

1992

## **YOUTH AFFAIRS NETWORK OF QUEENSLAND**

### **SUBMISSION IN RESPONSE TO 'RESTORING FULL EMPLOYMENT'**

The Youth Affairs Network of Queensland (YANQ) is the independent, non-government umbrella organisation of groups and individuals from Queensland's youth sector.

The Network acts to promote the interests and well-being of young people in Queensland, especially disadvantaged young people. It advocates for them to government and the community and encourages the development of policies and programs responsive to their needs.

YANQ also supports the development of regional networks in the youth sector. It is YANQ's view that the development of stronger networks will lead to better services for young people as information and skills are shared.

YANQ consists of over 400 individual and organisational members throughout Queensland, including youth services, advocacy groups, church groups and community organisations with interests in areas as diverse as juvenile justice, housing, health, rural issues, young people with disabilities, young women's issues and young people from Aboriginal and Torres Strait Islander and non-English speaking backgrounds.

This submission was prepared by Tim Wilson, Policy and Research Officer for YANQ, in consultation with the YANQ Employment Working Party and other members with a particular interest in employment.

### **EXECUTIVE SUMMARY**

For many years the youth sector has expressed concern at rising levels of youth unemployment. Throughout the eighties unemployment and training dominated national debates on youth affairs. The response to the problem by government has been characterised by a blinkered focus on school retention and training to improve young people's competitiveness in the labour market and to absorb the unemployed. These measures have failed to halt rapid increases in youth unemployment levels. Figure 1 shows unemployment rates from 1972 to 1992.

Since 1976, youth unemployment has been consistently higher than general unemployment, particularly among 15-19 year olds, despite the drop in labour market participation resulting from higher school retention. Even when employment growth was strong in the mid-eighties, unemployment among 15-19 year olds failed to drop below 13%. Currently, unemployment among 15-24 year olds stands at 21.9% nationally, compared to a general unemployment figure of 10.7%.

YANQ welcomed the announcement of the Green Paper and subsequent White Paper on Employment as an opportunity to re-examine the causes of, and possible responses to, youth unemployment. However, it is disappointing that new approaches to the problem have not been explored. The Green Paper continues the focus on supply-side responses that have clearly been ineffective in the eighties. It is silent on the issue of job creation, preferring to leave responsibility for employment growth in the hands of the private sector. While it has proposed some useful strategies for dealing with the issue of long-term unemployment, YANQ believes there are some major areas of concern which have been overlooked.

For example, while Chapter 1 on Labour Market Trends acknowledges that particular population groups experience relative disadvantage in the labour market, the Paper's recommendations focus almost entirely on duration of unemployment as a barrier to finding work. There is virtually no attempt to deal with other factors which determine a person's labour market position, such as age, location, gender, race or ability.

Secondly, the Committee appears to have assumed that the National Training Reforms Agenda will deal with the problem of youth unemployment. There is little acknowledgment that these reforms are themselves dependent on the creation of sufficient entry points into employment to enable the integration of skills training and work.

Thirdly, the Paper rejects employment creation, relying instead on labour market programs, training and continued private sector growth as the primary responses to unemployment. The Paper sees an extremely limited role for government in taking action to ensure the creation of jobs.

Fourthly, despite the focus on the private sector's role in generating employment, there is a limited role ascribed to industry policy. In the current poorly regulated economy, an active industry policy is one of the few instruments available to the government to ensure investment by business is productive, rather than speculative in nature.

Fifthly, while some reforms to the social security system are proposed, the report is silent on the question of incomes for young people. YANQ believes that both the wages system and the income support arrangements for young people require urgent scrutiny.

Jobs for young people will not develop from a 'more of the same' approach. Without concerted action to create employment, many young people will be relegated to the sidelines of the labour market, effectively barred from an integral form of social participation and forced to subsist on inadequate income support. Young people want access to training that leads to secure employment, not training that is an alternative to employment. Young people want living incomes which allow them to enjoy a dignified lifestyle and exercise legitimate demands for independence. Most importantly, young people want meaningful jobs.

Equitable access to employment is a fundamental component of a socially just society. In Australia, employment, mediated by the operation of a centralised wage fixing system, has been the major mechanism for the redistribution of wealth and resources. Conversely, the rising levels of unemployment since the mid 1970s have contributed to increasing inequity and rising poverty. For young people, employment is a means to achieving economic independence and a satisfying lifestyle. The White Paper presents an opportunity to take strategic action on youth unemployment. This opportunity must be exploited.

## **1. YOUNG PEOPLE'S POSITION IN THE LABOUR MARKET**

The Green Paper focuses the bulk of its analysis, and virtually all of its recommendations, on the long-term unemployed. It notes that young people aged between 20 and 24 are the most vulnerable to long-term unemployment. Its major proposal, the Job Compact, will form one part of an effective response to long-term unemployment among young people. However, it is not a comprehensive response.

There is every reason to believe that the unemployment level for young people will not recover to the same extent as that of older workers as economic activity picks up. This is due to structural and cyclical changes in the labour market

### **1.1 Structural Change**

The current high levels of youth unemployment, relative to general unemployment, are primarily caused by structural changes in the labour market.

The widespread introduction of new technology has resulted in the disappearance of many entry level jobs which were traditionally filled by young people. Among the jobs which have been lost through developments in technology are mail deliverers, telephone operators, messengers, draftspersons, printers, bookkeepers, tellers and cashiers, office juniors, typists and many types of process workers. (Winderlich, 1991, p.22)

The availability of unskilled and low-skilled work has also been effected by the shift of large-scale manufacturing to the newly-industrialised economies in Asia, where labour costs are significantly lower. The internationalisation of capital has effectively undermined the bargaining power of organised labour in the developed world, as First World workers have been forced to compete with those in the Third World who have a significantly lower standard of living.

The increasing sophistication of methods of management and work organisation have contributed to the growth in part time and casual work. Jobs which previously would have been carried out by full time staff have been contracted out to temporary agencies, subcontracted, or simplified by the use of technology or mass production (Winderlich, 1991, p.23). The growth in part-time and casual work has disadvantaged young people. Casual positions do not offer security, sick pay, paid holidays, opportunities for career advancement or training. Often these positions are taken by older workers with lower training requirements. Young people, who generally receive lower rates of pay, find it difficult to cope with the unpredictability of casual work, and consequently the wages they receive from week to week (Sweet 1993).

