



# PRIME MINISTER

**STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP**

**BACKGROUND STATEMENT TO THE MEETING ON YOUTH TRAINING  
AND EMPLOYMENT 22 JULY 1992**

## **INTRODUCTION**

Youth unemployment is too high. It is unacceptable in a society like ours which prides itself on adherence to values of equality and opportunity. It is why I have committed myself, and this Government, to the fight against unemployment. And in this discussion it is important to remember that our economic success is inseparable from our social success. Indeed, any economic measures we take must be a means to an end, that end being a fairer society.

Any lasting solution to this problem must take account of the broader changes to the youth labour market which have been occurring since at least the 1960s. Over the last 30 years economic, social and technological changes have radically transformed the types of jobs for which young people are competing. But the manner in which we prepare our young people for employment has not kept pace with these changes.

We must put in place new arrangements which better prepare young people for the world of work. Fundamentally, the ages of 15 to 19 must be seen more as a time of vocational preparation.

The National Meeting on Youth Training and Employment, which I am convening on Wednesday 22 July, will tackle both the longer term issue of assisting young people to make the transition from school to work and the immediate issue of how best to help young people who are currently unemployed obtain work. The calibre of the participants in the meeting, and the quality of the submissions which have been received, bodes well for a fruitful discussion.

As I have said before, youth unemployment is a national problem, and the solution will require commitment from all. The value of Wednesday's meeting is that it will bring together young people, employers, unions, community groups and governments. We will all benefit from the different perspectives and the opportunity to discuss the issues together.

**This background statement sets out a framework for understanding and tackling the issues surrounding the training and employment of young people, including the problem of youth unemployment. These ideas will be discussed at Wednesday's meeting along with the ideas and proposals of other participants. I will announce specific measures in these areas next week after the Government has carefully considered the views canvassed at Wednesday's meeting.**

**Although this statement and Wednesday's meeting focus on youth unemployment, the Government recognises that the problems facing other unemployed people are just as important. The problems of the long-term unemployed are particularly pressing. We are currently considering ways of addressing the general unemployment problem and measures will be announced in the Budget next month.**

### **The Changing Nature of the Youth Labour Market**

**There are 1,317,000 young people aged 15-19 years. Of these, 857,000 are in full-time education, 240,000 are in full-time employment and 124,000 are unemployed and looking for full-time work.**

**It is important to understand that the structure of the youth labour market has changed dramatically over the last 30 years. During the 1960s, only about one-third of young people completed 12 years of schooling. Most teenagers left school early, and obtained an unskilled job. These early school leavers received little formal vocational training unless they were able to obtain an apprenticeship in one of the traditional trades.**

**However the number of jobs suitable for young, unskilled workers has been falling continuously, from around 600,000 in 1966 to around 240,000 now. In the mid 1960s, nearly six in ten 15-19 year olds had a full time job. This now stands at two in ten. On the other side of the coin, thirty years ago only one in three 15-19 year olds were attending education full time, compared to almost two in three now.**

**The shrinking of the teenage full-time labour market is associated, primarily, with changes in technology, changes in the way in which work is organised and changes in the industrial structure of our economy. The occupations in which the largest reductions in job opportunities for young people have occurred illustrate this point. They include clerical workers, typists, telephone operators, postal workers, bookkeepers and cashiers. Most of these tasks are now handled by computers or advanced communications technology.**

**In other occupations, such as nurses, draftspeople and technicians, rising qualification levels, often associated with technological change, mean that these jobs are no longer open to early school leavers.**

Greater use by employers of contractors to provide specific services has also had an impact on the number of unskilled jobs available for young people. For example the growth in courier services means that there are fewer 'messenger boys' hired.

It is important to appreciate that these changes are associated with improvements in productivity. They have been necessary for Australian industry to compete on world markets and to provide high quality services to Australian consumers. But new technologies and structural change create new, more interesting and more highly skilled jobs. The challenge is to ensure that young people receive the education and training that they need to be able to perform these new jobs.

A more highly trained workforce can also encourage technological change and productivity growth. Workers with higher levels of skills are better able to implement and adapt new processes in the workplace.

While the loss of full-time jobs for young people has been occurring since the 1960s, the decline has been particularly acute during the recessions of the early 1970s, early 1980s and now. In understanding the reasons for this, it is interesting that the Reserve Bank Bulletin states 'The recent deterioration of the youth labour market does not seem to be due to any change in their relative wage levels, which have been declining steadily since the mid-1970s'.

