision-making and program management by the Commonwealth.

The Committee recommended a more compact and less complex arrangement of programs, including the development of a single wage subsidy program to replace several others. We saw subsidies as a useful means of assisting the long term unemployed to gain a ‘foothold’ in employment.
We took a similar approach to the various programs operated through and supported by community groups, and proposed that they be merged into a single program. With some increase in resources we saw this program as would result.

The Committee was concerned at the fragmentation of services to young people. It suggested that these services be integrated in an Australian Youth Service. If the coordination of government and community agencies to advise and support young people in their efforts to obtain satisfactory education, training and employment could even marginally be improved, more extensive use could be made of the available resources and a better service would result.

The problems of specially disadvantaged groups and the high level of segregation by industry and occupation of males and females in the labour market, presented the Committee with its most difficult problem. Our terms of reference directed us to consider the Government's social and economic objectives, and the reduction of barriers to entry and progression in the labour market is clearly one objective of the Government's policy.

We recommended that certain targets be applied when allocating the available resources within the various programs, targets set by taking fuller account of the available information on the labour market experiences of certain groups. Our report includes recommendations on two particular barriers to labour market access: English language difficulties and the lack of child care support. These two problems are not specific to labour market programs and require action on a broad front, but they must be tackled in labour market programs to facilitate the access of some groups.

Although we recommend some increased allocations to the programs we were mindful of the direction to exercise restraint: overall the changes in direction we propose would be assisted by increased allocations but they are not dependent upon greater government expenditure. A reallocation of resources within the budget for labour market programs and changes to the priorities in some related areas (e.g. TAFE) would however be necessary, and certainly not easy to achieve.

Our proposal for the adoption of a new system for the initial training of the young has been seen as the central feature of our report. To some extent it is although it only marks the beginning for tackling what we see as the most important task, re-training.

I want to emphasise that the proposed traineeship is a system and is not intended as another Commonwealth program to be tacked onto the existing programs. The traineeship system would broaden Australia's limited structured training arrangements and give far greater access to young people in the teenage years of transition to undertake training which combines off the job education/training with on the job training and work experience. When fully developed, we would expect the vast majority of teenagers to be in full-time education or traineeships of the kind we propose, or in apprenticeships.

Although the framing of the proposal was influenced by the dual system of training young people in German-speaking countries, it is a system that describes training arrangements familiar to us in Australia. What the Committee would like to see happen is for the traineeship to become a substantial, fully and formally recognised Australia-wide training system. A system with agreed standards and accreditation and, of course, appropriate terms of employment which inevitably would vary from industry to industry.

No-one on the Committee intended the proposal to provide an elaborate means of merely cutting young people's wages or of undermining existing awards. Nevertheless, we do believe that Australians cannot have it all ways. If we want young people to have proper systematised training both on and off the job, and the young people themselves want recognised skills and qualifications, we must have wage rates for trainees which have regard to an employer's training effort and place less emphasis on the trainee's contribution to production. I do not believe it is an impossible task to set rates of pay by industry for trainees which take account of existing awards, prevailing rates and the nature of the training contract.

The Committee proposed that initially the system should be directed to 16 and 17-year-olds, partly to deter young people from leaving school early or postponing further full-time education to take advantage of traineeships. In due course, as full-time participation by teenagers in education increased, those age limits could be raised. Eventually, when the system is the subject of industry agreements and recognition, it could serve as the model for re-training mature-aged people, those in industry and those seeking to return to the labour market. It would then need to open up ways of giving credit in re-training and recurrent education for work experience and skills learnt on the job.

Our proposals for modifying trade training support, developing industry training centres, and tackling the serious problem of re-training reflect our hopes and aspirations for the traineeship system. Pressing as the needs are for a more systematic approach to re-training and recurrent education, solutions will be difficult to obtain. If the traineeship system can be successfully implemented it will clear the way for a comprehensive attack on the re-training problems.

There are, of course, a number of alternatives to what the Committee proposed, but none of them are without their difficulties. For example, the spread of apprenticeship to many other areas of employment would be extremely costly at current levels of government support, or probably not viable if that support was reduced or eliminated. Any serious attempt to spread apprenticeship would almost certainly require consideration of industry levies.

Schemes to impose training levies on industry found little favour in our consultations. Moreover, while levies could be seen to have redistributed costs between employers and between the public and private sectors in some places, we could find no evidence to suggest that they had actually increased the amount of training available.

Conclusion

I believe the case for a change of direction of our policy and programs for labour market intervention, in light of the experience of the last 10 years or so is overwhelming. That at least is a point on which most people appear to agree. A similar level of agreement can be found for the proposition that the remedies to our present labour market difficulties are in our hands. There is little prospect
of a domestic or international miracle to restore our golden labour market of the fifties and sixties.

The direction we should take to reform is more open to debate. The options and constraints have to be realistically appraised and judgements made about likely costs and benefits.

In the Committee's view it is well past the time when Australia should take some positive steps to move toward a society where people of all ages expect to combine work and study throughout their lives, and governments encourage people and industry to invest more in the development of knowledge and skills.

Footnotes
2. The Training of Skilled Workers in Europe, Commonwealth of Australia, 1969
3. Australian Labour Market Training, AGPS, Canberra, 1974
5. Study Group on Structural Adjustment, AGPS, Canberra, 1979 (the Crawford Report)
7. Education, Training and Employment, AGPS, Canberra, 1979
10. Ibid, para 5.30
12. Ibid, page 12.34
13. Ibid, page 12.35
16. Ibid, paras. 127 and 128
IMPLICATIONS

Willingness is Crucial

KAYE SCHOFIELD
Head, TAFE Women's Co-ordination Unit
Technical and Further Education (NSW)
Speaker: Implications of the Report for Major Interest Groups

The Report is about labour market policy. We propose a comprehensive national and co-ordinated strategy for employment and training. We try to take hold of the social and economic problem of unemployment and the problem of skills and steer towards a constructive future for all Australians. The Report raises policy, planning and resource issues. It argues for employment and training practices which are progressive, fair and purposeful for all Australians.

The needs or interests of employers, trade unions, governments and community organisations were carefully considered by the Committee, and these are the subject of many debates. But the Report is more than a technical report about technicalities of the labour market. It is about people.

This paper is about the interest groups. I have chosen to define interest groups in two ways. Firstly, within the growing group of unemployed people there are identifiable groups who have particular and additional difficulties in finding a permanent place in the primary labour market. These groups are women, people from non-English speaking backgrounds and people with disabilities. I also choose to include here for discussion the particular and additional problems of the mature-aged. I do this because the tragedy of youth unemployment is recognized and much of the Government's response to Kirby has been related to youth affairs. The extent to which the Report has implications for mature-age people may not be so readily understood.

Secondly we can view various sectors of the Government as interest groups. In NSW, the Report will require new relationships to be forged between TAFE, the Ministry of Employment and the Department of Industrial Relations. I would like to spell out some of the particular implications for TAFE (NSW).

So, firstly to the question of target groups. Before dealing very briefly with each group in turn, I would like to make some general points.

We tried to look at the question of labour market programs in a wholistic way. We found fragmentation, lack of co-ordination and lack of links between programs. We brought the same approach to viewing the needs of those who are unemployed. The consequences of protracted unemployment is devastating for all people irrespective of age, sex, race, ethnicity or physical or intellectual impairment. But there is no doubt that identifiable groups have greater difficulties than others in gaining access to education, employment and training options. We tried to balance the need for specific actions for specific groups against the need for all labour market programs to be equally accessible to all unemployed people. We consciously set out to avoid the marginalisation of women and disadvantaged groups.

Consequently, we have opted for a targeting approach. Recommendation 3 sets out the basis of all labour market programs.

Recommendation 3. The principle of equitable access to employment and training should be afforded the highest priority in labour market policy. The targeting of places in all labour market programs should reflect an equal participation by females and males. Further, the allocation of places to groups considered to be especially disadvantaged in the labour market should reflect each group's share of joblessness, and duration of unemployment. (p.95)

I stress here that we are not talking about a total target, but targets for each program. Now, in some programs there will be practical difficulties and these are recognised in the Report. But it is incumbent on all the parties - unions, employers and government - to select according to more equitable principles and not according to mechanistic definitions of efficiency nor according to...
The Committee also recognised that those most disadvantaged in the labour market could not always be effectively reached by government agencies and that there was an important role for community-based organisations to provide more flexible programs, more personal support for a broader group of people. However, while seeking an enhanced role for community-based organisations there is a danger that the really complex problem of assisting those most disadvantaged might be left to community-based organisations alone. It is important that all parties recognise their responsibilities in this area. Community-based organisations with limited financial resources and unlimited expertise and goodwill cannot carry the burden alone.

We were also disturbed by the way different labour market interventions were categorised. Some were seen to be concerned with efficiency – i.e. industries or occupations; and others were seen to be focusing on equity or individuals. There is not the time to systematically dismantle this false dichotomy here. Sufficient to say that such simplistic categorisations do little to help us find ways to improve employment, education and training opportunities for people.

I will now deal very briefly with the implications of the Report for specific groups of unemployed people.

Implications for Women

- By basing targets on measures of joblessness rather than simply on recorded unemployment, the long-standing problem of women's hidden unemployment is formally recognised. Consequently, their access to labour market programs is increased.
- We firmly state that lack of access to appropriate child care is a major barrier preventing women's access to and participation in labour market programs, and call for an investigation of how appropriate child care can be designed and delivered in conjunction with labour market programs. I expect this investigation to intersect with existing initiatives for the provision of work-related and education-related care by employers, the Commonwealth and State Governments and by education authorities.
- The traineeships will be directed amongst others to many of those industries and occupations in which women's employment is currently concentrated. There are obvious consequences for the status of those industries and occupations of the introduction of structured training arrangements. It also involves a widening of the definition of skills in Australia.
- Employers will be supported to upgrade facilities so that they can employ female apprentices.
- To seriously tackle the problem of sex-segregation in the labour market, we recommend targets for female intakes into engineering, electrical, and electronics technical fields in the public sector – defence, communication, power generation and public administration.

Implications for People from Non-English Speaking Backgrounds

- The Report clearly recognised that some ethnic groups are disproportionately disadvantaged in the labour market and that people from non-English speaking backgrounds have had a low level of participation in existing labour market programs.
- The Report proposed that two types of additional programs are needed:
  (a) vocational on-the-job English programs – along the lines recently announced by the Premier to the NSW Labor Council;
  (b) language plus occupational skills programs. These could be developed within the adult training proposals.