Young people have been locked out of some professions through "credentials creep," the steady increase in the formal entry requirements for certain jobs, such as nursing. Higher levels of qualifications are even being required by employers for those positions which do not involve complex training or high levels of skills. Wilson (1989, p 11) found there is no necessary relationship between the credentials required to obtain a position and the actual tasks to be undertaken in that position.

Finally, young people are confronted by increasing competition from a growing pool of older, more experienced workers. Many employers, particularly in the growing service industries, are hiring people with existing skills, rather than taking on apprentices and trainees.

### **1.2 Cyclical Change**

While high youth unemployment is primarily due to changes in the structure of the Australian labour market, it has also been influenced by economic recessions. Young people's jobs suffer more during recessions than adult's jobs, and youth employment does not recover after recessions to the same extent as adult employment. (Sweet, 1993)

During recessions, employers tend to hire staff with greater experience and higher qualifications over those who are inexperienced and unqualified. Young people are often in the latter group. A survey by the Confederation of Australian Industries (1990) showed that experience, skills and maturity are the major issues considered by employers in decisions to employ people. These factors all rated as significantly more important than wage levels.

When employers are shedding staff, they generally dispose of those who have been with the company for the shortest period. Most young people, because of their age, will have accumulated fewer years of experience than adult workers and will therefore be among the first to be laid off.

Many firms emerge from recessions with higher productivity, and reduced demands for staff, especially low-skilled staff who may find it difficult to cope with sophisticated technology. Young people generally find it difficult to find employment even after a recession is over, due to their relative lack of skills in demand.

These changes to the nature of the labour market mean that assumptions about the extent to which private sector job growth will absorb the unemployed are not necessarily valid when applied to young people. Many of the low-skilled positions which young people have previously used as their entry point to the workforce simply no longer exist. Young people require vocational training to develop the skills necessary to compete in the economy. While training reform proposals have been developed, these very reforms are predicated on the delivery of sufficient jobs to employ trainees. As will be discussed, YANQ has concerns regarding the likelihood of these places being made available by 'the market'. Furthermore, it is expected that not all young people will undertake vocational training. The most optimistic projections suggest that at least 10% of young people will not complete Year Twelve or move on to further education and training. Strategies must be in place to deal with these young people. This issue will be dealt with further in the section on Training.

YANQ is alarmed that the only proposal put forward to deal specifically with youth unemployment is a scheme that forces young people to undertake training in return for a "small weekly allowance", with the constant threat of the removal of allowances should they leave the program. Such a proposal can only be seen as a cynical attempt to move young people out of the unemployment statistics, and to keep them occupied until such time as they are no longer part of the youth labour market. Furthermore, there is no discussion of how this program would relate to the Australian Vocational Certificate Training System. YANQ rejects this proposal.

Young people's labour market position is closely connected to their position of social, economic and political disadvantage. Young people are effectively excluded from exerting political power, and are consequently vulnerable to proposals, such as that referred to above, which place them in situations which would be considered intolerable for other segments of the community. The portrayal of young people in the popular media serves to reinforce perceptions of young people as incapable, lazy, workshy, or threatening, promoting community approval for measures which increase surveillance of young people or make receipt of income support reliant on increasingly stringent criteria. The absence of institutions to defend young people's rights has made it possible for governments to implement tokenistic responses to issues such as youth unemployment or homelessness, or to focus the blame for these problems on young people themselves. Without action to protect young people's rights, and address age discrimination, we will continue to see reluctance by employers to take on young people, support for age-related award systems, inadequate access to training, and an income support system that leaves many young people in poverty.

### ***1.3 Groups experiencing particular disadvantage***

In addition to the general disadvantage experienced by young people, there are barriers faced by particular groups of young people. Specific strategies are required to ensure that these groups enjoy equitable access to employment. YANQ does not believe that solutions can be expected from the private sector, which has shown less than enthusiastic support for equity strategies in the past.

#### ***Homeless Young People***

The report of the Human Rights and Equal Opportunity Commission's Inquiry into Youth Homelessness found that young homeless people were generally unable to access labour market programs. Most of these programs were structured in a manner which failed to acknowledge their lifestyle and needs. Homelessness and unemployment are inextricably linked. The limited incomes available to unemployed young people makes it impossible for them to change their homeless lifestyle. With no fixed address or phone prospective employers cannot contact them, and with no showers or good clothes their general appearance makes it virtually impossible for them to find work.

#### ***Geographically Isolated Young People***

Young people in rural and remote communities have little access to employment or training. In many cases young people have no information about their entitlements, or assistance that is available to them. Often, the search for employment draws young people away from their communities and networks of support. Rural young people have been particularly badly affected by the rural recession, drought and falls in commodity prices, and many isolated communities enjoy few prospects for employment growth.

#### ***Aboriginal and Islander Young People***

Young people of Aboriginal or Torres Strait Islander descent have extremely limited employment opportunities. There is little work available in most Aboriginal communities, and racist employment practices often exclude them from work in urban centres. Aboriginal communities are overwhelmingly supportive of the Community Development Employment Program, but there are insufficient places available in the program.



### *Young People from Non-English Speaking Backgrounds*

Young People from Non-English Speaking Backgrounds have to overcome English language barriers and European racism in entering the labour force. The resources dedicated to English as a Second Language classes are inadequate, and Adult Migrant English Program places have long waiting lists. Procedures for the recognition of overseas qualifications are costly and time-consuming. Furthermore, young people from non-English speaking backgrounds are less likely to access services which could assist them than other young people.

### *Young People with a Disability*

People with a disability face particular barriers to accessing employment and training, including the inadequacy of transport, inaccessibility of workplaces and training institutions, the lack of alternative learning methods, the absence of appropriate support services, the lack of post-school options and of links between schools and post-school training providers, and community perceptions of people with a disability. They may also have difficulty in demonstrating adequate work skills and appropriate social behaviour, and face a lack of understanding by prospective employers of their limitations and the abilities they bring to the workplace.

### *Young People from Low Socioeconomic Backgrounds*

Young people from low socioeconomic backgrounds are more likely than others to leave school prior to completion of Year Twelve. For these young people there are few opportunities for secure employment. Many of the jobs which have disappeared in Australia are the unskilled positions which formerly provided a pathway into work for early school leavers. The last decade has seen the emergence of inter-generational unemployment, where children of the unemployed find it impossible to find work.