It is apparent that, while the number of jobs increases slightly during the recovery, the previous employment levels are not regained.

During a recession, the need to cut costs becomes even more pressing and employers introduce measures to enhance productivity. For understandable reasons, employers are more likely to lay off more recent recruits than long-standing employees. These factors impact across age groups but invariably reduce youth employment opportunities. During the recovery, employers are looking for skilled employees who can operate effectively in a more productive environment. The unskilled, young job seeker is not sought out for hiring.

In this context, it is important to note that the number of young people employed as apprentices have actually regained pre-recession levels during the mid 1970s and mid 1980s. It appears that these structured training arrangements which combine employment and off-the-job training, and which have the strong support of employers, offer protection against the long term decline in teenage employment. If these structured training arrangements are extended into a wider range of industries, more young people will receive this protection.

### A Period of Vocational Preparation

We must understand these trends and build on them in developing our response to youth unemployment.

The full-time unskilled jobs for young people are fast disappearing and, in any case, they consigned young people to a life without stimulating work and without high levels of remuneration.

We need our young people to become our brightest and best workers, capable of mastering new technologies and applying them in innovative ways which will give themselves and Australian industry an edge.

To meet this challenge we now must view the later teenage years as a period of vocational preparation.

Vocational preparation means that young people, through their education and training experiences, acquire the knowledge, the self-confidence, and the proficiency in both key employment competencies and specific vocational skills, to find interesting employment and be in a position to upgrade their skills throughout their working life.

In the world of work which Australia's young people are now entering, skill acquisition will be a life long process. Over the last 30 years we have seen some skills become obsolete. We have also seen many new areas of knowledge and skill become common place. All indications are that the pace of such change will become more rapid.

The education and training of young people must prepare them for this change, in part by a strong emphasis on generic competencies and skills, rather than skills specific to a particular technology. Further, their training must be formally recognised and accredited so as to facilitate future skills upgrading and mobility.

There has already been a substantial shift of 15-19 year olds from employment to education and training. When this Government came to office, 36 per cent of young people who started secondary school stayed on to complete Year 12. That proportion has steadily increased and last year over 70 per cent - twice as many as in 1982 - completed a full secondary schooling.

This is a dramatic increase in the proportion of young people staying on to Year 12. Because of an equivalent increase in Commonwealth funding, a large proportion - close to 40 per cent - of these Year 12 graduates currently make the transition from school to university.

In 1983 there were 335,000 Australian students attending universities. Last year there were about 500,000, an increase of 165,000, the equivalent of 17 new medium-sized institutions in 8 years. Commonwealth funding for higher education places is expected to increase by 50 per cent between 1983 and 1994. We will be spending a total of \$13 billion on higher education over the 1992-94 triennium.

However, each year around 130,000 young people, about half of all school-leavers, leave school and enter the workforce without undertaking any further education and training;

only 15 per cent of girls go on to training, in part because of the narrow range of occupations which offer apprenticeships. This group receives virtually no formal vocational preparation. They face limited employment prospects and are more likely to experience unemployment. It is this group, to date largely ignored by the post-school education system, that we need to focus on.

The increased participation in secondary and higher education cannot be explained as young people 'in retreat from the recession'. The increases have occurred throughout the boom years of the 1980s.

These are dramatic figures, testimony to the Government's commitment to education and representative of a fundamental social change to the way in which Australians participate in education.

Some sceptics regard the increased emphasis on education and training merely as a means of 'keeping the kids off the streets'. This is not so.

In 'The Competitive Advantage of Nations', Michael Porter of the Harvard Business School argues that 'Education and training constitute perhaps the single greatest long-term leverage point available to all levels of government in upgrading industry'.

He goes on to say that while 'improving the general education system is an essential priority ... as important is setting policies that link the education system to industry and encourage industry's own efforts at training'.

Clearly we have a long way to go in getting industry and educational institutions together to produce the type of education and training which will maximise the opportunities for young people while meeting the needs of business. The Government's emphasis in recent years on reform of vocational education and entry level training reflects the urgency of this task.

In response to this increased emphasis on training, some people ask 'training for what?' They do not see the link between training and a job. A recent CAI discussion paper provides a very clear answer to this question. Among the most important reasons given by employers on why they are often reluctant to employ young people, three factors stand out:

- lack of maturity (87%);
- skill levels too low (83%);
- lack of relevant training (76%).

Each of these barriers which employers see to employing more young people can be addressed by ensuring that high quality vocational preparation, developed by and in conjunction with industry, is available to young people who do not attend university.