Implications for People with Disabilities

- We recommended that special apprenticeship subsidies available for people with disabilities be abolished and replaced by a single wage subsidy scheme designed to promote access to apprenticeship of the most disadvantaged including people with disabilities. It is most important that the special needs of people with disabilities do not become obscured within the total new program, and that special staff expertise in this area is not dissipated.
- We also recommended that the existing three programs for people with disabilities are amalgamated within the community-based labour market program. Again, the special needs of people with disabilities must not be obscured, nor should we fall into the trap of shifting all the most difficult problems such as employment and training for people with disabilities into a community-based framework. Employers, unions and governments have important responsibilities here.

Implications for Mature-Age Unemployed

- We recognised that older people face particular disadvantages in the labour market.
- We recommended that Commonwealth expenditure on adult training be doubled over three years and that the various existing schemes be brought together in a single adult training scheme.
- The proposal that wage-subsidies be available for part-time employment is recognition that existing arrangements act as disincentives for adults to pursue combinations of employment and training.
- All parties have a responsibility to contribute to the national effort to train and re-train its mature-age workforce rather than unceremoniously hurrying them into early retirement.

I should draw your attention to the absence of an examination of the labour market position of Aboriginal people and of proposals to improve the position. These matters
were explicitly excluded from the Terms of Reference of the Committee of Inquiry, and are the subject of a separate inquiry chaired by Dr Coombes.

Implications for TAFE (NSW)

TAFE can also be viewed as a stakeholder or interest group in the implementation of Kirby. The Committee, while recognising the need for considerable improvements in TAFE’s educational provision and organisational responsiveness, did take the view that TAFE should play a central role in the provision of training as outlined in the Report.

While not wanting here to go into a great detail, we should note that:

- The **traineeships** will be the single most significant proposal impacting on all parts of TAFE in that they emphasize education and training (primarily in TAFE) as an integral feature. The proposal of 75,000 places by 1988 will impose major capital and current costs upon TAFE. The development of the off-the-job training component will be a task for TAFE through consultation with people from industry, unions and State training authorities.

- There is a recommendation that the quality and relevance of instruction be enhanced by interchange between TAFE teachers and industry instructors.

- TAFE’s role in initial basic skill training for the trades is re-asserted; and the role of industry training centres should be in the provision of specialised and advanced training for a wide group of employees beyond apprentices.

- The question of the administration of training at State level will be a particular issue in NSW. The adoption of

the principal recommendations of the Report would lead to an increase in the resources and standing of State training authorities and an enhanced role for TAFE in delivering training. This will likely lead to pressure to improve co-ordination between TAFE and industry. There is also an urgent need for improved co-ordination between TAFE, the Ministry of Employment and the Department of Industrial Relations on various aspects of Kirby recommendations.

Conclusion

The Report does not pretend to lay down simple solutions to complex problems accumulated over the years. Labour market segmentation by sex, by age or by ethnic origin will not disappear simply because of labour market programs. The willingness of employers to recognize their responsibilities to develop employment profiles which encompass the entire community is crucial. The willingness of unions to work to increase employment and training opportunities to all the community is crucial. The willingness of governments to make targets work, to take into account the needs of particular disadvantaged groups in all its work is crucial. And while anxious not to sound idealistic, if there is a will, it can be done - and women, and people with disabilities, and the older unemployed, and people from non-English speaking backgrounds can find their rightful place in a skilled, efficient and fair labour market.

I hope that interest groups do not pursue their interests outside the total context of the labour market as outlined in our Report, and I hope that the spirit of co-operative endeavour which imbued the Committee itself will be taken up by employers, unions and governments.
Firstly I wish to thank the organisers for extending to me an opportunity to participate in this important Conference on the recently published Kirby Report on Labour Market Programs.

In terms of this brief contribution it is not my intention to represent the views of industry, the views of employers in general or the views of my employer in particular. It is however my intention to offer some comments on the implications of the Kirby Report from an industry perspective.

At the outset I will draw reference to Attachment I on Email Limited, as the employment profile of this company has relevance to later comments.

The Committee of Inquiry Process

Before briefly discussing the implication of the Kirby Report, it struck me that some comments relating to the Committee of Inquiry process might be of general interest. Inputs to the inquiry processes included:

- 250 or so written submissions totalling 6,000 pages
- hearings in all States and territories
- an overseas visit to Japan, Korea & other East Asian countries by Assoc. Prof. Ford
- 9 research projects were sponsored
- a number of specific consultations with visiting overseas people with experience in the study of labour market programs in USA and Europe.

These inputs and the Committee deliberations impressed me from a number of directions, for example:

- a surprising (to me) breadth of community interest
- the fact that private employers were least well represented both in hearings and in the listings of those who forwarded written submissions
- that numerous submissions were very substantive documents and no doubt stemmed from searching analyses of the various organisation within which they were developed and a feeling that these submissions in themselves encouraged many positive changes even without a Kirby Report
- the process of attitude formation and the maturing of views within the Committee itself. In general, to be part of a self regulating widely representative Committee which exhibited a dedicated, questioning and reformist approach to the task at hand was a most stimulating experience.

Some Key Economic and labour Market Indicators

As background, it is perhaps worthwhile reviewing briefly some key economic and labour market indicators drawn from the experience of the last decade and a half.

These are summarised in Attachment II (see p.27 Kirby Report).

Labour Market Interventions

Against the background of the Committee taking a broad view of its terms of reference, our deliberations included a review of all Commonwealth interventions which impinge upon the labour market. These interventions are represented by current annual expenditure of some $8.5 million and embrace all labour market programs, post secondary education and unemployment and other related social security benefits. Attachment III summarises this aggregate expenditure based upon the principal objectives of the specific programs (see p.65 Kirby Report).
Major Recommendations of the Kirby Committee and Related Implications

The major recommendations are too numerous to cover in this brief segment however, in the main they are embraced by Chapters 7, 8, 9 & 10 of the Report i.e.:  
• Chapter 7 – Traineeships for Youth  
• Chapter 8 – Trade Training  
• Chapter 9 – Further Training and Retraining for Adults  
• Chapter 10 – Wage Subsidy Programs

1. Traineeships

The traineeship proposals of the Kirby Committee were developed against a background of our recent history which in August 1984 revealed an official youth unemployment rate of 23.8 per cent (when hidden unemployment is added this figure increases to 33 per cent) compared with a national average of 8.6 per cent. This is in stark contrast to the German speaking European countries where youth unemployment rates are not substantially different from the overall national average of unemployment rates. However, percentages really don’t convey the full impact. Upwards of 150,000 15-19 year olds were officially regarded as unemployed in the second half of 1984 and if hidden unemployment is included this figure is estimated to be approximately double.

In my view this is a national disgrace and all sections of the community must be encouraged to play a positive role in identifying and supporting meaningful actions to correct this situation.

The Kirby Traineeship recommendations provide one important recommended solution to this enormous problem (and I’m not aware of too many other solutions), and the major characteristics of the traineeship proposals are outlined in Attachment IV.

Some implications of these proposals include:

• As Peter Kirby has mentioned today, this is not another program to add to the already long list of DEIR (Department of Employment and Industrial Relations) programs. It is a training concept or a training system which is recommended for initial application to 16 and 17 year olds. The concept is equally applicable in the vital training area of re-skilling and re-training Australia’s adult workforce.

• Changes of the nature outlined will require open and positive consultation involving employers, unions, educationalists and representatives of Commonwealth and State governments. This consultation is particularly significant in the area of traineeship wage rates and conditions.

• It may well be argued that the tight labour market conditions will prevent a sufficient number of jobs being identified as traineeship vacancies. Ignoring the fact that a large number of the 82,000 or so 15-24 year olds assisted under SYETP (costing $93 million) could be replaced by traineeships, we are talking about an increase of 1.28 per cent in existing employment levels to achieve 75,000 traineeship positions by 1988.

In the Email context this represents 123 traineeships by 1988 – a figure which in my view is potentially achievable.

• The traineeship arrangements as proposed are not a challenge to the apprenticeship system which has and will continue to serve us well. In my view, apprenticeships and traineeships can live comfortably together as the traineeships will focus on non-trade areas and this is clearly borne out by the references to the criteria for applying traineeships outlined on pp.118-119 of the Kirby Report.

• In particular cases, the minimum conditions of one year duration, 13 weeks off the job training and two days per week learning, three days per week work, may have to be varied and whilst these criteria are important, in my view, they should not be interpreted as being absolutely inflexible.

• Email is embarking upon an internal review on how and through what means traineeships might be introduced from 1986. One would hope that this review will merge into industry or employer group reviews involving all interested and affected parties in the very near future.

2. Trade Training

The Kirby proposals in relation to trade training are viewed as changes designed to fine-tune an already proven system of training. In addition, a stocktake or evaluation of the present position is proposed. Currently, some 700,000 to 750,000 persons work in the trades. Three-quarters of these are qualified and three-quarters also work in three industries:

• Manufacturing – 31 per cent
• Construction – 25 per cent
• Wholesale and Retail – 18 per cent

In terms of the significance of Commonwealth support for trade training in 1984/85, it is estimated that $122 million will be expended in this area representing about one third of the DEIR expenditure in the labour market programs falling directly within the Committee’s terms of reference.

The principal proposals for change in this area are outlined in Attachment V.

Some implications of these proposals include:

• Apprenticeships provide structured vocational training opportunities for some 18 per cent of school leavers (35 per cent of male school leavers, 4 per cent female) and is thus not our best example of equitability in the employment and training sphere.

• Apprenticeship training is expensive in that the cost to the public purse for an apprentice including training in an off-the-job centre currently varies between $6,600–$14,500 for the indenure period.

• Notwithstanding this support level, a number of authoritative studies in this area contend that decisions to employ apprentices are not based on government support levels. In fact, Commonwealth subsidies only account for about 7 per cent of total costs of employing an apprentice over the indenure training period.

• In order to develop further our national skill base, it is seen as important to broaden considerably the impact of trade training into adult training, re-training and re-skilling for specialised employment particularly those areas impacted by technological advances.

• It is suggested that this thrust can be supported and reinforced by the re-direction of some $15 million for off-the-job training rebates towards re-equipping and re-fitting industry training centres.

3. Further Training and Re-training of Adults

Industry and commerce has and will continue to play a most significant role in this area. A vexed question is to
what extent should the State support or further subsidise the efforts of employers when it is clear that much of the in-house training is firm specific or unique to the particular enterprise and few transferrable skills are developed. The principal changes proposed in the adult training area are summarised in Attachment VI.

Some implications of these proposals are:

- It has been suggested from industry training quarters that insufficient attention has been given to the 92 per cent of the labour force actually in work in respect of the Kirby proposals for adult training and re-training.

In my assessment, the Kirby Report recognises that there are limits to the size of the public purse and correctly has placed priority on assisting those outside the work force gain a foothold towards permanent employment via more extensive opportunities for structured vocational training.