## **1.4 Consequences of Youth Unemployment**

Young unemployed people are forced to subsist on the Job Search Allowance or Newstart Allowance. The level of payment under Job Search Allowance is particularly poor for under 18s, with the maximum rates being \$129.80 per fortnight for young people living at home, and \$214.80 for independent or homeless young people. Levels of benefits are deliberately set at a level which cannot in any way be understood as adequate for a decent livelihood. Income support is dealt with later in this document.

Burdekin (1989) highlighted the problems that many young people experience with credit. Available research suggests that young people are particularly vulnerable to exploitation through the use of credit, but also that many young people use credit simply because they do not have other resources. Often the loan is obtained from a friend or family member rather than a financial institution, and this can create problems of its own.

Employment is a central form of social participation in Australia. Being unable to find work can undermine a person's perception of their value to society. People unable to access work can become isolated, both through their being denied contact with people in a workplace, and through their inability to participate in social activities, due to limited income and the stigma associated with unemployment.

Long-term unemployment can place strain on family relationships. Young unemployed people experience prolonged dependence on their families for financial support and accommodation. They may experience hostility from family members who are required to subsidise them, or who are unable to understand why the young person cannot find work. In many families, both parents and children are unemployed. Pressures resulting from frustration, low self-esteem, and prolonged poverty can contribute to family conflict and in some cases violence (Maas, 1986, p.12). Current income support arrangements offer no recognition of many young people's legitimate desire for independence from their families.

Despite the disadvantages associated with part-time work listed above, rising youth unemployment has forced many young people to enter the work-force through part-time employment. The number of 15-19 year olds working part-time has risen from 3.5% in 1966 to 20% in 1990. The vast majority of those part time jobs that are available to young people are taken by full time students, who, because they do not see these positions as their ultimate career, are willing to accept lower wages and poor working conditions. According to Coventry et al (1984), the vast majority of these part-time positions are in the retail, including food and drink industry. They tend to involve positions with few career prospects or opportunities to utilise technical skills. Furthermore, research by the National Board for Employment, Education and Training suggests that part-time or insecure work can lead to further insecure work, but it seldom leads to secure work (1992)



Young people have retreated into the Education system in response to high youth unemployment. 1993 ABS data showed that Queensland's Year 12 retention rate had increased to 82.9%, up from 74% in 1990 and 57.5% in 1986. Many students are remaining in school simply because there are insufficient jobs available for people who otherwise would have left school. Many students completing school rely on their families for support and accommodation, with similar consequences to those experienced by the long term unemployed.

Long-term unemployment can also impact on young people's health. Adelaide's Southern Community Health Services Research Unit found that people in low income brackets reported more pain, illness and sleep disorders than those on higher incomes. Young unemployed people are likely to experience more colds and stomach disorders, lack of physical energy, emotional reactions, social isolation, while the long term unemployed are likely to drink more, smoke more and play less sport than the population as a whole. Peaks and troughs in male suicides correspond with employment levels, lending weight to suggestions of a strong link between the two. Between 1961 and 1984 the suicide rate for 20-24 year olds doubled, while adolescent male suicide rose from 6 to 16.6 per 100 000 between 1961 and 1985 (Hassan and Kerr, 111).

Finally, close correlations between statistics on reported crime and unemployment levels suggest a link between the two. Coventry (1992) advocated that

*...crime should be seen as but one element in young people's disaffection, dislocation and lack of access to employment markets, to health services, to adequate housing.*

Australian statistics show that in 1989, 53% of alleged male offenders were unemployed, while 40% of adults appearing before the Criminal Courts of Summary Jurisdiction and 47% of those before the Higher Criminal Courts were unemployed at the time of allegedly committing criminal offences (A Living Income, p.34). High unemployment and inadequate levels of income support have placed some young people in the position where they may resort to crime to meet their living costs.

## **2. TRAINING**

Most recent attempts to deal with youth unemployment have focussed on improving young people's skill levels to enable them to compete for jobs. A large number of training strategies have been introduced over the last ten years to boost young people's attractiveness for employers. Much has been made, justifiably, of the importance of training in creating a flexible, highly-skilled workforce which will boost Australia's international competitiveness. Most recent research on economic growth stresses the role of human and social capacity as the primary prerequisite for higher productivity and economic growth (Quiggan 1994).

In an increasingly tight labour market, training plays an important role in allowing young people to compete for jobs as they become available. The Carmichael Report suggests that if the necessary institutional and cultural changes are made, by 2001 the unemployment rate for young people should not be significantly higher than the general unemployment rate. However, it is worth re-iterating that the reforms of the vocational training system are based on the assumption that industry and economic policy will deliver sufficient entry points into employment to enable the integration of skills training and work. Training reform will not, in itself, create jobs for young people, irrespective of their skill levels.

### **2.1 SCHOOLS**

The effectiveness of training reforms targeting young people is contingent on improvements to the secondary education system. The National Training Reform Agenda is structured in such a way that it builds on students' achievements in school. However, there has been relatively little action to increase the equity of educational outcomes of schools.

#### **2.1.1 Retention Rates and Early School Leavers**

School retention rates have been rising rapidly since the mid-eighties. Currently 82.9% of Queensland young people complete Year 12 (slightly lower than the figure for 1992 of 85%).

This increase in school retention can be attributed to a number of factors, including recognition of the need for higher levels of skills to compete in the labour market, the abolition of unemployment benefits for those under 18, and the absence of employment opportunities for early school leavers. It is interesting to note that school retention rates dropped slightly in 1993. This may indicate that these high retention rates are a temporary phenomenon and may settle at a lower level as the labour market improves.

Wilson and Dwyer (1991, pp.8-9) note that while there are advantages in increased retention, there are at least three long-term negative consequences. Firstly, school retention has largely been forced by the collapse of the youth labour market. Young people who otherwise would have left are staying on simply because there are no work options available. The absence of jobs when they finally leave school means that the problem is postponed, not solved.

Secondly, with the increase in retention rates only partly due to educational reasons, it is unlikely that curriculum changes will help alleviate levels of dissatisfaction among the less-academically inclined students. There is a danger that the school community may ignore, marginalise or alienate 'would-be school-leavers' because they think they really should not be there. Retention through years 11 and 12 could even be counterproductive for some young people, if it changed neutral feelings about learning into negative ones, thereby discouraging the young person from undertaking further education or training.