High levels of vocational training give young people a much better chance of obtaining employment. In May 1991, the unemployment rate for those aged 20–24 years who did not complete the highest level of secondary school was 21 per cent. In contrast, for those aged 20–24 years who had a trade qualification the unemployment rate was 9.2 per cent and for those with a degree it was 7.6 per cent.

### **Reform of Vocational Education and Training**

The education and training systems in successful industrialised countries include the following characteristics:

- high educational standards;
- the majority of students receive education and training with some practical orientation;
- there are respected and high quality forms of tertiary education in addition to the universities.

Australia's schools and universities offer education of a high international standard. The level of participation of our young people in universities also compares favourably with that of other nations. However, the weak link in our system is vocational education and training, especially in terms of the limited size of the sector.

While school retention rates were rising and higher education was undergoing sustained growth, participation rates in TAFE – the major public provider of vocational education and training – actually fell slightly between 1983 and 1990.

While the number of young people (15 to 24 years old) with university degrees rose by 43 per cent between 1983 and 1991, the number with trade qualifications fell by eleven per cent.

The limitations of our existing vocational education and training system, particularly compared to that of other countries, is also stark. On one measure, in Germany around 80 per cent of immediate post-compulsory education and training places are represented by vocational preparation. In Australia it is only 20 per cent.

Apprenticeships dominate the existing vocational preparation options for young people in Australia. They accounted for around six in ten vocational preparation places in the late 1980s. Full-time attendance at TAFE represented slightly less than three in ten.

Although the current apprenticeship arrangements have the advantages of effectively combining work and vocational training and providing some protection against the decline in teenage jobs, they also have a number of shortcomings. In particular, the

- close interaction between industry and vocational education and training providers, to ensure that the training system operates within a strategic plan that reflects industry's needs and priorities;
- an effective training market, with public and private provision of both high level, advanced technical training and further education opportunities for the workforce and for the community generally;
- an efficient and productive network of publicly funded providers that can compete effectively in the training market;
- increased opportunities and improved outcomes for individuals and target groups, including school leavers, to enhance their employment outcomes; and
- improved cross-sectoral links between schools, higher education and vocational education and training.

To achieve these objectives, the Commonwealth has been working with the States to develop a new national model for vocational education and training for this country. Only through a national approach can a country of just 17 million people hope to equip its young people with the skills necessary to make their way in an increasingly competitive world economy. Skills and education along with our great natural resources are what will bring secure prosperity to this country.

Upgrading vocational education and training requires national leadership and direction. And it must also be cooperative because the States and Territories are the main providers of TAFE services.

That is why the Commonwealth and States set out to progress a national approach to vocational education and training with such urgency after last month's Premiers' Conference here in Canberra.

Turning to the third area where reform is needed, entry level training, the Carmichael Report provides an approach which has been broadly endorsed by governments, unions and business.

The Report outlines a simpler and more coherent system of entry level training which is based on competence achieved rather than time served; which builds on the strengths of the current training arrangements, while discarding their inefficiencies and rigidities; is flexible in its organisation with an expanded range of options; and is relevant to and substantially delivered by industry itself.

The Report proposes that a number of distinct pathways be developed between school and work with each pathway giving students the opportunity to acquire the knowledge which all young people need to participate effectively in life and the workplace. These so called 'key competencies' include language and communication, using mathematics, scientific

occupational and industrial coverage is very limited. Compared to countries like Germany, there is a substantial absence of structured training arrangements for young people in the service industries. Yet these are the strongly growing industries in which two-thirds of teenage employment is concentrated.

Concern has also been expressed about the quality and relevance of training provided through apprenticeships, particularly in terms of the on-the-job training and its integration with off-the-job study. Certain rigidities also mean that the arrangements do not always best meet the needs of either the apprentice or the employer.

It is generally agreed that Australia needs to expand its vocational education and training system so that all young people are assisted in making the transition from school to work. We also need to improve the quality, so that training places are in strong demand from both students and employers. In order to improve access, we must provide more flexible pathways which meet the varying needs of different groups of young people. In this context, it is necessary to look at schools, TAFE and entry level training arrangements.