Notwithstanding this priority and noting that enterprises are responsible for their own survival and their own human resource initiatives, it is important for governments to encourage co-operative resource sharing for training and skills development within industry groups.

In this area, other forms of government encouragement should be recognised, particularly the widespread government support for Industry Training Committees. These Committees play a significant role as catalysts for training initiatives and change within and for industry groups and for tapping the appropriate training resources within the particular industry.

In many instances this resourcing role involves TAFE education and training programs and thus indirectly further extensive forms of governmental support are tapped.

- More work has to be done in researching and disseminating the results of studies into how skills are obtained and/or developed, how skills are retained and how skills can be varied to accord with the rapid changes taking place in the production processes via technological advances. One million dollars is advanced by the Kirby Committee as being an appropriate sum to start this process at a sufficiently significant level.

4. Wage Subsidies

Consistent with our view that an increased share of governmental resources will need to be directed towards education and training, it is proposed that the current heavy emphasis upon wage subsidy programs should not be maintained. Of the DEIR activities falling directly within the Committee's terms of reference, substantially more than one third of current expenditure is directed towards wage subsidy activities. This does not mean there is no place for wage subsidies as clearly these forms of assistance are required but required in a different form and based upon the need to improve access to employment for those facing significant disadvantages. The principal changes proposed in the wage subsidy area are summarised on Attachment VII.

Some implications of these proposals are:

- International experience confirms that the net increase of jobs resulting from wage subsidy type placements is not likely to exceed 5-10 per cent of all subsidised placements.

- Wage subsidies should therefore be seen for what they are. They are a means of improving access to employment for those facing significant disadvantage and not 'work experience' or 'training programs' nor are they 'programs to buy jobs'.

- The proposed approach of subsidising individuals, not jobs is a most important new concept and notwithstanding administrative complexities this proposal deserves to be pursued earnestly by the Department of Employment and Industrial Relations.

Conclusion

In conclusion, and to support Peter Kirby's earlier comments, the Committee of Inquiry has called for a change of direction and a change of emphasis in the current array of labour market programs. No changes of this nature should be accepted or adopted without wide consultation involving all of the parties affected.

Without the commitment and involvement of all parties, changes will be short lived and ineffective and our national human resources, particularly our young, deserve long standing and systemic improvements to our present national training efforts.

ATTACHMENT I

Email Limited

Ownership: Predominantly Australian
Principal activities: Manufacturer/distributor of home appliances, air conditioning and refrigeration systems, electrical switchgear, relays, metering and measuring systems, plumbing supplies, furniture and timber products.
Organisation: Product based decentralized business units.
Turnover: $650 million p.a. (equivalent annual turn-over from October 1984)
Employment: 9,600
Factory/shop floor ¾ of total of these ¾ trade qualified
Office ¼ of total of these ¾ management/supervision
Apprentices: 300 nationally.

ATTACHMENT II

Some Key Economic and Labour Market Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Average Annual Growth Rate</th>
<th>Average Annual C'wealth Deficit</th>
<th>Average Annual Unemployment Rate</th>
<th>Average Annual Growth in Aggregate Employment</th>
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<tr>
<td>GDP</td>
<td>70–75 3.5%</td>
<td>70–75 $1.1 bn</td>
<td>70–75 2.4%</td>
<td>70–75 1.6%</td>
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<tr>
<td>C.P.I.</td>
<td>70–75 10.2%</td>
<td>76–83 1.6%</td>
<td>76–83 6.3%</td>
<td>76–83 0.8%</td>
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IMPLICATIONS

<table>
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<th></th>
<th>1970</th>
<th>1984</th>
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<tr>
<td>Employment to population</td>
<td>60.3%</td>
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<tr>
<td>Recorded unemployment (000's)</td>
<td>78.2</td>
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<td>Unemployment rate</td>
<td>1.4%</td>
<td>8.6%</td>
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<tr>
<td>Unemployed for 6 months + (000's)</td>
<td>5.1</td>
<td>310.0</td>
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<tr>
<td>Unemployment rate 15–19</td>
<td>3.2%</td>
<td>23.8%</td>
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(Hidden = 33%)

ATTACHMENT III

Labour Market Interventions – By Principal Objectives

Income support for unemployed through unemployment benefit
Skills training – post secondary, special labour market programs and vocational training for youth
Employment promotion via job creation, wage subsidies, etc.
Measures for specially disadvantaged
Measures to assist job placement
Measures to reduce structural and regional imbalances
Measures to improve labour market information and planning

TOTAL

$8,573

1984/85 Commonwealth estimates
See p.65 or Appendix 6, Table 37.

ATTACHMENT IV

Traineeships

- Formal off-the-job education and training complemented by work in a related occupation.
- Target group initially 16–17 who have left school before completing year 12.
- Minimum of 1 year’s duration, min 13 weeks off-the-job training.
- Trainees contracted to individual employers or State regulated group training schemes.
- Income support via approp. negotiated wages taking account of value of training to trainee and the trainee’s productivity.
- Contracts of training administered by State training authorities.
- Consistent training arrangements and conditions across Australia.
- TAFE predominant provider of the off-job component (p.120).
- Emphasis upon non-trade occupations (p.112).

ATTACHMENT V

Trade Training

Note: 75% approx of apprentices employed in 3 industries.
- Strong support for continued development of trade based pre-employment courses.
- Governments should continue to increase efforts to encourage females into trade training.
- Greater interchange between industry instructors and TAFE teachers to improve quality and relevance of instruction.
- In short term, retain current level and coverage of CRAFT, but
  - no extension beyond current trades
  - appropriate apprentice wage rates should be considered and discussed
- then, level and appropriateness of CRAFT reviewed.
- Government support for industry training centres should encourage more widespread training and re-training, and more specialized and advanced training.
- Funds for CRAFT off-the-job training rebates should be directed towards the equipment and refitting needs of approved centres.
- Flat rate subsidies rather than complex cost reimbursement approaches for host trainees.

ATTACHMENT VI

Training and Re-training of Adults

- Industry plays major part in this area.
- In addition to technical skills training, substantial need for training in organisational and social skills.
- More effective co-ordination and communication required in the area of training research.
- Significance of industry training centres.
- Role of TTS and importance of train the trainer.
- Combine four programs into one.
- For six month and unemployed except for retrenchees from nominated industries and especially disadvantaged.
- Access to more than one course.
- Doubling of current $25.6 million over next three years.
- Exploitation of modern communication technology in the delivery of training.

ATTACHMENT VII

Wage Subsidies

- Combine four programs into one with primary objective of improving access to employment of those facing significant disadvantage.
- CES to be responsible for determining which vacancies attract subsidy under targeted wage subsidy scheme.
- Eligibility – six months unemployment, except especially disadvantaged.
- Subsidized employment for under 18’s phased out as traineeships phased in.
- National numerical targets for participation of women and especially disadvantaged.
- Period of subsidy – six months.
- Where appropriate, subsidies available for part-time employment – pro-rata basis.
- Individuals not vacancies attract subsidies.
Traineeships for Youth

DON ANDERSON
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Speaker: An Assessment of the Report

The Report of the Committee of Inquiry into Labour Market Programs (Kirby) makes its value assumptions pretty clear. Equity is given greater priority than efficiency but the view is rejected that these are alternatives. Kirby asserts that efficiency and equity are inexorably linked and that unequal distribution of employment is wasteful and that it aggravates segmentation, inflationary pressures and social costs. He observes that existing arrangements polarise labour market participants into a privileged class of the employed and a rising class of low-skilled unemployed (p.92).

So the Report states its basic position with considerable clarity, namely, that the single most important guiding principle is that labour market programs should enhance the individual's long-term life chances. Furthermore, the principle of equitable access to employment and training should be given high priority. To this end there should be targeting of places for trainees and aid should be provided to disadvantaged groups. The cost of assistance should be more equitably distributed between governments, employers and individuals. And assistance should move away from 'income support only' and towards education and employment programs.

In discussing strategies which focus on equalising conditions at the point of entry to a system (labour market, education, etc.) it is useful to distinguish between systems which are competitive and those which are not. If there is an excess of would-be participants but also a finite number of places in a medical school, or a labour market, etc., then the system is a competitive one and intervention to equalise participation has two tasks:

- to get everyone up to the standard for entry, and
- to enlarge the system so that there is room for everyone.

Assistance to the handicapped can make the race fairer but if there is no enlargement it simply serves to increase the intensity of the competition. The number who miss out remains the same and intervention may simply serve to prevent them from being confined to any particular social group. In practice, effective discrimination in favour of the disadvantaged causes those already well placed in the hierarchy to take steps to secure their position, either by trying harder (getting even more credentials) or through a political backlash to counter the intervention. If we are dealing with a non-competitive system, that is, if there are places for everyone providing that they have the necessary attributes, then helping the handicapped does not necessarily threaten those better placed.

The distinction is important and has implications for intervention in the labour market. Kirby recognises that 'ultimately, substantial progress in the fight to reduce high unemployment or to correct cyclical and structural imbalances in the economy will depend on the success of overall macro-economic management. However, we see labour market programs and similar interventions as an integral part of overall economic policy rather than operating at the margin' (p.90). The Report then proceeds to argue for a comprehensive labour market policy where there is a rationale for intervention, and the various strategies are co-ordinated.

It is most important to recognise, however, that the success of the strategies that are recommended depend on the prior success of 'overall macro-economic management'.

Traineeships for Youth

The development, by the States and the Commonwealth, of a new system of traineeships for young people involving combinations of education and work in occupations outside the trades is argued in Chapter 7. From the perspective of advancing the life chances of each entire youth cohort, and of raising the skill level of the labour force, the proposals for traineeships are the central recommendations of the Kirby Report. 'They represent our key response to the labour market problems of young people' (p.114).
AN ASSESSMENT

I wish first of all to look at the proposal from within the framework in which Kirby worked, and secondly from a broader perspective - one which goes beyond his terms of reference.

The traineeship proposal is presented in relatively modest terms and as if there would be no great costs to begin with. As an interim measure the experimental training projects are to be piloted; these will provide experience for the traineeship system. The system itself is to be initially restricted to 16 and 17 year olds, traineeships are to be a minimum of one year's duration, there is to be a minimum of 13 weeks off-the-job training in 'broad-based skills' and at least 75,000 traineeship places by 1988 (Recommendation 22; in the text it is stated that 'it should be built up to at least 75,000 places annually') (p.119) which is almost double the annual intake into apprenticeships.

TAFE is to be the predominant provider of the off-the-job component but industry and private organisations should be encouraged to participate (there is no mention of schools, a point which I shall come to later). The cost would be around $130 million per annum but Kirby expects that most, if not all, of these costs would be offset against savings in other programs which are to be subsumed or run down including PEp, ETP, SYETP and training allowances, and against savings in unemployment benefits. Although Kirby makes no reference to the apprentice scheme in this context, a contraction of this expensive operation could make a substantial contribution to traineeships.