Thirdly, the shift towards higher retention may serve to marginalise the significant minority who do not complete year twelve. Australia could see a similar situation to that in the United States, where early school leavers are referred to as 'drop-outs', with associated assumptions of inadequacy or personal failure. The authors note that the early school leaving rate in the US has remained firmly at 25% for 25 years despite the negative labelling and the application of a range of intervention strategies.

A longitudinal study conducted by the Youth Research Centre in Melbourne (1992) has suggested that the primary factors influencing young people's decisions to leave school early are related to school culture. Family and financial constraints, and school failure were also significant factors, though less important. The researchers identified three elements of school culture which contributed to early school leaving: a non-stimulating environment that held no discernible relation to the wider community or the adult world to which the young person is beginning to gain access; lack of support and referral to appropriate agencies for young people who are experiencing problems in their personal and academic lives; and negative teacher/student relationships which are propped up by rules and regulations which disallow young people from expressing themselves as adult and responsible members of the school communities.

### **2.1.2 Vocational Reforms**

If school retention rates are to be maintained or raised, action must be taken to increase the relevance of the curriculum to post-school options, and to create an environment where upper secondary students can exercise some autonomy. Issues of equity between schools and between groups of students must also be addressed.

Many commentators have argued that the current school system is continuing to prepare young people for tertiary education, despite the fact that a relatively small proportion of them will undertake university study, while doing little to prepare them for employment or vocational training. As noted in the Green Paper, only 20% of Australian young people undertake vocational training as opposed to an OECD average of 50%. Research undertaken for the Finn Committee shows that young people want schools to provide courses that build clear pathways to post-school options and which have direct vocational relevance.

The Carmichael Report on the AVCTS set a national target of 90% of young people completing Year 12 or initial post-school qualification by the year 2001. It proposed a number of reforms of the school system in order to meet this target. These include:

- ☐ the development of more vocational options in Years 11-12, including where appropriate relevant work experience and on-the-job training for credit, preferably in courses jointly accredited by schools and vocational accreditation bodies.
- ☐ continuing reform of school curricula and teacher training to promote more extensive use of contextual learning methods.

- ❑ the nation-wide development of senior colleges, separate from secondary Years 7-10, providing mature learning environments for delivery of
  - upper secondary programs for Years 11&12
  - off the job elements of vocational programs in cooperation with TAFE
  - the first year of higher education programs in association with higher education institutions.
- ❑ delivery of Years 11-12 programs by some TAFE Colleges
- ❑ incorporation of broad careers education in the curriculum from the beginning of secondary education to enable young people to make appropriate decisions about pathways.
- ❑ that school counsellors, vocational guidance officers and Youth Access Centre staff co-operate to provide a school exit, training and employment plan for all young people who leave education before the completion of Year 12.

The report also recommended the more extensive use of community learning centres to provide re-entry programs for early school leavers and homeless and jobless young people.

Vocational courses for a limited range of industries are being prepared for Queensland schools currently. Most of these courses will be accredited through VETEC and will offer training to Australian Standards Framework Level 1. This training will be credited towards a vocational certificate. There has been relatively little action on the other school-related Carmichael recommendations. The few senior colleges in Queensland are provided by TAFE, and there are no plans for new colleges. TAFE is withdrawing from the provision of Year 11 and 12 board subjects to adults. While the Education Department and DEVETIR have developed some arrangements for transferring early school leavers directly into TAFE, comprehensive school exit plans are not being completed. Finally, work education and work experience have been incorporated into a broad range of school subjects, but specific information on pathways continues to be the domain of school guidance officers.

Many of the Finn and Carmichael recommendations are dependent on the inclusion of the key competencies in school curricula, and the development of a national focus in curriculum to ensure improved recognition of Year 12 outcomes. In July 1993, the Conservative State Governments refused to endorse continued work for the introduction of key competencies in schools, deferring further work back to individual states. This decision has jeopardised the move to key competencies in vocational education. Queensland is likely to press ahead with the introduction of key competencies despite this decision. DEET is funding a number of pilots courses in Queensland schools in 1994. It is important that there is a national approach to curriculum development and recognition to ensure the portability of school credentials throughout Australia.

YANQ believes that the expanded vocational role of schools should involve a more comprehensive agenda for work to meet the full range of young people's needs. Such an agenda should teach young people about the politics of work, and assist them to become informed and active participants.

### **2.1.3 Equity issues**

The overall upward trend in school retention rates conceals wide differences in retention rates between various parts of the population. In 1990 the school retention rate for rural young people was 14% lower than that of urban residents. In 1989, Aboriginal and Torres Strait Islander young people had a Year 12 retention rate of 29.7%, compared to a national average of 60.3%. Similarly, in 1990, the low socioeconomic status decile had a retention rate 27% lower than the high socioeconomic decile.

While it is widely acknowledged that early school leavers are four times as likely to be unemployed as other people (23% of early school leavers are unemployed, compared to 6% of non-school leavers) and that poverty is the greatest impediment to educational success, there has been relatively little action to address the inequalities evident between schools in different socio-economic environments. For two years the Federal and State governments have been negotiating the administrative details of a National Strategy for Equity in Schooling, which will gather data to assist planning, and a National Equity Program to channel funds to disadvantaged schools. YANQ understands that the first of these programs has been abandoned due to disagreement between the States and the Commonwealth regarding instruments to measure resources allocated to disadvantaged schools and progress towards equity targets. YANQ believes that a program of

this sort is vital so that States are accountable for their education spending. Equity of school outcomes must be improved if there is to be any hope of achieving the Finn targets for Year Twelve retention.

YANQ believes that differential funding, where greater amounts are allocated to those groups which persistently achieve lower learning outcomes, is required to ensure equality of educational outcomes. The differential allocation of resources should apply to all aspects of school organisation, including class size, community liaison officers, library staffing and resources, specialist and support staff, non-teaching staff, teacher development, curriculum development and support, educational technologies and community participation (Burrows, 1993, p.13).