There is an emerging interest, both here and overseas, in building structured learning in the work place into the later years of school. In Australia, with the great increase in participation to the end of secondary school, educationalists, employers and young people are recognising the importance of developing a wider range of options in the final years of school, and in particular, the building of stronger linkages between school and work. A pilot of this type of arrangement, the TRAC program in the Hunter Valley, has been operating for some time, organised by the Dusseldorp Skills Forum. The model 'combines accredited learning in school, in work places, in TAFE and in off-the-job training ... and occurs within a broad State-wide curriculum and certification framework.' I understand that a number of State and Territory school systems are considering introducing programs based on these principles in the near future.

For too long, TAFE has been considered the 'poor relation' of the education system. It has suffered from reduced State Government funding in times of budgetary restraint; image problems in the wider community where it is often viewed as a last choice option; and barriers to the accreditation of its courses into higher education.

The Government agrees with the recommendations of the Deveson and Finn Committees that the time has come to revitalise vocational education. The Government is determined that Australia will have a vocational education and training system which would promote the following:

- a national vocational education and training system, with agreed objectives and priorities, assured funding arrangements, consistent national strategies and a network of providers delivering high quality, nationally recognised programs at the State and local level;



and technological understanding, cultural understanding, problem solving and personal and interpersonal skills.

The new system would include structured training arrangements for the transition from school to work, including a part-time work and part-time study option for those who leave before completing Year 12. It would also provide structured training for those who complete Year 12 and do not proceed to higher education. Schools, TAFE, private training providers and industry would all have a role in the new system.

Apprenticeships and traineeships would be merged into the new system, allowing for more flexible arrangements.

The Report also proposes a new approach to training wages and allowances. Unlike youth wages, which are based solely on age, trainee wages would be based on the level of competence attained, the amount of time spent on-the-job in structured training or productive work and the value of the competencies demonstrated by the trainee on-the-job. For trainees who are in part-time work and part-time formal training, and whose wage is below the level of the independent AUSTUDY rate, currently \$117 a week, the Report proposes that a top-up allowance be provided by government.

This new proposed system offers many benefits to young people. More flexible pathways and a broad industry coverage would ensure access to vocational preparation, even for those who have traditionally missed out, namely young people who leave school early and especially females. Accredited training would guarantee that skills acquired would be widely recognised and transferable. The shift to competency based training would mean that the length of training reflected the abilities and prior learning of the individual. Finally, the close involvement of industry in developing and implementing the training package would mean that young people would be in strong demand because their training would reflect employment opportunities and the needs of industry.

At the same time, the Carmichael proposals offer many potential benefits to employers. Their close involvement would ensure high quality training responsive to the needs of industry. The suggested training wage would mean that the costs of training was shared among the trainee, the employer and the Government in a way which reflected the productive value of the trainee at any point in time. Most importantly, the new system should produce young employees who are well trained in key competencies and vocational skills, and who would form the basis of the skilled work force.

Implementing these new arrangements would require the commitment of all parties. Governments would need to provide the additional places in formal training, accelerate the development of the national training system and provide income support. Employers would need to be closely involved in developing training plans for their industry or enterprise and would need to offer training jobs. Young people would be paid training wages which took account of competencies attained and time spent in accredited training. And unions would need to be involved in developing the wage and training packages.

The changeover to the new system of entry level training will take place through a series of pilot projects to be implemented across a broad range of industries as well as in TAFE and upper secondary schools. The pilots will form the basis of the new system.

There is a high level of interest in participating in these pilots. A range of industries and a number of State and Territory Governments are currently developing proposals.

The finalisation of new entry level training across all industries will take time. In the interim, there is the possibility of putting in place improved training arrangements which would represent progress towards the implementation of the Carmichael proposals. The Government is keen to discuss this possibility.

While the reform of entry level training is a substantial challenge, the rewards can be enormous. The provision of vocational preparation through closer links between schooling and the world of work, the expansion and upgrading of TAFE and the introduction of the Carmichael proposals would mean that we, as a nation, could meet the target set by the Finn Committee. That is, by 2001, at least 95 per cent of 19 year olds should have completed Year 12 or an initial post-school qualification, or still be participating in formally recognised education or training.

### **Training and Employment Assistance for Unemployed Young People**

The medium term solution to youth unemployment lies not only in economic growth but also in the expansion and upgrading of vocational education and training and in the implementation of the Carmichael proposals. However, the Government also wishes to focus on the lot of those young people who are currently unemployed and whose teenage years have preceded the transition proposed by the Carmichael recommendations.

Currently, 124,000 15 to 19 year olds are looking for full-time work. Just over half of these unemployed teenagers are looking for their first job. The teenage unemployment rate is highest among 16 year olds (almost one-half) and progressively decreases with age (among 19 year olds, around one-quarter).

