



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
PRESS CONFERENCE RE: THE NATIONAL MEETING ON YOUTH
TRAINING AND EMPLOYMENT, PARLIAMENT HOUSE, CANBERRA
22 JULY

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PM: I'll just begin by saying that we had an exceptionally good meeting, the atmospherics of the meeting were good, the contribution by the participants was good, and it started off exceptionally well. I think everyone left with a good feeling about the meeting and I think that Yvette Varco, one of the young people from the Youth Action Group, this morning, talked about sharing, that picked up some of the theme of the day and I think set a good tone.

I might, if you like, just make these general points - that everyone recognises that there are two problems here. That is, the fact that jobs in the 15 to 19 year area have since the 1960s largely disappeared, that is the untrained jobs and that we needed this transition from school to work. That being one of the principle subjects under consideration, the second being the immediate plight of the unemployed, those for which the Carmichael Report and the transition and the rest will be too late. Those people who are already unemployed and whose faith and hope in this community has been diminished as a result, and whose self esteem has been diminished as a result. That was the other great issue under discussion.

So there was an atmosphere of co-operation at the meeting. The views put by people from various segments came with a lot of good will, and I'd be very surprised if any of the participants who you've seen as they'd left don't corroborate what I've said.

I might just give you an idea of what I think emerged from the morning and the afternoon session.

There was a general concern in the morning by many speakers to get the economy moving. That is a commitment to growth. And that's a commitment across the board, from the business community, the trade unions, welfare organisations, conservation groups, womens groups, all the groups there wanted a commitment to growth. Now this may not sound exceptional, but it is indeed quite profound, because we know for the economy to grow and to take up the workforce growth of this country means that it needs to grow reasonably fast, and to have it grow reasonably fast means that the checks on inflation and wages do not see the growth spilled away in a price and wage round, requires national agreements about incomes. So all the people endorsing a higher growth strategy are implicitly endorsing a co-operative way of running the economy and rejecting explicitly having the central bank strap the economy down to protect inflation and letting employment become a residual. The meeting rejected that path and supported the economy moving back to growth. A recognition that jobs must come through that growth, and through micro-economic reform. There was agreement that 15 to 19 years should be seen as a period of vocational preparation. And the need to expand and upgrade our vocational education and training system so as to provide high quality, accredited training for our young people, and for technical and vocational education to have the same status as higher education. And there was some discussion about accreditation from a national training authority certificate back into university, which we can't do today, because of the fragmentation of TAFE one can't get a certification process to come back and re-enter the university stream.

In this context there was wide-spread support for the establishment for a national training system along the lines announced yesterday, participants feeling that a real milestone, a real break through had occurred in the arrangements which we're able to announce yesterday, and strong support for close industry involvement in the National Authority.

The broad thrust of the Carmichael Report and the principles underlying that were embraced by everybody, there wasn't one demur, and there was an exceptional degree on unanimity of opinion around the Carmichael Report and its principles and appreciation of the fact that the new entry level training arrangements should be industry-driven and responsive to the needs of individual industries.

Everyone was also very keen to fast track the implementation of the Carmichael pilots, the pilot schemes which will set up this school to work

transition. And this was very gratifying for the Government to hear, coming from employers, who have to provide the places. And we'll take the cue, and I indicated that the Commonwealth was willing to fund all quality proposals for pilots which come forward, because what was said to us today is that the number of pilots that will come forward will be much greater than we had ourselves, in the first instance, expected.

So that was this morning. Agreement about 15 to 19 year being a period of vocational preparation, the need to expand and upgrade vocational education and training, a recognition that a lot had already been done in lifting the participation rates in secondary schools from 3 in 10 to 7 in 10 and that already a lot had been done in creation of tertiary places, but now seen to need that complemented by vocational education and training, and unanimous support for the broad thrust of the Carmichael Report to give young people a clear pathway and a clear transition from school to work, and very strong support for the pilot schemes and a willingness on the part of the Government to fund as many of them as we possibly can.

Now in the afternoon we discussed the question of unemployment and particularly unemployment for those people who will not have the advantage of the transition set up by the Carmichael type changes, and who have been unemployed now for some time. And there was general support for community based job schemes. And this came from organisations such as the National Farmers' Federation in Landcare type JOBSKILLS programs where they indicated they could take up to 5,000 people. The Local Government Association which indicated that local government stands ready for infrastructure works of a regional and local variety. From Bishop Hollingworth who talked about his concept Serving Australia which is a variation of the Youth Corps concept, which is again a variation of the Landcare JOBSKILLS programs. And from the ACTU, the National Farmers' Federation, the Australian Conservation Foundation, support for Regional Employment Schemes to establish an arrangement so that we can see employment go into some of these areas beyond the capital cities.