Freeland (1993, p 15-17) has identified a number of elements which were essential in the implementation of a comprehensive educational equity framework:

- ☐ A full range of home and community services should be available to young people and their families and should be effectively coordinated with school activities.
- ☐ There should be positive needs-based discrimination in school funding, resourcing and staffing.
- ☐ The pre-service and in-service teacher education curriculum should equip teachers to deal with the social and pedagogical issues related to discrimination and disadvantage.
- ☐ The introduction of key competencies into the curriculum should be integrated within a reconstructed and inclusive curriculum which disposes of the traditional divide between vocational and academic streams.
- ☐ There is a continuing need for specific programs to reduce cultural, economic and educational barriers to equitable access and participation in the schooling system.
- ☐ Flexible, innovative, broad-banded equity programs which encourage school communities to develop integrated community and school based equity educational projects should be implemented. There should be provision for project development officers to assist schools to develop their understanding and response to particular problems.

In Queensland the Education Department has introduced policies to create supportive school environments, and promote equity in schools. However, statistical and anecdotal evidence suggests that significant numbers of young people continue to be excluded from schools either through formal processes or through informal pressure from principals. Exclusion and suspension are still used relatively frequently as tools for behaviour management in the absence of resources to support alternative approaches. Given the importance assumed by school completion in determining young people's employment opportunities, this is particularly concerning. Adequate safeguards must be put in place to protect young people's right to an education. National equity strategies should ensure that schools are provided with the resources to deal with the needs of the full range of students.

## **2.2 TECHNICAL AND FURTHER EDUCATION**

Young people's participation in technical and further education (TAFE) has fallen over recent years. The annual ABS Transition from School to Work survey shows that while participation in higher education by school leavers increased from 6.7% in 1983 to 11.2% in 1991, TAFE participation fell from 11.3% to 10.6%.

Drop out rates from TAFE by young people are quite high, and enrolments in courses of short duration are very common (Sweet 1993, p.7). Only 27% of TAFE enrolments by young people continue for more than a year. Furthermore, research by the Australian Council for Educational Research shows that the employment prospects of young people who participate in TAFE, other than through apprenticeships, are no different from those of young people who do no further study after school. TAFE graduates also receive little benefit in terms of income once they find work.

As a result, TAFE has not been perceived as an attractive option for young people. Data collected by DEET in late 1993 showed that almost 70% of students in years 10 to 12 aspired to go to university, while only 15% intended to go to a TAFE college. The Finn Report emphasised that training reform will not occur unless there is a fundamental shift in the community's image of TAFE. The Federal Government has recently

launched a \$3 million strategy aimed at increasing the status of TAFE. The strategy will target students, careers advisers, parents, teachers and employers. While a positive step, the strategy will be most effective if linked to reforms in the types of training offered by TAFE, with a focus on longer, accredited training courses.

YANQ believes that strategies aimed at increasing TAFE participation must examine the adequacy of income support arrangements for people undertaking study. Powles suggested in 1992 (pp 56-61) that

*If cynicism is not to be generated in the community, any commitment to increasing participation in TAFE must be accompanied by lowering the personal, social and monetary costs for students and their families....*

Currently up-front tuition fees of up to \$400 are charged for courses. This places many of them beyond the reach of many unemployed young people. Young people's places should be subsidised in order to attract TAFE participants. Proposals for the charging of student fees for TAFE have been forwarded in the last twelve months. This scheme may be similar to the Higher Education Contribution Scheme which applies to University Education, where students can defer the payment of fees until their income reaches a certain defined level. YANQ is opposed to charges and fees in TAFE which may inhibit the participation of young people in vocational training. YANQ also believes that Austudy payments should be increased, so that students are not forced to live below the poverty line.

TAFE in Queensland has attempted to increase participation by disadvantaged groups, with some success. The 1992/93 Annual Report shows that participation by people with a disability increased by 178%, Aboriginal and Torres Strait Islander people by 39%, women in non-traditional areas by 258%, and NESB people by 6.5%. Participation by these groups should continue to be monitored to ensure that they are not excluded by TAFE Colleges who are increasingly required to compete for training funds. Funding formulas should recognise not just outcomes, but also negotiated targets for participation by disadvantaged groups. Furthermore TAFE teachers and curriculum writers should be assessed for their competence in providing training and materials which are culturally, linguistically and gender appropriate. Training should be provided to enable them to develop skills in this area. YANQ notes the success of Access courses conducted in TAFE Colleges over recent years. These courses are valuable for increasing access for groups who have previously been excluded from institution-based training.

## **2.3 THE AUSTRALIAN VOCATIONAL CERTIFICATE**

YANQ has generally been supportive of the introduction of the Australian Vocational Certificate Training System (AVCTS). The AVC will provide accredited, competency based training through a range of training providers, increasing the recognition and portability of young people's skills and qualifications. It recognises the need for a variety of pathways through vocational education, to cater for the needs of different client groups. It will eliminate much of the institutionalised discrimination against young people which is part of the current award system, by recognising value of work, not age.

While supportive of the direction of the AVCTS, YANQ has some concerns regarding particular aspects of its implementation.

The Carmichael Report suggests that the introduction of the AVC will improve access and equity in the training system for a number of groups. For example, it argues that providing recognised credentials in all occupations and access to training will benefit young women, whose skills have not been recognised in the current system. Most of the positions held by women in the entry level training system are in a narrow range of occupations, generally produce qualifications of lesser value in the labour market, and are generally offered on less favourable terms than apprenticeships (of which only 14% are held by women). In the first four years of the Australian Traineeship System, approximately 73.5% of those in sales, service and clerical traineeships were young women, while 80.4% of those in technical and labouring traineeships were young men (Wilson 1989, p.10). Sobski (1992, p 8) has expressed a degree of cynicism about the likelihood of the gender equity targets being achieved, given the less than dazzling support given by industry to innovative programs attacking gender segmentation in the past. She argues that women's policy advisory groups must be represented on the Industry Training Advisory Boards, which are responsible for setting targets and developing strategies for women's participation in training. She also suggests that non-TAFE training



providers should be required to meet minimum standards for gender equity. YANQ supports these suggestions.

It is hoped that providing multiple pathways towards recognised qualifications will assist young people who have previously been excluded from mainstream vocational pathways. The participation of identified target groups should be monitored to ensure progress towards equity targets. Strategies to improve the participation of identified population groups should be developed in consultation with representatives of those groups. There should also be sufficient re-entry points to the system to allow young people to return to training a number of years after they have left school. YANQ believes that Access courses, as piloted in Queensland in recent years play an important role in improving access for highly disadvantaged people.

