TRAINING PATHWAYS TO REAL JOBS

Address to the

AUSTRALIAN COUNCIL OF SOCIAL SERVICE

MAKING THE CONNECTIONS - TRAINING PATHWAYS TO SECURE EMPLOYMENT

by

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Thank you for the kind invitation to speak with you this morning. It gives me great pleasure to have the opportunity to outline in some detail the Government's plans to rebuild the pathways from education to employment. I am particularly pleased to note the title of today's conference - Making the Connections- Training Pathways to Secure Employment, as I believe it reflects the similar approaches that ACOSS and the Government have recognised as essential to address the significant problem of unemployment.

May I begin by recording my thanks to the Council for their input and contribution to the Coalition's thinking before the election. I believe our policy direction in the employment and training areas reflects this input, and I look forward, as does the Government, to working with ACOSS as we rebuild the pathways to real jobs.

Introduction

I would like to describe for you the Government's directions for vocational education and training, focussing particularly on the needs of young people. I would also like to explain in some detail the implications of the Government's workplace relations reforms for improving the training system and creating new opportunities for young people.

The Prime Minister when he spoke to ACOSS last October said that we need a more competitive and a more efficient economy if we are to have a more compassionate society.

A competitive and efficient economy provides real jobs for all of those who want a job.

The Government sees it as an important part of its role to ensure that there is an education and training system that gives all students the best opportunity to obtain these jobs, and which ensures that Australian businesses have access to skills and knowledge of world class standard.

The current level of youth unemployment proves that as a nation we are not yet meeting this obligation to the current generation of young people.

The seasonally adjusted full-time unemployment rate for 15-19 year olds in March 1996 was 27.5%, an increase of 1.7% over the previous year. In human terms 92,200 teenagers who want a full time job can't find one, and 26,000 have been unemployed 12 months or more.

The dramatic nature of the failure of the previous Government to provide jobs for not only young people but the population as a whole is obvious when it is realised that over the last six years less than 30,000 additional full-time jobs have been created. Almost all the additional jobs in the last six years have been part-time. While many want part-time jobs, the almost total absence of new full-time jobs created has had very serious social consequences.
Young people in particular have been disadvantaged. The number of teenagers in full-time employment in March was 242,800 - almost the same as it was a year ago.

The group of young people most disadvantaged are the 20% of students who leave school before the end of Year 12. There are a number of reasons why young people are disadvantaged in the job market. Many of these young people lack basic literacy and numeracy skills. They may lack knowledge about the workplace and what is required by employers. There is also a lack of adequate incentives in the training wage arrangements and inadequacy of links between schools and workplaces.

The Pathway Starts at School

The pathway to employment clearly begins in schools. A key Government priority is to ensure that the transition from school to work is established as a reliable pathway for young people.

However, before students can readily progress into a real job or further study it is absolutely essential that they obtain a good appreciation of the world outside school, what businesses require and those attitudes which have gone under the heading of key competencies including basic literacy and numeracy skills.

Failure, for example, to gain basic literacy proficiency in the early years of primary school can lead to students being disadvantaged for the rest of their lives. Once a student gains the ability to read, write, and manipulate numbers, their self-confidence grows and they are more likely to enjoy and gain more from their schooling.

Perhaps those attempting to determine why students 'drop out' after the end of compulsory schooling, should look less to the state of our secondary schools and more to the learning in the early primary years.

Many teachers know that those students who play the fool in class, and as a consequence disrupt the learning of others, are often those who have fallen behind in their mastery of literacy and numeracy skills.

It is a travesty that there are no current national data available on the level of literacy skills of our young people. The National English Literacy Survey, which I am pleased to say now has the commitment of all States and Territories, will provide important information on how to address this problem.

Schools thus unquestionably have an important role to play in laying the foundation for young people's transition to working life.

Rigid distinctions between school and the world of work have not assisted teachers and school communities in preparing students for a life outside the school gate. The distinction needs to become less rigid in order that the pathway to work remains unbroken for students. New approaches by schools can encourage many students who presently leave the system early, to continue on. There is a growing need for schools to proactively assist students in making that transition. For this to happen, curricula must enthuse and encourage those who are not going onto tertiary studies. Curricula need to include information about the economic world and a sense of reality about the world into which students are moving so that students acquire realistic expectations about the labor market. Curricula which encourage combinations of study and workplace and employment experience are to be encouraged.