There was general support for decent income levels for young people. And from people such as Espirit, and the Body Shop, the view that \$3.00 an hour was not adequate, was not an adequate level of income. The ACTU, for it's part, said that the unions would need to be flexible if industry is to be flexible, if people in business will make the commitment to put more young people on, that there was a requirement on the trade unions to be flexible but the jobs also need to be, because they are not often

commercial jobs, need to be subsidised by the community, and that is by the Government. ACROSS in its concluding remarks said it would be leaving the conference where they were quietly confident, they said that most people will leave with a commitment to do more. And I think the general attitude of participants at the conclusion of the meeting States, business, unions, business groups, Farmers Federation, the ACF, womens groups, the young people felt that it was a very good meeting and worthwhile things had been said, and that worthwhile changes could well come from it. Now, the task for the Government is now to consider what has been put today, to weigh the balances of some of the things said because many specific things were debated. For instance, the trade unions talked about supporting traineeships and a JOBSKILLS award, which would go some distance to seeing a rapid expansion of the JOBSKILLS program. And those things will need to be considered by the Government between now and next week when we will announce a set of conclusions, a policy outcome coming from the conclusions of today. So, I think that if I could some sum up this way and say that people know that the Australian economy has been in a long run transition, that the work which was formally done by young people in an unskilled way, in a very broad way, doesn't exist as it did. That which mostly exists, will exist for those who are trained. We are now establishing, and there has been recognition for the fact that we have established already important transitional arrangements by participation and universities towards a better trained workforce, and that the National Training Authority was a milestone change, and that on the particular problem of those who are young and currently unemployed, that we need to focus on labour market programs, both of a regional and an urban variety, and which take people up in employment, where employers are prepared to hire people if in fact they think the arrangements are flexible enough, and that means flexibility from the unions and flexibility from the Government.

J: Mr Keating will you announce specific pilot projects under Carmichael next week. And secondly what happens to the negotiations with the ACTU on the training wage? Do you want to try and finish those so that you get across-the-board agreement, or will they now go to project by project negotiations?

PM: Well some may be across the board, for instance if we were to agree to a JOBSKILLS award, but the rest of it would be probably in many respects enterprise by enterprise.

J: (inaudible)

- PM: No, I am talking about in relation to immediate employment.
- J: I am talking about the Carmichael pilots.
- PM: In relation to the Carmichael pilots, again I think it is probably to early for us. I can say now we will be adopting in principle quality Carmichael pilots.
- J: But you won't be announcing specific pilot policies?
- PM: Well I don't know that we will have the pilots proposed to us by Monday. I think many of the participants today were themselves surprised how much general support there was for it, and that now I think many more will come forward. Some involve twenty people, some involve fifty, some involve hundreds of people. So they will have to be looked at, and provided that the proposals are quality proposals we will fund them.
- J: Are you attracted to the JOBSKILLS award concept?
- PM: I need to examine that and see what it means. There is always this tension between moving to a more enterprised based system of wage fixation, including for young people, and yet the advantage which comes quickly from being able to spread, say a program like JOBSKILLS by virtue of having all the industrial bases covered in one go, in one way.
- J: What about the negotiations that have been going on on the training wage and that outstanding difference between the Government and the ACTU? What happens to that now?
- PM: There was, as I said today, a lot of support for decent income levels and when there was some debate about \$117.00 for forty hours being the proposition of the Coalition, being \$3.00 an hour, or \$117.00 for five days, but if you work two days training it's only three fifths of \$117.00, there was no support for that in the room. No support for that. So, I think there were a number of references to a set of structured arrangements which are basically going to be sound, sensible and long-term.
- J: So Carmichael should be more adequate?
- PM: Well Carmichael is a long run transition. It's the change through TAFE and through universities, through TAFE particularly, which will finish off that the big participation rates we have now got coming through secondary schools. But the people who are in their late teenage years now, it's too late for them, the Carmichael transition, it's too late for them.