Private or public employers are to provide, under contract, the training places and the income support. The unions have no direct role but it is important that their entire support for the scheme is secured.

The Commonwealth Government is to lead and coordinate the development of the scheme. State authorities are to administer the training contracts.

If the traineeship scheme is implemented the flow pattern of each age cohort from school to post-secondary school would be something like the following:

- from school to higher education (15–20 per cent)
- from school to other post-secondary education and training (10 per cent)
- from school to apprenticeship (15–20 per cent)
- from school to traineeships (25 per cent)
- from school directly into the labour market (30 per cent)

A proportion of the one-third who move directly from school into the labour market will subsequently enrol in higher education bringing the cohort participation by age 30 to about 23 per cent; another fraction can be expected to enter traineeships after a period in the labour market and this could bring the proportion of each cohort in the scheme to 30 per cent which is equivalent to 75,000 new trainees each year. The flow patterns from school through post-school agencies into the labour force is quite different for girls and boys (see Figure 1). While apprenticeships remain a massive job creation scheme for boys, considerations of equity would suggest that traineeships should aim at more than 50 per cent recruitment of girls.

Traineeships would, numerically, be a very significant part of the structure for the transition of young people from school to working life. Although there is no explicit discussion of the relation which may develop between apprenticeships (on which there is a chapter and some important recommendations), one senses an implicit view that in the long run there will be some merging of the two schemes, especially because:

- both provide for State supervised contracts between the employer and the individual;
- both use TAFE;
- there are proposals that:
  a) the group one-year apprenticeship scheme should be abolished and the spare capacity in government training centres should be used to assist in the implementation of the traineeship system;
  b) there should be broad-based pre-employment courses provided by TAFE as the normal avenue for entry to apprenticeships for young people (p.137). This sounds not unlike the broad-based skills curriculum for trainees;
  c) group employment arrangements similar to group apprenticeships should be developed.

Overall the proposal is the most comprehensive and well thought-out set of ideas which has ever been put forward in Australia for the transition from school to the labour force of those young people not destined for apprenticeships, higher education or direct entry to employment. If it is to work very careful attention must be given to its design and implementation. Kirby has simply set down a broad set of principles and a rough sketch of the structure.

In my view the worst fate for the traineeship idea would be for it to become simply one more scheme tacked on to the existing array of labour market programs. That was not implied in the Government's terms of reference and it was certainly not intended by Kirby; it is a real danger however unless governments set about designing and implementing the proposal as part of a comprehensive labour market policy. It will be a considerable task to compose a symphony for the young to be played by an orchestra to be assembled from diverse interest groups within federal departments, the States, TAFE, employers and the unions.

The concept is for a pathway from school to long-term employment through carefully structured experiences and education, training and work. I have several critical questions, not concerning the concept so much, but about its design and implementation.

1. Employers

Will there be a sufficient number of employers in the primary labour market able and willing to participate (i.e. enter into contracts, provide worthwhile experience and a wage for work done) when many of them are very small enterprises who regard themselves as having minimal training needs? Given the reluctance of employers to pay the costs of apprentices are they going to be willing to contribute a fair wage to these part-time trainees? And there is a related question: should there be incentives or compulsion to ensure the participation of employers? Will the burden fall mainly on the public service and on very large industries? Kirby anticipates this problem to some extent.
Figure 1: TRAINEESHIPS (---) SUPERIMPOSED ON FLOWS FROM SCHOOL TO THE LABOUR FORCE
and proposes that group traineeships should be developed by clusters of small employers, similar to provisions for group apprenticeships.

2. TAFE and broadly-based skills
What are broadly-based transferable skills? Should TAFE have a near monopoly in providing the education component of traineeships? The Report makes the sensible remark at the start of Chapter 2 on education and training that 'we do not consider it useful to make a distinction between education and training'. This enables the Committee to discuss education as it wishes and without being embarrassed by the terms of reference which do not mention the term.

A good deal more work needs to be done however on the concept of 'broadly-based transferable skills'. Are these specific to clusters of industries? Are they (the skills) in danger of becoming outdated due to rapidly changing technologies? Will there still be a need for supplementary specific training when graduates from traineeships enter regular employment? How do the 'broadly-based skills' differ from what is elsewhere referred to as a 'good general education'? Will there be provision for advancing trainees' competence in the use of numbers, of language, of reasoning, and in competence with the important artefacts of modern society, for example, communications technology? Responses to many of these questions are in the Report although not all appear in the recommendations. For example, on p.93 the Report states that 'we envisage ... a package should be devised to suit the individual's needs', and on p.115 that 'the formal off-the-job training component of traineeships should be broad based, focusing on a family of occupations, and including humanities and social studies. There is no reason why the general studies part of the formal training should not be taught through vocational as well as academic programs'.

The development of curriculum for traineeships is touched on in recommendations 19 and 20 - concerning training in information transfer and the setting up of a specialist group comprising people from education, industry, unions and State training authorities to develop appropriate training structures and content for the traineeships.

It needs to be resolved whether there is to be a separate development of general curriculum for 16 and 17-year-olds, or whether this should be done in conjunction with school curriculum authorities. In the early days of the UK Manpower Services Commission (and this still applies as far as I know) the development of curriculum for the Youth Opportunities Program was in the hands of industry and technical schools and took place separately from the Schools Council and other educational expertise. Very careful attention needs to be given to this aspect of traineeships - whether the education content is to be developed by TAFE alone or in conjunction with education curriculum development agencies.

A related question is whether schools should have a role in traineeships and if so what this is to be. One possibility is that schools as well as TAFE should be providers of the off-the-job component. The case for this is that students are already in schools, that schools have expertise in providing general education and that many of them have experience in developing programs of work experience. The case against involving the schools as providers includes the fact that many students are unhappy at school and wish to leave at the earliest possible moment, and that many such students appear to be much more motivated in a TAFE context.

A second possibility is that schools should have an initial responsibility in the process of devising packages to suit each individual's needs - such packages including combinations of advice, preparatory assistance, education and training assistance, employment placement, income support and related support services (p.95). A most important consideration is whether a deliberate attempt should be made to ensure that all students moving from school are provided with 'satisfactory' post-school roles (as in Sweden) or whether the range of programs is increased but it is left to individual young people to take advantage of what is going. This leads to the next main question.

3. Inclusiveness
Are traineeships part of an overall policy to ensure that no young person needs to go on the dole? If it is the intention to have a strategy which is inclusive of all young people then structures need to be developed accordingly. For example, if a 16 or 17-year-old turns up at the CES and there is no satisfactory employment help or she would be directed to a program rather than to the dole. In practice this would have to be an agency established to provide the advice and counselling and to make arrangements for a traineeship. Under the Kirby proposal, the agency would almost certainly be the local TAFE. I would like to see the local school also given responsibility in this connection.

If a policy of inclusiveness is followed there would be virtually no unemployed 16 and 17-year-olds. The Swedes have adopted the more extreme strategy of virtually excluding 16 and 17-year-olds from the regular labour market.

4. Prestige of Traineeships
Will the traineeship system be seen by the target groups as a quality program worth undertaking? The Kirby Report says it should be and that the proposed accreditation and links with other education and training options should help in this respect. This recognition will be hard enough to gain, given the not very encouraging record of attempts during the last 20 years to establish patterns of mutual recognition of credits within the post-secondary sector. Even that will not be enough however. Although Kirby does not say this, traineeships are already being seen as appropriate for young people at the bottom end of the education/social heap; those who are not going on to the academic stream of school, who cannot get an apprenticeship, whose employment prospects are poor. In other words, the 'no-hopers' whom schools are glad to see the last of.

If traineeships are to be invested with appropriate status they should be designed so as to be viewed as a viable option along with continuing at school, entering post-secondary education or obtaining an apprenticeship. They should not be seen as what you do if you can't stand school and can't get a job.

I would suggest that Kirby's minimum specifications need to be upgraded. Rather than one year, the minimum should be two or three. Rather than 13 weeks off-the-job training it should be 50 per cent. Attaching adequate credentials to traineeships is an essential component if they are seriously to be regarded as regular preparation for long-term careers in the labour force - this however will require some tough negotiating with post-secondary
event the design of traineeships would be quite different from what Kirby has sketched for the 16 and 17-year-olds. On the other hand, if retention to Year 12 stabilises around 50 per cent then traineeships could, as indicated earlier, become an important alternative to upper secondary schooling.

Kirby does not believe that traineeships will entice young people away from school. It is however hard to see why this would not happen especially if the traineeships are given the status and quality which they will need to be successful. And, if schools are made attractive to young people so that participation is increased dramatically, traineeships for 16 and 17-year-olds will be in danger of being seen as the option for the incompetent.

It is important therefore that traineeships are designed in the context of an overall policy for the development of education and post-secondary education in Australia. We already have the structure for providing 'broad-based transferable skills' for each entire age cohort. These structures are, of course, secondary schools, secondary colleges (in some States), TAFE, CAEs and universities. In addition there is training provided in some industries and in some private institutions.

The traineeship idea is based on two main assumptions:

- that there is a proportion of students who leave school early, who are unsuited for school, and who can best be enticed back into education via traineeships; and,
- that of active work experience (part-time) is valuable preparation for work.

The problem of early school leavers is too urgent to be left until these issues are fully investigated and I believe that pilot traineeships should be started immediately. Nevertheless, the issues are important and should be the subject of immediate and deliberate consideration at the same time as traineeships are being launched. It will mean that for a while two not entirely consistent strategies are being pursued at the same time – traineeships of quality attractive to a wide range of young people, and increased participation in schools which have more attractive programs than at present.

It will not be easy to evaluate these questions and formulate coherent policies for labour market programs with existing structures, comprising as they do numerous agencies which are unco-ordinated both within and between government administrations. Although Kirby draws attention to the problem of the balanced development of Australian human resources in some crisp paragraphs introducing the chapter on New Arrangements for Advice and Administration (Chapter 12) he makes no recommendations on how co-ordination across these broad areas could be achieved.

The Report does, however, make out a strong case for the national co-ordination of advice and programs in education and training and employment. There being no existing machinery which could do the job, Kirby recommends the establishment of a new National Council for Training and Employment. The Council would co-ordinate and develop objectives for national labour market policy. It would co-ordinate State developments partly through funding assistance and would cover, among other things, traineeships for youth. It would generate debate and research, it would publish information.