The ability of schools to encourage students to undertake a mixture of study, work and training in the final two years of schooling has been hampered by administrative, certification, and industrial complications.

While some schools have developed truly creative and innovative programs that combine work and school, such programs are often not coordinated or widespread.
Schools, enterprises and educational authorities should be encouraged to develop programs which give students the opportunity to develop recognised academic skills and gain vocational competencies while still at school. This should include vocational options for students which link to apprenticeships and traineeships. Industry should be encouraged to identify their needs, and to work with the schools and assist with the development of such programs.

Students should be able to receive recognition towards their senior secondary certificate and also receive recognition within the vocational education and training sector.

The vocational training which is provided in schools must lead to real jobs. To strengthen the links between vocational training and the workplace, programs should include substantial learning and assessment in the workplace. The focus and content of the programs should be developed to reflect industry and local community requirements.

**Modern Apprenticeships and Traineeships**

To ensure that such programs can develop, greater flexibility and attractiveness for training arrangements will need to be constructed.

One of the top priorities of this Government will be to expand training opportunities in the workplace and to ensure that they are available for those who want them.

The Government will be doing this under the Modern Australian Apprenticeship and Traineeship System in partnership with industry and the States and Territories.

Let me say right at the start that no system of workplace based training will succeed unless it meets the needs of small businesses in particular, to increase productivity and profitability.

Last October, the Prime Minister said to ACOSS:

*Rather than offering a straightforward and accessible training system, a hugely complex regime has been put in place that has almost always attracted insufficient support from employers, and which has resulted in young people being churned through a seemingly endless array of labour market programmes with too little prospect of a job at the end.*

Our system of Modern Apprenticeships and Traineeships will:

- reflect the modern labour market and the needs of industry
- modernise the Australian training system to provide world class training in skills that industry requires
- give enterprises a key role in determining the training provided
- simplify and make more flexible training arrangements.

In establishing this system, we believe it is necessary to address and improve upon the present system for traineeship development.

The number of apprenticeship commencements in 1994 / 95 is at basically the same level that they were in 1984 / 85. In 1995, apprenticeships and traineeships as a proportion of the workforce were the lowest they had been for three decades. Apprenticeships are still concentrated in the construction and manufacturing industries, while new technology industries are virtually unrepresented.

We need to build a system that will meet the needs of the future and not be tied to the models of the past. We need a system that takes account of the changes in the Australian economy and the youth labour market.

Today, I am pleased to provide details of our commitment that the Government will simplify training arrangements and ensure that the ultimate job providers have a greater involvement in the training schemes to make sure they suit their workplace needs.
The Commonwealth will be working with the States and Territories to streamline the processes for approval of apprenticeship and traineeship arrangements. Current arrangements for registration of training providers and accreditation of courses will be reformed. In particular, it will be necessary to provide much greater flexibility for employers and potential employees to arrive at mutually agreed training arrangements with effective and efficient non-bureaucratic monitoring to protect the trainees.

Employers and employees need to have more choices about how their training needs will be met. This includes more choices about the mix of work and training, about the duration of apprenticeship and traineeship programs and about who provides the training.

Industrial relations arrangements currently hinder schools and local industries in creating pathways to real jobs, through rigid restrictions on the mix of training and work students can undertake.

The consequences of the restrictions on combinations of work and training are that:

- employers have been discouraged from providing more than one day of training a week
- students have not been able to undertake apprenticeships while enrolled at school
- those seeking part-time training and work under an apprenticeship, such as women returning to the workforce, have been unable to do so.

Under the Government's Modern Australian Apprenticeship and Traineeship System, training and work arrangements will be able to be approved that will provide payment to apprentices and trainees on the basis of the actual time spent in productive work.

For example, if an apprentice works for three days and receives two days training at a TAFE College, the apprentice will be paid for three days work.

Schools should be able to offer courses to students courses that combine study in vocationally oriented subjects with work and on the job training at a local industry.

A student will still be able to leave school at the conclusion of Year 10 or Year 12 and undertake a traditional apprenticeship, or following Year 10 a student may take a number of alternative courses that provide both a higher secondary certificate and training that counts as part of a Modern Apprenticeship and Traineeship.

We need to provide options for students to undertake Year 11 and Year 12 over three years and combine paid work as a part-time apprentice with study at school or a TAFE College.