While the youth unemployment rate is higher than that for adults, young people experience relatively shorter spells of unemployment. The median unemployment duration is 19 weeks for 15 to 19 year olds compared to 26 weeks for all ages. Among the 124,000 teenage unemployed seeking full-time work, around 27,000 have been unemployed for more than 12 months.

Commonwealth labour market programs assisted around 60,000 unemployed teenagers in 1991-92 or around 17 per cent of total labour market program approvals. This compares with their share of CES registrants of 15 per cent. Another 10,000 teenagers were also assisted through Commonwealth funded TAFE prevocational courses.

The main types of labour market assistance for young people comprise community-based assistance and training through SkillShare (30%), private sector wage subsidies under JOBSTART (25%) and short-term vocational courses through JOBTRAIN (23%). The success rates in finding jobs after participation in these programs is generally similar for young people as for adults and in both cases are well above the experience of non-participants. The proportion of young labour market program participants in unsubsidised employment or further education and training three months after the end of their placement is highest among JOBSTART participants (54%), followed by SkillShare (40%) and JOBTRAIN (30%).

In addressing the problems of unemployed young people, it is important that measures are consistent with the strategy of equipping young people with the vocational and general skills necessary for a productive and satisfying life. Unemployed young people should not miss out on mainstream training and vocational preparation.

The recession has seen a sharp decline in the number of apprenticeship and traineeship commencements. Policies which address this decline, including those announced in One Nation, provide young people with a job and recognised training and minimise the possibility of skill shortages during the recovery. The special measures in One Nation have already succeeded in bringing traineeship and apprenticeship commencements back towards their levels for the same period in 1990. But there is still further to go if we are to avoid skill shortages as the economy recovers.

It is also important that the most disadvantaged young people do not miss out on vocational preparation opportunities to improve their chances of getting a job. In particular, special attention should be given to long-term unemployed young people to ensure they have access to training and assistance into employment.

The Government realises that unless training is followed by, or integrated with, employment, the skills acquired quickly atrophy. This problem would be lessened if vocational training were more closely linked with employment possibilities at the end of the training course. This would also increase the interest of the young unemployed in undertaking training.

It is also important to provide a range of measures to meet the differing needs of unemployed young people. While some will be attracted to longer, more formal TAFE courses, other will prefer shorter courses, particularly where these are provided in a community based environment such as SkillShare.

Other young people will prefer more hands on work experience as has been suggested by a number of conservation groups and State governments. There is a great opportunity here to address two areas of need. Young people would be able to obtain work with relevant training and through their endeavours contribute to creating a better environment, for example by tackling the problem of land degradation.

Homeless young people are among the most disadvantaged of unemployed young people and will require substantial assistance which links accommodation, counselling, training and work experience in order to bring them into mainstream employment opportunities. Some successful projects which provide this integrated assistance are operating (eg the Brotherhood of St Laurence/Body Shop project) and, with additional assistance, could be expanded and other projects commenced.

Disproportionately high unemployment rates exist among Aboriginal and Torres Strait Islander young people. The Government's recent response to the Royal Commission into Aboriginal Deaths in Custody includes a five year package of measures, costing \$54 million, to assist Aboriginal young people in personal development, employment and sport and recreation.

Young people from non-English speaking background communities, particularly the more recently arrived, also experience relatively high unemployment rates. On the other hand, I am pleased to see that they achieve proportionally high placements on labour market programs and achieve relatively high positive outcomes from this form of assistance.

Our disability reforms have brought significant breakthroughs for young people with disabilities. There has been a particular focus on school to work transition. Through the Disability Services Act and initiatives such as the 1990 Disability Reform Package and the forthcoming Disability Discrimination legislation, the Government has been acting to remove barriers to participation by young people with disabilities in employment, education, training and community life.

Initiatives have been introduced to provide increased opportunities for students with disabilities to participate in tertiary education, especially in professional and vocational courses, with a target of doubling commencing enrolments by 1995.

## **CONCLUSION**

This background statement outlines the changes which have occurred in the education, training and employment profiles of young people. These changes have given rise to both opportunities and problems for young people.

Addressing these issues requires reform of the vocational education and training systems, as well as measures to tackle the immediate problem of youth unemployment.

Wednesday's meeting will discuss ways of responding to these concerns. The Government is keen to hear the views of young people, employers, unions and community organisations. We are committed to taking action. I will announce our detailed response next week after the Government has carefully considered the views canvassed at the meeting.

Canberra - 20 July 1992