My only criticism of the concept and of the constitution of the Council is that secondary education is inadequately represented. Without a brief to consider the interface of upper secondary education with subsequent training and employment there will be neglect of the issues I have raised concerning the participation of schools in the traineeship idea and of the overlapping responsibilities of schools and training authorities for 16 and 17-year-olds. Specifically there must be coherent consideration given to the roles of schools and of other agencies in the elimination of youth unemployment and in the enhancement of the life chances of all young people. To this end the Chair of the Schools Commission should be added to the Council. In the meantime advice from the Schools Commission should be required by the Government for consideration when formulating its response to the Kirby Report. The transfer of the Office of Youth Affairs to the Department of Education in 1983 was a recognition of the close connection between these agencies in developing policies for youth. Its removal from Education in 1984 makes it necessary to establish new links so that the perspective of education is included in the development of traineeships and policies for youth generally.

Conclusion

In addition to its recommendations for a system of traineeships the Kirby Report contains chapters and recommendations on labour market planning (6), trade training (8), adult training (9), wage subsidy programs (10), community programs (11) and the co-ordination of advice and administration (12). The focus on traineeships in this paper should not divert attention from these important issues which are inter-related and together constitute a coherent and global strategy for intervention in the labour market.

The proposals for traineeships implicitly recognise what many research studies have shown, that a dominant theme in the motivation of a majority of young people at school is to become a 'worker'. This in turn is associated with a strong drive of adolescents for adult identity. This vocational perspective is brought to bear by young people in their judgements on curriculum and teaching, and on their decisions about leaving school.

There is a minority for whom schools, as they are at present, fail. These young people become the early leavers who, with poor education and low self-esteem, transfer from school to a life on the margin of the labour force. The Kirby proposals would provide them with a recognised program which would get some considerable distance in meeting their motivational needs.

The work experience would also be the beginning of a socialisation process. Regular hours, obedience to bosses, fraternisation with real workers, some intrinsic satisfaction from the task, the exchange of labour for money, the status of trainee worker – all of these attributes would contribute, for better or worse, to the acquisition by young people of those habits, dispositions and values which define 'worker' in our culture.

One of the great problems encountered by the young unemployed when they are eventually placed in a job is settling down. They have not learned the role of worker and find it very difficult to behave accordingly. Employers complain of their poor presentation, lack of discipline, unreliability and dislike of hard labour.

Traineeships are presented as another bridge from school to long-term employment. The cognitive skills which will be learned as well as the socialisation which will be provided by the work experience should enhance
the graduates' employability. This however is not a sufficient guarantee of employment and the whole system will simply become a strategy for delaying entry to unemployment unless a structure is developed which guarantees progression into satisfactory long-term work.

The traineeship idea is likely to be seen as just another program for the least capable of school students unless great care is taken. It needs to be presented on a par with apprenticeships and higher education as a legitimate and worthy path from school to adult vocations. I doubt very much that this can be done on the cheap. In any event, as a matter of equity, the community should be prepared to invest in trainees to the same extent as it invests in apprentices and undergraduates. I doubt also whether traineeships which are limited to one year and with only thirteen weeks of off-the-job training would provide the status, the skills training or the socialisation which will be necessary for the scheme's success.

The question of 'broad-based transferable skills' is a complex one, conceptually and operationally. In a society where there is rapid technological change it seems doubtful if there are many industry specific skills, or even families of industry-specific skills which will remain relevant for any substantial period. When the analysis is done the answer is likely to be that 'broad-based transferable skills' are what is presently labelled as 'a good general education'. This leads to the question of whether TAFE, with limited experience in the area of general studies, and with a pre-disposition to a mechanical construction of curriculum, is the most appropriate agent for curriculum development and teaching and whether secondary education should also be involved.

There are at least three separate roles for the delivery agent of off-the-job training and education: curriculum development, counselling individuals on appropriate 'packages' and teaching. TAFE has the advantage of its link with industry and of the preference which some school leavers have for it; secondary education has the advantage of expertise in general curriculum development and the fact that students are already in its schools. The latter is of particular importance if the traineeship scheme is to be part of a policy of inclusiveness. Whatever decisions are made with respect to the providers of general education it is important that a border is not defined with schools on one side and traineeships and youth policy generally on the other. We have too many similar borders already.

If schools do participate in providing off-the-job training it will be most desirable that all classes of schools are represented. Reference has been made to the danger of social polarisation, which characterises the employed and unemployed, extending to traineeships. Already there is some evidence that government schools are taking the greater part of the burden of programs under the transition and PEP programs. This tends to leave private schools free of the task and enables them, unwittingly, to avoid the non-academic image which is sometimes linked with these developments. The removal from government schools of the children destined for academic careers by their ambitious parents adds to the difficulty of government schools in providing a comprehensive program.

To summarise, the issues which emerge from this review of the traineeship proposals are:

1. The place of traineeships in an overall policy for education and youth. In particular whether they are part of a program for eliminating teenage unemployment, and how they relate to a policy for majority participation to Year 12 or its equivalent.
2. The meaning of 'broad-based transferable skills' and whether this is different from well-established concepts of a 'general education'.
3. The role of secondary education in off-the-job education and training.
4. The extent to which the increased employability which will result from combinations of education and work will lead to increased employment.
5. The need for a structure in which traineeships are the first rung on a career ladder leading to long-term employment.
6. The need for the traineeship scheme, if it is to be successful, to be seen as an option of quality, to avoid social polarisation, and to be of substantial duration.
7. The incentives and obligations necessary to secure enthusiastic employer participation.
I have had the benefit of reading Dr Anderson's paper before I finalised these notes, and I was pleased to discover that he has raised many constructive points I would have wished to have made myself.

He makes the point that the thrust of the Kirby Report would be in real danger unless governments set about designing and implementing the proposals as part of a comprehensive labour market policy. Dr Anderson then goes on to say it will be a quite 'considerable' task to compose a symphony for the young played by an orchestra of federal and State bureaucrats, as well as employers and the unions.

Not to mention the strong competition for young people's attention from the rock music world!

At this critical time I find myself occupying the position of Director of the Office of Youth Affairs, which has been recently moved into the Prime Minister's Department to help provide the Prime Minister and the Minister Assisting him with a 'co-ordinated' view on youth policy.

Within a week of me taking up the position, the Kirby Report was at hand, and along with the OECD Report, the Income Support Review the Government is conducting, and the raised expectations in this International Youth Year, has meant a 'percussion' start to what we all hope will be some meaningful outcome for young people.

To me a vital aspect of this role is to put the case for investing in young people rather than spending on them.

Because 'youth' is an age-related transition period, as distinct from a stable interest group, the spokesmen and women in the youth affairs field all tend to be a bit past it (like myself) and I think it becomes fairly important that we maintain a close check on youth attitudes and expectations to match up against our various preconceived older views.

Benefits

The recently conducted ANOP study into youth attitudes identified that the main issues of immediate concern to them were unemployment, lack of money, and personal relationship ties.

Most young people aspired to a job, and wanted help to obtain work. They saw this as something the Government should assist them with, as well as improving the quality and relevance of education, and increasing the various benefits available to them.

Many young people also expressed a desire to 'do something' in return for the unemployment benefit, and 'most thought it was a good idea to encourage people to stay at school until Year 12.

Although depending on their socio-economic circumstances most continue to leave the school system at the end of the compulsory school leaving age.

From my previous work experience in curriculum reform, community development projects, and most recently in developing the Work Skill Australia Foundation, I am convinced that the greatest source of goodwill to the Kirby recommendations lie with the young people themselves.

To me a vital aspect of this role is to put the case for investing in young people rather than spending on them.
That leads me to a second point raised by Dr Anderson: the prestige and status of the proposed traineeships.

The example we have that is most relevant to this concern is a trend which has recently developed in the apprenticeship area.

Because of the tighter labour market, many more young people are now entering apprenticeships with the aim of gaining a qualification as a stepping stone to careers in white-collar work, or further education.

This has made it more difficult for young people who have a definite intention of working as a tradesperson, to obtain an apprenticeship.

Consequently, I agree with the Kirby Report's recommendations that the first stage of the traineeship plan should be restricted to the post-compulsory school leavers.

Dr Anderson's paper called for flexibility in terms of traineeship duration and age restrictions.

I personally agree with his point on duration, but I regard Kirby's emphasis on the 16 and 17 year olds as a critical first step to restoring equity in the junior labour market.

Clearly, we would also be seeking to convince more young people to complete high school, and we would not want to inhibit their choices unnecessarily.

On the point of public sector traineeships, I might pass on some comments made recently by Dr Wilenski, Chairman of the Public Service Board. Dr Wilenski made the point that in 1966, 64 per cent of all appointments to the public service were of youth; this had declined to 30 per cent by 1983, with the hardest hit being young females. During the same period adult women as a group among appointees rose from 6.7 per cent to 33.2 per cent.

Consultative process

Dr Wilenski put this down to a number of complex factors including the imposition of staff ceilings and the increased competitiveness of the labour market, and merit entry criteria. As he put it, 'proportionately, youth now compete for all jobs with more adults and adults tend to enjoy a higher level of education'. He went on to say that the Board was anxious to develop an equitable response to the problem.

However, the extent of the PSB involvement in traineeships would be a matter for government decision, but he saw them as a way of redressing the imbalance in the share of jobs for young people in the public sector while providing the necessary training which would fit them for better jobs in the future.

Taking up this point of 'government decision', Dr Anderson in a concluding point commented that to formulate coherent policies for labour market programs with existing structures would not be easy. Moreover, he indicated that it appeared unlikely that the Government would implement Kirby's proposed National Council for Training and Employment. I for one am unaware that this recommendation has been discarded from consideration, and as the consultative process on the Kirby Report is still in its early days it would be premature to prejudge any final government response.

Let us not forget: this Government already has a strong record in making the tripartite approach to seemingly insoluble problems work.

I am confident that the spirit of the Accord can be successfully applied to the Kirby recommendations.

An indication of this is the fact that most of the key individuals in the private and public sectors have not criticised the general thrust of the Report, but have focused on the problems of implementation.

Already, on offer to Government are the Services and resources of a number of leading Australian enterprises and unions to assist in developing the required implementation plan.

It goes without saying that the Government is not the repository of all wisdom, particularly when it comes to questions of effectively delivering its own policies, and on this issue, I believe the total Resources of the community are necessary and will be forthcoming.

Comparison

A country which is not dissimilar to Australia and which has an accord, and has developed a tripartite traineeship structure, is Austria.

In Austria, in 1981 there were approximately 180,000 young people in the dual system of 'on' and 'off the job' training. They were trained in 60,000 enterprises averaging three apprentices or trainees per enterprise. Out of a total of roughly 240,000 enterprises, employing over 2.4 million people, more than a quarter of the employers offered training places.