As industry begins to play a more important role in the determination of course standards for apprentices and trainees, schools will work with local enterprises to specifically tailor their post-compulsory programs for the needs of their students.

The Commonwealth Government will work with the States, Territories and school communities to pioneer these innovative apprenticeship and traineeship arrangements. I will be meeting with the State and Territory Ministers for Training on Friday at the ANTA Ministerial Council. We will be discussing how the Commonwealth, States and Territories will work together to achieve the fastest possible implementation of the policy.

The steps to implement the Modern Australian Apprenticeship and Traineeship System will include:

- the passage of the Workplace Relations legislation through the Parliament;
- the establishment of key projects to trial school-to-work links;
- the development of new vocational options;
- the development by industry and other bodies of new types of apprenticeships and traineeships;
- the modernisation of the award stream of traditional apprenticeships;
and the active promotion of new apprenticeships and traineeships as quality training of high status leading on to, where desired, more advanced qualifications.

Local Partnerships

An important part of implementing the Modern Australian Apprenticeship and Traineeship System is to strengthen partnerships at local levels between industry, the training system and schools to build a system which is flexible and responsive to the needs of local people - students, employers and the community.

A centralised approach will not work. Communities need to be empowered to decide for themselves on how their training needs, and the needs of their young people, can best be met.

We will work through the consultative processes at the local level. We will also be trialing several employer-led Regional and Community Employment Councils in areas of high unemployment which will develop training and employment strategies and promote small and medium business development in their regions. These Councils may include representatives from Group Training Companies, vocational education and training providers, governments, service clubs, education and community organisations and the wider community.

The Government is aware of the proliferation of regional consultation structures at the Commonwealth and State level. It is clear that many business people and community leaders devote a significant amount of time to these bodies, and governments need to ensure that this resource is called upon efficiently and judiciously. At the Commonwealth level, links between the various regional bodies will be maximised.

The group training approach has proved successful in assisting small and medium sized businesses to provide opportunities for trainees and apprentices, while relieving them of the administrative burden and responsibility for ongoing employment. The Government sees an important role for Group Training Companies in helping to deliver an increased number of opportunities for young people and assisting businesses, including through close links with local schools.

Group Training Companies, as well as other regional industry organisations, may also have an important role to play in providing a complete quality assurance and workplace assessment service - both to prevent exploitation of young people and to ensure that training is of the highest standard.

Workplace Relations Reforms

The Government’s workplace relations reforms will make an important contribution to the Modern Australian Apprenticeships and Traineeship System. This will be facilitated by providing opportunities for more flexible training arrangements involving greater choices about the duration of apprenticeships and traineeships and the mix of work and training involved. The Government will also work towards agreement with the States and Territories to ensure that these new pathways will be available under State industrial relations systems as well.

Under the Workplace Relations Act, employers will have access to the award stream and the agreement stream - that is, Australian Workplace Agreements and Certified Agreements - to develop flexible training arrangements which meet their requirements.

Importantly, these reforms will provide an alternative to the current centralised focus. At present, training arrangements and their complementary industrial arrangements have been developed and agreed at peak council level - between employer organisations and the ACTU - and with the encouragement of Governments. The Workplace Relations Act, through its focus on the relationship between employers and employees, will encourage arrangements which truly reflect the needs of enterprises and their employees. This will enable different employers in the same industry to take account of differences based on their own regional requirements and particular characteristics of the local labour force, but still develop training which meets industry standards and results in qualifications which are recognised within a national framework.
There are no current award provisions to cover many of the more flexible training arrangements which the Government wishes to encourage through the Modern Australian Apprenticeship and Traineeship System. The Government is, therefore, ensuring that opportunities are provided under the proposed new Workplace Relations Act to develop complementary wage arrangements appropriate to the new traineeship and apprenticeship options to be introduced through Australian Workplace Agreements and Certified Agreements.

The Workplace Relations Act will include minimum pay standards to apply to Australian Workplace Agreements and Certified Agreements. These standards have been referred to as the "take home pay guarantee". These minimum standards will, of course, apply to training wage arrangements. All other minimum conditions which apply generally will also apply to trainees and apprentices.

In determining minimum pay standards, the new arrangements match wage levels with the value of the trainee to the employer by taking into account time spent in training. This is the principle which underpins existing award-based trainee arrangements.