The proposed date for the introduction of the AVCTS is 1st January 1995. At that time all apprenticeships and traineeships should be converted to an AVC. Competency standards will need to be in place at least across the 700 or so apprenticeship trades and the 300 traineeship categories. Industry areas which have not traditionally conducted significant structured training will need to introduce AVC courses. Key competency training up to Year 12 standard should be introduced into AVC curricula for early school leavers. YANQ has concerns regarding the likelihood of these timelines being effectively met.

Training providers will need to carry out a significant amount of work to develop AVC curricula (according to the 1992/93 DEVETIR Annual Report about half of all Queensland TAFE courses are now geared to Competency Based Training), train teachers in using the competency standards, and ensure an adequate number of assessors are qualified in each industry. Adequate resources must be provided by State and Federal governments to allow this to occur. New administrative arrangements will need to be in place to ensure a smooth transition to the new system.

There has been little progress in incorporating training arrangements and articulated pathways into workplace agreements. Recent research by Richard Curtain revealed that only a tiny proportion of enterprise agreements included arrangements for entry-level training or career paths. Research undertaken for VETEC showed that only 22% of employers were even aware of Competency Based Training. Unions have a responsibility for ensuring that young trainees have access to career advancement, and that provisions related to entry level training are included in enterprise agreements.

Most of the AVC pilots which have been conducted to this point have been based in training institutions, such as TAFE, rather than in the workplace. In June 1993, 16 of the Queensland AVC pilots had been institution based, as opposed to 5 workplace pilots (VETEC, 1993). This may reflect a reluctance by employers to become involved in the new training arrangements. In part this may be attributed to the complexity of the new system, which involves a plethora of bodies to oversee its implementation. A number of organisations, including the ACTU, DEVETIR, DEET, the Vocational Education, Training and Employment Commission (VETEC) and ANTA have taken a role in explaining the new system to workers, employers and the community. These efforts must be maintained and expanded in order to encourage participation of industry by the start date.

Australian business, generally, has shown itself to be reluctant to provide vocational training in the workplace. Up to a third of Australian enterprises, other than very small firms spent nothing on formal training in 1989. The Australian Traineeship System, introduced in response to the Kirby Report in 1985, has been the major single initiative in the vocational preparation of young people in recent times, yet the number of traineeships offered has consistently fallen short of projected targets. For example, in 1990-91, 10 000 traineeships were offered nationally, compared to a target of 75 000. YANQ is sceptical about the willingness of business to employ and train young people. Research in the USA identified a degree of 'anti-youth bias' by employers, partly based on bad experiences with some young employees, partly due to facile generalisations on their experience and also due to an unwillingness, particularly by big business, to expend resources for 'on the job' training (Levin and Ferman, 1985, pp.59-61). YANQ notes that employers' perceptions of young people are unlikely to change until the general community's views of young people are challenged.

The Taskforce on Regional Development has proposed reform of the Training Guarantee Levy to create 75 000 traineeships for young people, with a priority on Aboriginal and Torres Strait Islander young people, especially in mining, construction, tourism and environmental management activities. These traineeships would be financed by imposing a surcharge of 1% on company tax rates while suspending for three years the Training Guarantee Levy. The Taskforce acknowledges the failure of the Training Guarantee Levy to provide the type of training for which it was originally intended. It also acknowledges that the traineeship places

endorsed by the Youth Summit in July 1992 have not materialised. YANQ supports this recommendation as a way of ensuring that business contributes to the training of young people.

YANQ believes that specific government action to create employment is required to ensure that sufficient training places are available for those seeking a vocational education. This will be particularly important in times of high unemployment, when business has traditionally exhibited reluctance to spend money on training. Not only will these measures assist young people to compete more effectively for jobs, they will also prevent the occurrence of skill shortages in times of recovery.

While there may be some benefits for young people in the new training system, the minimum income for participants has been set at only \$125 per week for 16 and 17 year olds, and \$150 per week for 18 and 19 year olds. Young people are not paid for time spent in off-the-job training. The Federal Government should subsidise young people undertaking training to ensure that they are not forced into poverty while completing an AVC. Adequate income levels are discussed later in this submission.

### **3. THE NEED FOR JOB CREATION**

YANQ is disappointed that the Green Paper has devoted relatively little discussion to ways of increasing the supply of jobs for young people. Consultations with young people prior to the Prime Minister's Job Summit in 1992 identified the creation of more jobs as a fundamental response to the social and economic problems of the recession and unemployment. There was a recognition that failure to generate more jobs overall, whilst seeking to address youth unemployment, will merely shift the burden of unemployment from one disadvantaged group to another (in AYPAC, 1992).

YANQ believes that full employment should be adopted as a fundamental goal of the Federal Government. In defining full employment, YANQ accepts the position developed by ACOSS; that is 98% of the labour force seeking full-time jobs and 98% of the labour force seeking part-time jobs can get them (Paper no. 18, 1988). For these purposes, "job" is assumed to mean employment under award conditions and adequate health and safety standards. YANQ does not believe that the figure of 5% unemployment in 2001 is an acceptable definition of full employment.

While YANQ acknowledges that the achievement of full employment will not be easy, there are a number of strategies which should be pursued.

#### **3.1 Infrastructure Investment**

Investment in infrastructure provides a number of direct and indirect benefits. Firstly, major infrastructure programs provide employment to large numbers of people, particularly in the areas of construction, engineering, town-planning, transport industries and metal trades. Secondly, they create spin-off benefits for other industries, through the purchase of components, and services to workers. Stretton and Chapman (1990) estimate that for every two jobs created by public sector programs, a further job is generated in the local community. Thirdly, improvements in infrastructure can contribute to business productivity and international competitiveness. Finally, infrastructure investment can meet both employment and social justice goals, through an increased supply of housing, schools, hospitals, and public transport.

In 1992 state and local government's expenditure on fixed capital was about half the level of the 1960s, while the Commonwealth's expenditure on fixed capital was 0.5% of GDP less than it was in the 1960s.

The Local Capital Works Program, introduced as part of the One Nation package to fund specific local government projects in the areas of construction, restoration and enhancement of social and economic infrastructure of long term benefit to local communities, went some way to addressing the decline in infrastructure spending. It certainly provided some stimulus to the private sector. However, investment in infrastructure was scaled down in the 1993/94 Federal budget in an attempt to rein in the budget deficit. YANQ believes that the Federal Government should increase spending on major infrastructure in order to boost economic growth and to create employment. This refers to both economic infrastructure, and social infrastructure such as schools, health services and community services.