The list of 224 occupations for which vocational training is available in Austria includes the crafts, industry, trade, transport, tourism, banking and commerce.

The largest number of traineeships are in the retail and clerical areas accounting for 42,000 positions of which females account for 77 per cent. In total, females account for 30 per cent of all traineeships. The Austrian system provides for traineeships which vary between two to four years depending on the occupational category. Approximately 250,000 people aged 16 and over entered traineeships, and until recently this percentage was increasing rather than declining.

Austria's total population is approximately half that of Australia, and against their 180,000 traineeships we have 140,000 apprenticeships mostly in traditional trade-based occupations with males occupying 95 per cent of the places.

Were we to achieve the Austrian ratio of one trainee or apprentice for every 14 employees, we would be looking at somewhere near 350,000 or at least double Kirby's 1988 target over and above existing apprenticeship levels.

Even if traineeships were established on a ratio of 1:14 in the small to medium business sector which accounts for some 30 per cent of employment in Australia - and where job retention and growth is the greatest - we would still exceed Kirby's target.

I know that international comparisons of this sort are not accepted as a very convincing argument, but I think it helps show that if a country wishes to have a comprehensive, quality vocational training system it can do so.

Austria, like its neighbours in Switzerland and West Germany, has deliberately expanded and developed its vocational training system with an emphasis on quality, flexibility and relevance. Although there have been some
IMPLICATIONS

shifts to institutionalized training in some occupations, the majority remains on-the-job.

Unlike Austria, Australia as we all know has for many years depended heavily for its export income on the rural and mining sectors.

Our manufacturing industry is under increasing import competition and we are still debating the best way to meet this challenge.

Our service industry is growing, but more than most sectors it is faced with the reality of rapidly advancing technology.

These complex and vital issues obviously bear upon considerations of the Kirby Report, however, I believe they must not be allowed to distract us from the opportunity the Report presents to restructure the junior labour market.

I would like to think that the Federal Government is on track to provide purposeful leadership, but we all know it can’t happen or even really begin unless employers, unions and State governments are prepared to co-operate in a meaningful way.

The Kirby Report unashamedly opts for an employment-based vocational training system as distinct from an educational or institutionalized based system, and I think for very good reasons.

The trainee wage issue (which you’ll have noted I’ve kept well away from!) will therefore clearly need to be resolved as a pre-condition to implementation, but I’ll leave that to Justice Macken to comment on.

In closing, I might attempt to briefly veer towards the topic I was expected to address here – namely the implications of the Report for the governments.

Someone, and it wasn’t me, actually analysed the recommendations in terms of implications for State and federal governments and concluded they each are landed with about half of the recommendations, and as you know the Federal Government has, so far, only endorsed ‘in principle’ the traineeship proposal, and conducted preliminary consultations about the prospects of an Australian Youth Service.

Yet we are in a paradoxical situation of having to clarify and consult on the Report with the existing advisory mechanisms – apart from a small number of conferences such as this one – and these mechanisms are the very ones Kirby points out are not entirely up to the job, and need to be reformed!

I would like to conclude on the note that I began. I don’t think we have the right to deny any of our young people, at the very least, the opportunity to participate in the system even if we consider in our terms the odds are still stacked against them in the future.

It is within our collective power to provide a greater number of entry points and a chance to acquire work skills for every young person who wants that opportunity.

Later in the year Australia launches its satellite which I believe will bring about a rapid expansion of telecommunications and innovation in this country. Combined with the rapid advances in interactive learning systems overseas, I expect we will quite quickly be in a position to provide high quality electronic training and re-training services and communications across the community.

In conclusion, I can assure you that in my conversations with the Prime Minister, he regards the Kirby Report as a major contribution to the development of a national youth policy, and in my position as Director of the Office of Youth Affairs, I look forward to meeting and discussing the Report individually with many of you in the near future.
Prospects of Help

JAMES MACKEN
Judge, Industrial Commission of NSW
Speaker: Implications of the Report for Industrial Relations

I am most grateful for the invitation to attend and to contribute towards the Macquarie University's Seminar on the Kirby Report.

I feel honoured to be able to participate in this Seminar and to be associated with such distinguished contributors. I am also honoured because I consider the work of the Kirby Committee to be foundational for a new age of industrial and social relations in Australia.

From the vantage point of the Industrial Commission and the opportunities which it allows for public submissions and private discussions with participants at every level of industry, I have formed the view and have had the view confirmed, that the opinion of that historian of note, Fernand Braudel, is regrettably correct. I am sure many of you are aware that he has said in speaking of the current global economic position:

"We are in the midst of a long - historians would say secular - crisis. When a politician says: "We are going to come out of this quickly" the historian wants to laugh. We are going to be in the crisis until the year 2000 because it is a crisis of structures."

I do not consider that there is any warrant for the assumption that a turn-around in economic fortunes, whether such is fuelled by an American resurgence or killed by the same American resurgence, will make any difference to the accelerating structural change which is on in every country of the world and which has amongst its first fruits structural unemployment, particularly of the young.

An immediate end to the recession, I believe, will have no effect whatever on the basic premises upon which the recommendations of the Kirby Report are based, nor on the need for a new emphasis on employment law and on training.

The changes to our society both industrial and general are inevitable and already in place. The Kirby Report, however, in Australia the first serious attempt to come to grips with the reasons for the changes undergone, and makes suggestions for responses appropriate to meet the challenge of those changes. Most of the Report predictably deals with the need for training programs and social support systems, particularly for young people. Industrial relations implications of the Report and the adoption of the recommendations are not dealt with in the Report in any detail and plainly for the reason that it is too wide a subject and too speculative in character, bearing in mind the extraordinary range of occupations and awards handled by our industrial tribunals, for such treatment to be of value in a Report made with respect to the terms of reference of the Kirby Committee.

Nevertheless, many industrial relations implications are there and they are serious indeed. There is no way that as part of a general review of the Report they can be dealt with in any great detail so I propose this afternoon merely to take half a dozen industrial relations implications, not to exhaust the subject matter, but rather to cast light on what the industrial relations implications are likely to be, having regard to the examples I have chosen.

I have not picked examples judged by reason of their importance from an industrial relations point of view, but rather by their capacity to throw light on future industrial relations needs and trends arising from an implementation of the recommendations contained in the Report. They are, therefore, principally designed to direct, if not correct, industrial relations thinking on the subject matter - they are not meant to support or detract from the value of the Report looked at generally.

Before embarking on this exercise may I say that I share the general admiration which industrial society has for the members of the Committee and the Report which they have produced, and I say this knowing full well that every sector of industrial relations society supports parts of the Report and criticises other parts. It remains generally true, however, that viewed as a whole the Report is greatly appreciated and by and large, supported.

JAMES MACKEN has been a Judge of the Industrial Commission of NSW since 1975. He is a part-time lecturer in the University of Sydney for the Committee for Postgraduate Studies and delivers lectures in the University of NSW and other institutions each year. He is the author of The Constitutional Basis of Australian Industrial Laws and co-author of The Common Law of Employment. Prior to his appointment to the Bench Justice Macken was a member of the NSW Bar (having been called to the Bar in 1963), and held many positions in the trade union movement between 1952 and 1963.
The first matter arising from the Report with which I would like to deal is trite, but nevertheless, needs to be said. The current wage fixation principles are contained in the principles laid down by the Australian Commission and the State tribunals in National and State Wage Case decisions. As an important part of the Prices and Incomes Accord they are very rigid and the unions can achieve movements in wages and working conditions only in accordance with the principles contained therein.

I mention this because many of the recommendations contained in the Kirby Report would require variations to be made in the principles laid down in State Wage Case decisions before they could be implemented. It would require, therefore, a recognition by government particularly, and by the trade union movement and employers, that the Accord itself and its consequential wage fixation principles should be varied to take into account the various movements both up and down in wages and changing in working conditions envisaged in the Report.

There are many such contained in the various recommendations. For example, I notice in recommendation 5 the need to have 'living away from home' allowances and 'moving' allowances provided to those participating in labour market programs. Such allowances, and other changes recommended in the Report, may well require variations to be made, hopefully by consent, to enable valuable initiatives recommended in many of the recommendations, to take place.

The second matter I would see as rather more important. Recommendation 18 requires that a system of traineeships combining work and formal education and training should be developed, initially for young people. Before passing to the details recommended for the new traineeship system, I think it important to note a fact which I do not think was alluded to in the Report, and not surprisingly, it is this. I have always understood that wages in Australia have been fixed on the basis of the performance of work and the levels of skill required for its performance. If the performance of work and the level of skill is identical then the wages paid to persons performing that work is also identical, regardless of age or sex.

I have always understood, and I only know of authorities which acknowledge that junior rates have only been included in awards on the assumption that the lack of skill amongst juniors in comparison with their adult co-workers, entitles an employer to pay them a proportion of the adult rate while they are receiving 'on-the-job' training and experience in their teens.

In other words where junior rates exist in an award there is, as I understand it, a presumption that an employer will be training such an employee. It being expected that he would be fully trained under most awards at 20 or 21 years of age.

Certainly over the years I would have to concede that employers have progressively ceased any 'on-the-job' formal training and by and large rely on experience at work and the passing of time to fit a junior employee for adult rates. The many years of inflation and boom and under-employment may have given rise to this attitude but the current situation should seem to call for employers to once again assume that the price they must pay for junior rates is 'on-the-job' training.

For this reason I cannot accept the proposition that junior rates should be reduced in any way in consideration for 'on-the-job' training. I understand that junior rates are only paid in exchange for 'on-the-job' training. Accordingly, where junior rates exist in any award and adequate 'on-the-job' training does not take place it would seem to me to be important that such junior rates should be abolished and adult rates substituted for them in order to encourage employers to institute the kind of traineeship systems referred to in the Kirby Report.

If I may thirdly turn to the basic features of the traineeship system in recommendation 22, which it is suggested should attach to the new traineeship system, I am sure are appropriate for many sections of industry but I am equally certain that they beg the industrial question in many other industries. As an example only, the recommendation that formal 'off-the-job' education and training should be complemented by work in a related occupation seems to me to ignore the difficulty which arises where either technological change or the recession, or both, has reduced work in the related occupations to the point where there is no such available work for trainees and, indeed, scarcely enough work for those dependant upon that industry for their livelihood.

If it is suggested that such trainees should be given work experience at the expense of governments and not at the expense of employers, then that would be fair enough but it would require a radical re-thinking of the system of training in many sectors of industry.

An example of the difficulty which I see arising would be the position in the maritime industry. The present requirements of the law are that any young person wishing to follow a career as a master of a vessel must first spend two years working as a deckhand or as a seaman and after such exposure to the maritime industry, he or she is allowed to sit for examinations to qualify for the lower level of master's tickets and subsequently by passing further examinations of an engineering and navigational character, may progress up the ladder to becoming a seagoing ship's master.