In some cases, an employer and employee may wish to enter into an Australian Workplace Agreement or a Certified Agreement which incorporates an existing apprenticeship or traineeship arrangement. The existing award wage rates would then provide the basis for the minimum wages required in the Australian Workplace Agreement or Certified Agreement to meet the "take home pay guarantee".

However, where there is no appropriate trainee or apprentice wage which could apply to a new training arrangement, a new trainee or apprentice rate will be determined, taking into account the amount of time spent in productive work and in training, whether on- or off-the-job.

The Workplace Relations Act will provide an authority to be able to determine the proportions of time spent in productive work and training for particular traineeships and apprenticeships developed under the Modern Australian Apprenticeship and Traineeship System. The involvement of an approving authority will ensure fairness for both the employer and the employee. Consistent with the overall objective of devolution under the Modern Australian Apprenticeship and Traineeship System, to the maximum extent possible, approving authorities will be regional or industry bodies - bodies which understand the needs of employers and young people.

The employer will work out the minimum wage rate which would apply by applying the proportion determined by the approving authority to the award rate which would otherwise apply to the employee under the award for their productive time. That will typically be, for traineeships, the relevant junior rate.

As competency-based arrangements are developed for apprenticeships and traineeships, the approving authority will also be able to determine the competency criteria that will determine the basis on which the employee will advance to higher levels of the apprenticeship or traineeship.

The rate of pay developed in this way draws directly on existing award rates of pay. The system uses the precedent of wage fixing principles endorsed by The Australian Industrial Relations Commission and which have been agreed for previous training arrangements by employers, the ACTU and unions.

Such arrangements draw on the Australian Vocational Training System Trainee Wage Guidelines which were agreed by the industrial parties and endorsed by the Commission in the Junior Rates Case Full Bench decision in December last year. These guidelines provide that trainee wage rates should reflect the extent to which time spent in accredited training rather than on the job in productive work decreases the value of the trainee.

As you can see, these new arrangements rely on wage levels determined by the Commission. In all of these new arrangements, minimum pay standards are drawn directly from awards of the Commission and existing Commission principles, agreed by the industrial parties.
Income support arrangements for unemployed young people, of course, remain in place and no young person will be required to take up such a training option where their total income would be less than under the income support arrangements.

Over time, the Modern Australian Apprenticeship and Traineeship System will be incorporated directly in awards. However, to those who have followed the development of entry level training arrangements over the years, it is clear that the award system alone will not deliver quickly to employers the more flexible apprenticeship and traineeship arrangements they need and which are needed to provide jobs for young people.

The rate of implementation of industrial relations arrangements for traineeships through the award system has, on the whole, been slow - even where there has been employer and union support at peak level. This has been the case for the Australian Traineeship System, the Career Start Traineeship and for the current National Training Wage on which the previous Government put so much emphasis.

Providing scope for the Modern Australian Apprenticeship and Traineeship System to be implemented through the agreement stream will help to meet the immediate needs of employers in industries which want to provide a greater amount of training time than that traditionally provided for under apprenticeships or has been catered for in the National Training Wage. For example, a traineeship could involve three days' work and two days' training per week over a two year period.

Over time, the new arrangements should also lead to the development of part time traineeships, which many industries have been seeking but have been restricted by the full time nature of the National Training Wage Award.

Employers will still have the option of the National Training Wage Award for National Training Wage Traineeships and access to the State industrial relations systems where those arrangements meet their needs. But Australian Workplace Agreements and Certified Agreements, supported by the minimum wage provisions, will ensure employers have quick access to more flexible training arrangements and training wages.

These reforms will make it easier for businesses to get involved in training. They will introduce, we hope, the kind of flexibility that is needed to create pathways for young people which begin at school and lead into secure employment.

**Conclusion**

May I conclude this morning by congratulating ACOSS on the publication of Training Linkages for Real Jobs. This report of the ACOSS Linkages Project will prove, I’m sure, to be of great assistance to everyone keen to rebuild the pathways to real jobs for all Australians.

I would again like to thank the Australian Council of Social Service for the opportunity to detail aspects of the Government's Modern Australian Apprenticeship and Traineeship System. Your continued focus on and valued contribution to solving the unemployment situation in Australia is appreciated.

I trust that this conference will provide some valuable insight into training pathways for disadvantaged unemployed people, and look forward to working closely with the Council in the future.

**THANK YOU.**