- J: Well that been the case Prime Minister, that leaves the policy weight, the brunt to fall on immediate measures, doesn't it?
- PM: Well that was what I was just talking about.
- J: But what out of this conference in terms of immediate measures attracted you?
- PM: Well that's the thing I was just saying to you. That in talking about the extension of JOBSKILLS, say to regional programs, or urban businesses, or other genuinely structured training type paths, I think we can arrive at a structure which will do some of them good and material for employment of young people.
- J: What sort of timetable do you envisage for Carmichael (inaudible)?
- PM: Well it means, for a start they have got to have training places and that means how quickly we can build a TAFE system up. Already we have many unfilled places in TAFE, that's a point I made to you yesterday. I think we will be able to build a Carmichael type transition quite rapidly, certainly as fast as business wants it to go, we will be able to accommodate it.
- J: Just in relation to the youth training wage, or the training wage issue Mr Keating, I am not clear. Are you intending in the statement you make next week to indicate the Government's view of how you develop a training wage structure?
- PM: Well I think we will probably do that, yes. There is a simplistic view in the media that there is going to be a sort of training wage and there then has to be therefore some sort of concession on the part of the trade unions that in some way cuts a very large hole in the rates of pay of people who are currently employed as young people. This is not the view of most of the people at this meeting. So they want something which is structured and sensible.
- J: So that rejects Carmichael?
- PM: No, no that doesn't reject Carmichael. But Carmichael is talking about award wages at the end of the transition, so we could be talking about some variation on that on the way through. But again, it depends on how much is on-the-job training, how much is off-the-job training, and what the nature of that training is, whether it's generic training, or whether it's key competencies or what.

- J: But how are you going to solve those issues?
- PM: I think that we have had already concessions made by the unions, a willingness and a stated willingness on their part to be flexible, and we will try and design some programs ready for announcement comprehending these things.
- J: Isn't the issue who picks up the training tab over and above the \$117.00, the Government, the individual, or the employer?
- PM: No, not the only issue because in JOBSKILLS we already pay a substantial subsidy, so however that subsidy is paid, whether it is to meet a guaranteed minimum or to top up is a matter for negotiation.
- J: Taking you back to the start, there was no doubt that everyone embraced the concept of the Carmichael training wage, embraced in principle?
- PM: Unanimously.
- J: So funding for the Carmichael pilots. Were you saying that it won't be restricted to just pinning wages to \$117 a week, and that you may be willing to negotiate for subsidies to bring wages above that level?
- PM: The ACTU is talking about \$117 as a sort of guarantee minimum. But again, they are not talking about it necessarily for a 40 hour week, a la Hewson, they are talking about part week work and part week training.
- J: It will still be a 40 hour week from the individual's point of view, wouldn't it, if you took their training and their work.
- PM: Yes, that's right.
- J: Do you have any in principle position on who should foot the bill for training under that scheme?
- PM: Yes I have thoughts about it. But again, I'm not going to try to design the thing here.
- J: What do you define a decent living wage?
- PM: I'm not here to define that either. We've got now the 18 and over independent rate, Austudy away from home. We put together, thoughtfully, in the 1980s a common youth structure which has been one of the big factors which has lifted the participation rates in schools, and it has worked.

J: If the Coalition's \$114 wage is too low for individuals to live on, do you concede also that the \$117 may well be too low?

PM: Just understand this, the Coalition's propositions have no relevance in the industrial world of Australia whatsoever. Nobody is interested in it. There's no training about them, you get \$117 if you work a full week, if you get trained you get less than \$117. If you work three days work and two days training you get three fifths of \$117 and no training. Left dead! Nobody is interested in that. Not a sole. Not any segment of that meeting was interested in that. I mean we are talking about something real, something long term, something that is part of a structured transition from school to work, and which at the same time fills the bill for those who are unemployed now.

J: Is there a need for the Government to review the level of unemployment benefits, though, for young people - \$117 being for an independent?

PM: We were not there today to have a debate about the adequacy of pensions or benefits. I'm not here to have a discussion about adequacy.

J: Is the Government and the ACTU satisfied that there won't be a serious displacement problem?

PM: These are obviously all additional people, people who business wouldn't otherwise be taking up.

J: So what happens to them at the end of the day? That has always been one of the ACTU's concerns, hasn't it, when they graduate to an adult wage?

PM: Well if they're valuable to the business and the scheme is cost effective, then businesses will carry it beyond the naked commercial considerations. Because on a naked commercial basis they wouldn't employ these people. That's the problem now. They are telling you now that they won't employ them. That's obvious in the figures.

J: You said a moment ago that the level of benefits wasn't an issue at today's meeting. One of the unemployed teenagers has told us that they mentioned to you that the financial support for young people isn't enough, especially in an aboriginal family.

PM: That is true. But the purpose of the meeting was to look at remedies for jobs and training.

J: Well what's your response to that teenager?

PM: My response is that the Government did not go there today to debate adequacy of levels, and is not going to be debating them now.

J: You also talked about funding any quality program under the Carmichael pilots. What cap has the Government got on the total amount of money for these?