Members of the Seamen's Union and related unions are in competition with young people for such jobs for the great majority of employees in that industry wish to carry on the occupation of seaman or deckhand, not as a means of acquiring a master's qualification, but because that is their occupation. The conflict between those who see trainees as taking their livelihood and the trainees who see those occupying the jobs are precluding them from acquiring a skill, does not seem to be to be resolved in the recommendations as to the basic features of the new traineeship system. It is further suggested that the system should have as a target group young people between the ages of 16 and 17 who have left school before completing year 12, regardless of the sex of such young people. No one, I believe, could seriously challenge the identification of this target group.

The Report, however, ignores what I believe to be the largest single hurdle to the employment of such young people in industry. That hurdle is made up of tens of thousands of young people, boys and girls, in the target group but who have not left school. The dwindling deposit of employment for such young people requires, I believe, either a direct prohibition on the employment of school children in systematic employment. I hope by the use of those words to have excluded the traditional 'pocket money' jobs of school children (whether on paper runs or milk runs or the like). Unless this is done the target group,
I believe, will simply grow each year in numbers and in

dispar.

I do not exaggerate when I say that in NSW alone there
are tens of thousands of jobs available if only the service
industries can be induced to employ children who have
left school rather than those who are still at school. This
does not, I believe, require any draconic legislation but
only the application of proper industrial principle. Adult
rates should apply to the school children and traineeship
rates should apply to those who have left school on the
understanding that the traineeship rates will be
supplemented by 'on-the-job' and 'off-the-job' training as
recommanded in the Kirby Report.

If school children had to be paid adult rates because
their training was unrelated to their employment, over-
night there would be created in New South Wales tens of
thousands of opportunities for school leavers to be
employed. I think the Report could have benefitted by
some such reference. It is of course a matter for the indus-
trial tribunals, I believe, to ensure that such principles of
fairness are carried out.

It is further suggested in recommendation 22 that
traineeships should be of a minimum of one year's dura-
tion with a minimum of 13 weeks 'off-the-job' training
covering broad based skills relating to families of occupa-
tion. This may not always be possible, I believe, because as
with the example of the deckhand referred to earlier, 'off-
the-job' training is a difficult thing to devise and unless
engineering skills of a fairly significant order were to be
considered as part of the family of occupations, I cannot
understand how it would be structured. The principal
concern with this recommendation is that where a
traineeship was for one year or two years at the end of that
time, I believe, any further justification for junior rates
would have disappeared. Traineeship rates should be con-
fined to a period of traineeship and I can already hear
howls of outraged indignation coming from those sectors
of the employers industries who would find such adult
rates payable where currently junior rates pertain.

There are other things which could be said about
recommendation 22. I have, for example, considerable
difficulty seeing how wages can be appropriately
negotiated taking into account the value of training to a
trainee and productivity. It would involve bringing into
the wage fixation principles concepts which have hitherto
been always rejected as impractical. Nevertheless, recom-
mendations generally touching the new traineeship
system, given the preservation of principles of justice and
fairness in wage fixation, are, by and large, capable of
introduction and with broadly based support, the difficul-
ties which I have mentioned, and those like them, can be
overcome.

I would refer too, in passing, to recommendation 23
which would call on governments to ensure that relevant
industrial relations legislation precludes industrial
tribunals from making determinations on training matters
such as training classifications and conditions. I would
have thought that only industrial tribunals would have
been capable of making such an assessment because rates
of pay have always been fixed bearing in mind the level of
skill and the degree of training both 'on-the-job' and 'off-
the-job' that have been acquired. Industrial tribunals
cannot make determinations based on training classifica-
tions and conditions - I just wonder who would. Currently
industrial tribunals do so and have always done so and I
would have thought that no wages could be fixed by

industrial tribunals without taking such matters into
account. It must be said, however, that course content has
not hitherto been a matter fixed by industrial tribunals and
if that is what is meant by the recommendation then by and
large I would have no quarrel with it.

I have long been an admirer of the group apprentice-
ship arrangements which appear to have worked with
such success in the building industry. Where a large
number of employers with seasonal or casual and fluctu-
ating wages and labour demand exist the adoption of group
apprenticeship arrangements appear to have provided a
large number of apprenticeships that would not otherwise
have been available to young people.

Recommendation 35 suggests that the Commonwealth,
together with the States, should continue to develop such
arrangements and if I could add to that I support the view
that the traineeship principles could, with equal profit, be
applied to group employer arrangements.

I could imagine, for example, the retail industry could
offer a two-year traineeship program which would involve
a young person devoting some time in the warehouses to
learn warehousing and to handle the small forks and
stock-picking machines and some period in a number of
smaller areas, groups of retailers could get together to
provide such a variety of training for young people where
one store could not do it.

The Industrial relations consequences of the adoption
of the recommendations contained in the Kirby Report
would seem to me to require at least some measure of
uniformity in the fixation of wages of those in appren-
ticeship and those of traineeship schemes. It would seem
appropriate that general principles to be applied to the
fixation of wages and the establishment of working condi-
tions should be laid down in test cases and thereafter such
variations as may be required to suit the particular needs
of industry could be handled on an industry by industry
basis - but I suggest, in the interest of the apprentice or of
the trainee called upon to perform work and undergo
'off-the-job' training at his own expense, should be permitted
by award variation to work his week in ordinary time on
the days he is at work.

The principle of consecutive work and consecutive time
off applied in a growing number of industries would
enable such a worker to earn a full week's wage or a nearly
full week's wage despite 'off-the-job' training periods. For
example, a trainee permitted to work 4 x 9-hour days
would be thus able to earn a fulltime wage and carry on his
'off-the-job' training on the 5th day. To compel him to work
a five-day week and to include his 'off the job' train-
ing as part of this time would be a serious income
reduction for such workers.

There are many other equivalent changes of an indus-
trial relations character which could be made to make the
content of the Report more acceptable to workers and to
unions and indeed, to provide the benefits of the Report to
the least cost of an employer. Only time and imagination
and goodwill of the parties will see such reforms intro-
duced.

In the meantime, could I suggest that so severe is the
plight of our unemployed young, whether the content of the Report meets with our approval or not, we should all approach the subject matter with open minds and with willing heart, determined not to allow our personal biases or differences to stand in the way of the essential objectives of the Report and its recommendations – that the victims of our current malaise will have their conditions ameliorated by reforms of this kind as soon as possible.

I am enthusiastic about the Report and about the prospects of help being given at last to the long-term unemployed particularly but I will not allow my enthusiasm to trespass on time devoted to discussion and, accordingly, I submit these comments to you with confidence in your wisdom and with thanks for your patience.
IMPLICATIONS

It is good to note that the Report rejects wage cutting for junior workers, a proposition mindlessly touted in the media and by the CAI. The Report calls for the maintaining of the proper rates of payment, but ingeniously calls for these rates to be paid only for the period in which the ‘trainee’ is in productive work during an average working week. Because it is suggested that full time training take up say, one day per week, this results in a 20 per cent reduction in the gross weekly wage.

More alarming are the implications for apprentice wages. Some see the implications regarding apprentices as being very clear; that they are also up for some sort of wage reduction. Others find it ambiguous. Until this is cleared up, there will be a fundamental blockage in the union assessment of this proposal.

Of course, to be conciliatory such proposals are well intended and spring from the universal feeling of constraint, itself a reflex of the low growth rates in the economy and mirrored in the idea of the Trilogy, which will become a Trifecta if the economy goes into decline in the late eighties. Everyone is trying to get the most mileage out of budget allocations which are generally a reshuffling rather than a substantial growth in allocations. But there are limits, and the unions are bound by their own conference decisions, and those of the ACTU, to defend the position of the apprentice.

Far from standing in the way of training and re-training of young non-apprentices and older workers, the unions have been calling for this for at least a decade. Included in training is the call for teaching the English language, which is certainly a form of training to migrant workers, in the employer’s time.

We would support special access to apprenticeships and training for female workers and others disadvantaged by traditional attitudes in some trades.

Assessment

What concerns us is exactly how some of the proposals will be implemented, and what the future would hold for those who have completed training.

For example the unions’ agreement in the past to go along with junior wages, is not based on the age of the junior as such, but by the lack of experience it implies. In the best circumstances, a junior would be trained at the job precisely to put an end to his or her lack of experience, and if the training course is six months or one year, that would be seen as putting an end to the equation of youth and inexperience and put the worker in line for adult pay.

Other sections seem woolly or with loose ends and the unions would hope that the Committee and Government take our comments into account when legislation is foreshadowed. In this assessment our union would agree with the submission of the NSW Trades and Labor Council which also calls for ongoing consultation and negotiation.

The 1980 OECD Survey showed no significant, or conflicting evidence that there is any relationship between youth employment and the level of youth wages.

The 1984 OECD Review of Youth Policies in Australia says in part: “Youth wages should not be decreased further, relative to adult wages”.

To carry through Report recommendations, TAFE would have to measure up as a consistent provider of adequate training needs. Yet TAFE has inadequate staff and resources at present. The present concept of minimum new funds will have to be lifted from minimum to ‘adequate’ if it is to play an enhanced role, and it will have to consult more with unions and industry.

Employers will not only be ‘expected’ to provide on the job training. Some form of monitoring will be needed because past experience shows that some employers used past schemes not to re-train, but to acquire cheap labour.

If the CES is to be involved in selecting suitable young people, and perhaps older ones, for training, they would clearly be called on to play a key role. But how is this to be done? How are we to train those who select those who will be trained? If this is not properly attended to, results could be counter productive.

And what of the trainee when, assuming we master these and other important matters of detail, he or she completes the training course? Do we look the other way because we think that it is the end of our responsibility in providing the training that will come from legislation based on the Report? If there is no immediate work, will they be dumped as a social embarrassment and no-one’s responsibility?

There should be agreement that, in such instances, a new problem has emerged which is best tackled through a comprehensive government policy based on an understanding that employment may or may not result from this reform, and in the latter case it is part of the process that tripartite bodies exist which can handle the problem from there. No follow-up in such instances would disappoint hopes and add to the social shambles associated with unemployment.

Given such criticisms it should be repeated that the Report is a welcome arrival on the industrial relations scene and should challenge us to greater inputs into the legislation it may well foreshadow for the near future.