In 1991 Brian Howe proposed a joint Commonwealth/State strategic redevelopment of infrastructure based on the following five broad criteria

1. *Projects which significantly restructure patterns of access within and between cities, especially metropolitan and provincial cities.*- Projects such as rail and road improvements or extensions, which improve access to metropolitan labour markets and services, and which shape future development patterns.
2. *Projects which significantly increase the potential for new economic activity in selected metropolitan cities.*- Projects such as airports, ports and freight infrastructure which can stimulate economic development.
3. *Projects which provide substantial demonstrations of innovation in the fields of urban housing and employment.*- Large scale demonstration projects which can alter public perceptions of the nature of housing, thereby contributing to urban consolidation goals.
4. *Projects which remove barriers to development and change in strategic locations*- Projects which are pre-requisites for the development of further specific infrastructure project.
5. *Projects which enable the simultaneous achievement of economic, social justice and environmental objectives.*- Projects such as public transport, urban consolidation and regional employment and industry.

Funded projects should meet the criteria proposed by Howe, with the added criteria that they be environmentally sustainable. The allocation of funds for infrastructure should recognise regional disparities in unemployment

The recent report of the Regional Development Task Force has identified the need for a major boost in infrastructure spending to stimulate economic development in depressed regions of Australia. While YANQ supports these proposals, we have concerns about the funding arrangement proposed by the Task Force. They have suggested that the costs of infrastructure could be recouped through reliance on user-pay charges. This would see projects disproportionately funded by low-income people. YANQ believes that these projects could be more fairly funded through a Jobs Levy.

The creation of jobs through infrastructure investment will not ensure the employment of young people. YANQ believes that contracts for public sector construction work should include a requirement for the employment of a prescribed level of AVC or ATS trainees. Such an initiative was announced in the Queensland 1993/94 State budget.

### **3.2 Public and Community Sector Employment**

YANQ that there is room for considerable expansion of public sector employment in a number of areas, such as education, hospitals and health services, environmental protection and especially social welfare.

Public sector employment growth has been sluggish in Australia since the 1970s, compared with growth over previous decades (ACOSS, 1993, p.22). Public sector growth has not increased to offset the impact of private sector job losses. YANQ believes that government investment in social infrastructure would provide significant stimulus to the private sector, as well as providing public or community sector employment for large numbers of people. YANQ rejects the notion that public sector jobs are not real jobs. There are many roles which are efficiently, and in some cases most appropriately, provided by government.

Community services have been placed under enormous pressures as a result of rising unemployment. There has been very limited growth in funding to community services to cope with this increased demand. Increased funding for community sector services is required from all levels of government. YANQ believes that this will not only improve services to the unemployed, it will also provide opportunities for employment and training. Australian Vocational Certificates in areas of social welfare should be developed where possible.

### **3.3 Local Employment Initiatives**

YANQ believes that Local Employment Initiatives provide an opportunity to integrate the generation of employment with regional equity and targeting. LEIs compare favourably with other job creation strategies, such as the old Community Employment Program, in that they create permanent jobs, and consequently have significant multiplier effects.

In 1987, a report by the National Advisory Group on Local Employment Initiatives (NAGLEI) developed a framework for the establishment of LEIs. This was never implemented.

NAGLEI drew on the experience of the many OECD countries which have developed LEIs as a response to regional unemployment. They have encompassed a wide variety of activities, including self-managed companies, self-employment ventures, companies created for or by the unemployed, community businesses, collectives, self-help networks, producer cooperatives and local social and economic development efforts. NAGLEI suggested that it is unhelpful to develop a typology of LEIs that is too narrow or definitive. LEIs generally are indigenous responses which develop in particular circumstances and in response to particular opportunities, and which therefore defy replication in other regions.

The OECD has listed six benefits of LEIs for society and governments. They are:

- ☐ LEIs help to create additional demand and supply with minimal substitution effects on existing demand and supply patterns
- ☐ by developing as viable businesses which form part of the regular small business sector, LEIs avoid the risk of marginalisation and the emergence of a dual economy based on differing standards of efficiency and terms of work.
- ☐ LEIs have the potential to produce investment and employment results with small inflationary effects and relatively low requirements for capital and energy.
- ☐ LEIs can present to government a low-cost investment in human resources through their role in training, and the development of entrepreneurial and technical skills.
- ☐ LEIs have relatively modest requirements for additional expenditure and are self financing in the medium term.
- ☐ LEIs provide models for others of how new enterprises and jobs can be created in communities with severe structural problems and low morale.

The NAGLEI developed a number of principles to guide public sector support for LEIs in Australia.

Firstly, policies to support and facilitate the development of LEIs should complement broader policy in the areas of labour markets, industry, and affirmative action. Wages should be paid on the basis of existing industrial awards.

Secondly, LEIs should aim to be self-supporting in the long term, ie, to maintain their level of employment independent of recurrent financial assistance. The withdrawal of financial support should be geared to the LEI's stage of development. LEIs should still be able to access other forms of financial assistance or labour market programs normally available within the industry.

Thirdly, the LEI should be able to operate under the form of ownership deemed most appropriate by participants. However, where significant public funds are involved, preference in funding should be directed to those forms of ownership conducive to preserving the jobs created, ie those under which the jobs are considered as a community asset.

Emphasis should be given, as far as possible, to the production of products and services where current demand is not being met, or where no activity is taking place. Competition with existing enterprises should be discouraged.

Finally, ongoing support for intermediary, facilitating organisations may be warranted, and these organisations should operate as non-profit incorporated bodies. NAGLEI identified an important role for intermediary organisations in promoting innovative approaches to employment generation, providing management advice, financial assessment, direct marketing support, training, identification of market opportunities and planning, assistance with feasibility studies and market research, acting as brokers for other services and resources from range of public and private organisations including private sector finance, kick-starting initiatives in depressed communities, and providing specialist assistance to the formation of particular types of enterprises such as cooperatives and community businesses. Intermediary organisations

may take a wide variety of forms, but generally are controlled at a local or regional level, have strong relationships with local communities, and are willing to support employment generating enterprises over a considerable period of time.