PM: I think at the moment the pilots are very modest in number. We started believing they would be modest and finished the day thinking they would be much more than modest. That is, by the decision yesterday on the National Training Authority, which was a milestone change, that plus an acceleration of the pilots will accelerate the transition of the Carmichael variety from school to work by years. By years. So the more pilots that can come through, the more likely we are to be funding them.

J: Would you imagine next calendar year, Mr Keating, you'd have 5000 people in these pilots, or 500? What sort of ...?

PM: There's no point in trying to put a number on them, Michelle (Grattan), there's no point at all. It's the quality that will matter and setting them up right, so we're setting up a long road.

J: Do you have some specific proposals before you already?

PM: Yes, already.

J: Can you give us some examples of the sorts of pilots?

PM: Kim Beazley can do that, I can't from the top of my head. We have a number but they are not great in number, but they will be greater in number as a result of the meeting.

J: The ACTU has called for programs to the value of \$750 million a year. Is that sort of thing out of the question, or a possibility?

PM: Again, that's only asking me what we're going to announce next week. Just give us time to do that. Let me just make this point about the general change in education and the transition. John Dawkins made the point in his concluding remarks, that a decade ago in the United States they were debating the inadequacy of the US education system to deal with the responsibilities of the United States economy, and nothing has changed in a decade. In a decade in Australia we have come from three kids in ten completing secondary school to seven in ten, we're on our way to nine in ten, we've added 50 per cent

to university places, we are now going to totally modernise and lift in status and volume technical and further education, vocational education, and make secure pathways between school and work. It is a transition within six or seven years that countries take decades to put into place. And what yesterday and today will do will simply truncate that transition down further.

- J: Mr Keating, you said at the outset that there was consensus about the need to get the economy moving. Was there any consensus about how much needs to be spent to do that?
- PM: There was no debate really. The ACTU in a very routine way mentioned the fact that we should spend x and we should put marginal tax rates et cetera, in a sort of recital of its earlier announced proposals, but there was no debate about that. But there was from a number of people, the business representatives like John Prescott, the MTIA, Bert Evans, people saying expressly that the big solution here is growth, they want a growth economy. Well, everyone who understands this debate knows that the Liberal Party could never give them a growth economy, because if it grows even moderately quickly then wages and inflation will grow with it and they'll check it with an interest rate rise. So they're really putting their hand up for a policy difference than that of the Opposition.
- J: Were they putting their hand up also for you to spend big in this Budget?
- PM: No, the business community I don't think were, no, not. But again, I think they want to see those things that we have done spent and brought to fruition.
- J: Did they say explicitly that they didn't believe the Coalition could deliver growth for them?
- PM: No, but everyone around the room knows, all the participants are long term players, some attended the 1983 Economic Summit, a couple at least, so they know what the word growth implies. It means a higher rate of economic growth to pick up Australia's quite high workforce growth, and it can only be done by having national agreements on income determination. The thing which holds inflation and wages in check will not simply be monetary policy, because if it is simply monetary policy you end up with a pool of unemployed. That is, if we are in an economy where we are getting more output from fewer people, that is a more productive show where we're getting more output from fewer people but we still have a pool of unemployment, what is the obvious conclusion? To have even greater output. So that

if we have an economy where we're getting more output per unit of employment, we need therefore even more output. That means rates of economic growth and an economic management system which lets grow. Like we had in the '80s - that is we had decelerating inflation while we had high rates of growth. Now you can't deliver that with a traditional monetary response. The monetary response a la the Liberal Party means you hold the economy in check to hold wages and inflation in check and that the pool of unemployed actually acts as a break on wage demands. In their model the unemployment is a permanent feature, and a feature which helps in the management of inflation and wage control. This is a model we reject absolutely.

J: Mr Keating, have you set a target on the number of people you want to get out of the unemployment pool by the end of the year?

PM: No.

J: Can you set a target?

PM: Well wait till next week, I'm not here to play games about targets and things with you.

J: Was the ACTU's push for a national wage claim brought up at the meeting?

PM: No, not mentioned.

J: Mr Keating, you had business people there today discussing what the Government can do to create employment to get the economy growing, but you had the Chairman of the National Australia Bank in New York only a week or so ago advising international investors not to come to Australia, saying that Australia's industrial relations and labour market systems mitigate against investment. What is your reaction to those sorts of remarks?

PM: Well it certainly wasn't Mr Prescott's view. As he represents the largest industrial company in this country, he said much of the growth will come from the international market place. And he went on to talk about that, the need for competitiveness, focus, management of businesses, et cetera. There was very great acceptance around the room today, or mentioned a number of times net exports growth, import replacement, exports, to carry some of the real load of production in Australia. And one only has to state the obvious - two thirds of our exports and our imports are with the Asia-Pacific.

Thank you.