In conclusion therefore, I am sure the unions will accept the challenge of change which the Report foreshadows and we commit ourselves to play a constructive role in its implementation.
A Summary

PETER SCHERER
Deputy Director, Bureau Labour Market Research
Speaker: Implications for Training, Education and Work

Introduction
The discussion today has been diverse in the emphasis, touching as it has on different aspects of the Kirby Report. Inevitably any compression of what was said cannot be exhaustive. In my summary I therefore want to seize on five themes which seem to me to have emerged during the course of the day. The themes are the problem of co-ordination between different agencies, the relationship between economic growth and human capital, the question of the career ladders and the role of traineeships in the career ladder of youth, the vexed issue of appropriate rates of pay and finally, the unfeasibility of further shifts in cost of training from the private to the public sector.

Problems of Co-ordination
Many of today's papers - in particular those given by Peter Kirby, Kaye Schofield and Don Anderson, emphasised improving the co-ordination between the various agencies concerned with education, employment and training.

In many ways co-ordination seems to be more of a problem between the Commonwealth agencies than between the Commonwealth and the States. I can't really speak for all portfolios, but the Commonwealth Employment and Industrial Relations Department has a reasonably good relationship with the various States employment departments, and I think the same is true of a lot of other portfolios. However, at the Commonwealth level it is, I think, true that there is a real problem in bringing together various Commonwealth agencies. Even within the Department of Employment and Industrial Relations, co-ordination between the Employment and Industrial Relations Divisions of the Department is really only just now starting to be reasonably routine (and I must say that the proposal for traineeships has done a lot to facilitate that). Very frequently the main means of co-ordinating separate agencies, such as the Department of Employment and Industrial Relations, the Department of Education, the Department of Immigration and Ethnic Affairs, the Tertiary Education Committee and the Office of Youth Affairs, is through an inter-departmental committee. They are often stultified because those who attend the committees are acting under instruction from their departments, which can make it very difficult for them to be more than a formalised forum for inter-departmental exchanges. The proposal for traineeships will require these problems of co-ordination to be overcome adequately.

Many remarks made today (in particular by Kaye Schofield) show the problem also applies at the State level. There is almost a cultural issue here, in that the school system tends to wall off schools from working life. The role of schools is sometimes asserted as not being to train factory hands and clerks, but to educate citizens. Until schools come to see working life as the dominant role of most citizens, this false dichotomy will, I think, distort much co-ordination at the administrative level.

This said, the problems of co-ordination in this field are not just the result of bureaucratic rigidities. Employment programs have a different focus to other administrative projects. It is difficult, but achievable, to deliver letters on time, send out social welfare payments regularly, or even perhaps teach people to read. But employment programs go to the heart of economic relationships. Employers have goals other than employment and this applies to the public sector employers as much as private sector employers. Thus even a 100 per cent wage subsidy, say, would not secure employment if employers could see no benefit for themselves in the program other than the subsidy that is offered. This problem of needing to change the behaviour of people who are not part of the administrative system is at the heart of the frustration that many people express today. The labour market programs are failing to correct the segregated nature of our labour market, particularly
the very small number of women who obtain apprenticeships in the traditional trades.

The Kirby Committee suggested that the co-ordination of problems should be addressed by creating a new council of employment and training. Don Anderson suggested the Schools Commission should be added, and the same could be said for the TAFE Council of the Commonwealth Tertiary Education Commission. Don Anderson went further and suggested an actual Commonwealth Department of Education and Training. Similarly, Peter Kirby mentioned that his committee was constrained by its terms of reference from recommending the addition of income support and education to the proposed responsibilities of the new council.

So we see that at many points in the seminar this co-ordination issue has arisen. I think that perhaps the main danger is to believe that the co-ordination problem is purely the result of inappropriate institutions and that it can be overcome by setting up new ones. If, as I believe, the co-ordination problem derives from real differences in the actual work done by different agencies, then simply setting up new agencies to co-ordinate the existing ones will not get us any closer to the solution.

**Career Ladders**

In an important part of his speech today, Peter Kirby argues that traineeships, while important, 'only mark the beginning of tackling the most important task, re-training'. Traineeships have been the particular policy initiative suggested in the Report, to which the Government has first addressed itself. Peter Kirby warned us today that we should not forget that this is really only part of the comprehensive approach to a more flexible labour force which the Kirby Committee was pressing for in so many of its recommendations.

In this light, traineeships are not particularly new. In many ways similar opportunities such as cadetships were the traditional way of entering into many professions and occupations, prior to the expansion of full time tertiary education in recent years. Many people used to go to work for government instrumentalities straight from school (often before finishing the final year of high school) and then finished their secondary and tertiary studies part-time. Thus, at least in the public sector, there certainly should be no particular difficulty in introducing traineeships.

This does raise the issue of the status of traineeships. Many people, including Don Anderson, have commented that there is a risk that traineeships will become stigmatised as 'what you go into if you can't do anything else'. Rather than being known as someone who has learned something, those doing traineeships could be tagged as just someone who was not good at school. I think in assessing the likelihood of this a bit of historical perspective is necessary. Apprenticeships were similarly regarded up to 10 or perhaps 5 years ago, but recently have become highly desired opportunities for labour force entry. I fear, in recent years there has been a feeling amongst many working class people that their children have been excluded from apprenticeships by middle class kids who finished high school and decided that they wanted to use an apprenticeship as their method of entry into the labour force. If this happens with traineeships, the problem will not be their lower status, in fact they could prove to be too attractive.

Don Anderson is quite right, I think, in saying that there is a real dilemma here. Traineeships will not fulfil the purpose envisaged for them if they do not confer a status on those taking part. I think he is right to say that in our society at least some sort of certificate or accreditation would be necessary. But if traineeships are too attractive, they may start to attract those who might otherwise stay on voluntarily for years 11 and 12 at school. The places would then not be available to those who are alienated from school and feel they want to leave. Such a shift from schooling to traineeships does seem to have occurred during the first year's operation of the British Youth Training Scheme (Andrews, 1984, p.6).

One way to overcome this problem would be to make traineeship opportunities available for those who have completed high school, as Don Anderson suggests. There is another reason to consider this as part of the mix of traineeship opportunities. Quite a few of the speakers today have averted to the problem of providing an attractive high school curriculum for those who do not intend to go on to tertiary education. At present, high schools are almost, by default, forced to adopt the tertiary entrance requirements as their main focus in devising curricula. If traineeships were established as a sufficiently viable alternative post-school career path, at least one necessary condition for developing an alternative but educationally sound curriculum may have been overcome.

I noted that Don Anderson also remarked on the paucity of data currently available on labour market experience after entry. We at the Bureau of Labour Market Research have been well aware of this, and it has been one of the main reasons behind the launch of the Australian Longitudinal Survey. In this, approximately 9,000 young people, chosen so as to be statistically representative of all the young people in the country, will be interviewed this year. They will then be re-interviewed at annual intervals for three or four years in order to see how they go in these crucial years in their career.

**Appropriate Rates**

The debate on trainee wages, so ably analysed by Mr Justice Macken, brings out two contrasting views of the economic role of the wage system. In my opinion these underlie so much of the debate in this country on these issues.

One of these views emphasises the demand side. This looks at wages as a cost to employers, and implicitly – if not explicitly – argues that wages should be allowed to adjust to 'clear the market'. In other words, if there is chronic unemployment, wages should move down until enough people withdraw from the labour market and enough employers can afford to actually employ labour. Junior and adult wages should adjust in relative terms until the unemployment rate of each group is similar.

The other view emphasises the supply side: wages constitute the income of wage earners, and the emphasis is therefore placed on making sure that they are sufficient for those needing a full income. In this view, where there is a shortage of jobs, they should be 'targeted' to those who most need them, such as adults and junior school leavers needing 'steady employment'. This leads to the view which Mr Justice Macken advanced, that in some cases adult rates should be imposed to prevent inappropriate junior employment. For example, the part-time employment of school children which (he asserted) precludes young
school leavers from getting regular employment.

This type of view of the role of the wage system is not new, and goes back to the times of unemployment long before the current one. For example, a lot of Mr Justice Higgins pronouncements on the appropriate wages for apprentices in the second decade of the century emphasise the need to set apprentice rates high enough to ensure an adequate supply of craftsmen. This tradition was responsible for the most recent increase in apprentice rates in the early 70s, at a time when there was a concern that apprenticeships were unattractive to young people.

Mr Justice Macken's view of the part-time employment of school students should, I think, be recognised as being derived from these Australian traditions. It is opposite to the traditional view in other countries. For example, in the United States what one might call a counterpart of traineeships is an informal process of summer and part-time employment combined with nominally fulltime education. Government programs (when they are in vogue – as they are not at the moment) are directed to encouraging part-time employment. A controlled test indicated strongly that part-time employment did enhance fulltime post-school earnings. This showed that, at least in that country, part-time employment for school students did enhance employability.

I think the productive way to go is to work through, rather than against, the Australian industrial relations system in setting up traineeships. As I understand, the consultations now taking place through the National Labour Consultative Council, are what is intended. The idea will be to use industrial relations institutions to enhance training, rather than seeing them as an obstacle to training. I think there is now sufficient concern about youth unemployment to make it possible to achieve a meeting of minds between these two views.

Reversal of Shift

The proportions of GDP that goes through the tax transfer system is lower in Australia than in most other OECD countries. Nonetheless, there now does appear to be a political consensus that the proportion should not be allowed to rise, and this means that there are real constraints in increased subsidies for employment programs. I think it is noticeable that almost all parties at today's conference seem to have accepted that, and to have discussed proposals with that constraint in mind.

There is no doubt that this leads to particular dilemmas: for example, as Greg Harrison observed, the traineeship proposals do envisage the gross weekly wage of trainees being reduced by the proportion of time spent in off-the-job training. This is not the case under the apprenticeship system, though the actual burden of bearing the wage cost of periods spent in fulltime training has been transferred from employers to the Federal Government through CRAFT rebates.

I think that the approach that Kirby has taken is the only achievable one in the present climate, particularly if traineeships are to be seen as the basis for a new system and not simply another government program. The approach is different to that of the Youth Training Program in the United Kingdom, which is basically a government program under which employers are paid by the Government to undertake training of young people. If traineeships are to be the first step in a continual process of training, they need to start off from a different footing.

Conclusion

In my opinion one of the most important statements in the Kirby Report appears on page 90 in the text, but is not part of an actual recommendation. This is the statement that 'labour market programs and similar interventions should be seen as an integral part of overall economic policy rather than operating at the margin'.

We have today been discussing one of the main proposals made by Kirby for intervening to focus public policy towards human resource development. The traineeship proposal is the first step towards systematically combining re-training with work throughout peoples' working lives. Hopefully the continuous upgrading of our human capital stock will eventually become as much a part of our employment strategy as replenishment is a regular practice with our physical capital.

Programs which operate within such a framework can improve skill levels and employability over time. If they are designed with this purpose in mind they can be made consistent with the incentives actually experienced by managers of enterprises, both public and private. But they will not achieve this goal if this consistency is not achieved.

References