NAGLEI identified important roles for large businesses and unions in the development of LEIs where corporate rationalisations are leading to the rundown of local economies and the shedding of existing labour forces. It cites the example of the South Coast Employment Development Project in the Illawarra district of NSW, which draws on the support of the metal industry unions and BHP. The Project involves sophisticated local level analysis and planning, together with project design and initiation within industry sectors which have a neat fit with the skill base and economic base of the region. Local government also has a role as a catalyst and supporter of LEIs.

NAGLEI proposed that financing arrangements for LEIs be based on a mixture of finance from credit cooperatives, local savings schemes, public sector loan and venture finance, and capitalisation of core funds charged with a duty of leveraging in substantial institutional finance either through joint venture or guarantee activity.

NAGLEI proposed that national action in support of LEIs would initially involve strengthening existing initiatives, making more effective use of existing resources and securing more effective cooperation between responsible departments.

While the expansion of Local Employment Initiatives would not have a significant impact on the total number of people unemployed, it would certainly have positive benefits for many regions with little likelihood of employment growth. YANQ believes that the NAGLEI framework should be adopted as the basis of a national strategy for the development of Local Employment Initiatives.

#### **4. THE ROLE OF INDUSTRY POLICY**

YANQ is concerned that the Green Paper ascribes a very limited role to industry policy, viz. the removal of impediments to growth and the correction of areas of market failure. YANQ believes that an active industry policy is required to ensure that investment flows into areas that are productive. A higher level of businesses investment in productive capital is a pre-requisite for economic growth and employment creation. The eighties saw high levels of non-productive investment in property and corporate take-overs, often funded by foreign borrowings, which contributed to the nation's current account crisis. In the absence of measures to encourage productive investment, YANQ is concerned that the nineties will see a repeat of these investment practices, resulting in further current account problems.

YANQ believes industry policy should play an active role in promoting development in those areas where there are opportunities to create jobs, boost exports and replace imports. Industry development plans should be negotiated with business and employer groups and with trade unions. In October 1993 the Industry Minister announced the development of Industry sector plans to cover thirteen industries. It is concerning that these proposals appear to be under threat in recent times. YANQ does not concur with the Green Paper that these measures are increasingly becoming unnecessary because companies are gaining the confidence to stand on their own feet without government intervention. There are many emerging areas of industry in Australia which could benefit from the type of tri-partite planning conducted in the early eighties in Australia, and which has been employed in a number of OECD countries for many years. YANQ notes the success of many Asian countries in promoting long-term growth through the use of an active industry policy. For example the Ministry of Trade and Industry (MITI) has played a key role in directing investment to projects which maximise long-term competitiveness rather than short-term profit.

The Federal government has announced a number of initiatives in the last twelve months to ensure that the environment is conducive to productive investment. The effectiveness of these measures, which provide significant tax breaks to business, should be monitored. Tax reform is necessary to reduce existing biases against saving and productive investment. In particular, incentives for investment in dwellings, such as negative gearing, and exemption from capital gains tax for owner-occupied dwellings should be removed.

Australia's level of domestic savings must be boosted so that investment may be funded without resorting to foreign borrowings. The FitzGerald Report on National Savings recommends that national savings need to increase by 4% of GDP over the next five years. A pre-requisite for achieving this goal, according to

FitzGerald, will be the reduction of public sector debt. He identifies reduced levels of taxation, as opposed to increased expenditure, as the cause of growing public debt. He proposes increases in a number of indirect taxes to boost State and Federal government revenue bases, including a higher concessional sales tax rate and petrol/energy taxes, and the re-introduction of death duties.

Another option for financing investment from domestic savings is proposed by 'Australia Reconstructed', the report of the ACTU's 1987 European Mission. The report suggests the establishment of a National Development Fund to provide equity capital and loans for housing and industry, and focussing particularly on investment in import replacement, export expansion and industry modernisation. The capital for the NDF would be accumulated by requiring superannuation funds to make up to 20% of their future income available to the NDF. Since these funds were created by public mandate it is appropriate that they be guided into investments that have a high social return to Australia (Dowrick, 1994)

The Caucus Employment Task Force has proposed that government purchasing policy be reviewed to maximise consumption of Australian products. They suggest that the onus be placed on government purchasing officers to justify why decisions not to purchase Australian are made, and that a Parliamentary Committee be established to conduct random audits of government purchasing decisions. They also supported an MTIA recommendation that an Australian industry capability data base be established. YANQ believes that these measures should be implemented to ensure that government purchasing is consistent with the goals of Industry policy.

Winderlich (1991 p.66) describes a number of other measures which could assist local industry to increase its efficiency and increase its capacity to compete internationally. They include

- ☐ better liaison between business and education and research institutions to turn new ideas into new products
- ☐ programs to accelerate the adoption and utilisation of advanced manufacturing technologies
- ☐ an enhanced network of industrial supply offices to replace imports
- ☐ a national trade development strategy which emphasises the Asia-Pacific region and facilitates industrial developments, which in turn improve our balance of payments and focus on services as well as goods
- ☐ solving the conflict between environmental protection and industry development, to enable downstream processing projects which add value to resources.

YANQ believes that a pause in the reduction of Tariffs is justified in the short-term. The further exposure of Australian business to international competition (which is often subsidised by foreign governments) cannot be justified in the current context of high unemployment.

Industry policy should be sensitive to the needs of small business. According to a report by the Institute of Applied Economics and Social Research employment in firms with fewer than 20 employees rose by 10% between early 1991 and August 1992. Over the same period employment in large firms fell. In Queensland, 93.3% of business employ fewer than 20 staff. This has largely been a result of the contracting out of services by large businesses to small, specialised companies, and growth in small, home-servicing companies and other small franchises. Small businesses employ half of the state's workforce, with this proportion expected to grow.

## **5. YOUTH INCOMES**

YANQ is disappointed that the Green Paper ignores the issue of young people's incomes. The levels of payment available to young people, whether working or unemployed, leave many below the poverty line. Furthermore, the long waiting periods associated with Job Search and Newstart Allowances mean that many young people have no income at all for long periods of time. Poverty acts as a barrier to young people's



employment, rendering income support arrangements counter-productive. YANQ believes that urgent reform of the award and income support systems is required.

### **5.1 Wages for Young People**

Australia is a signatory to the United Nations Covenant on Economic, Social and Political Rights. Article 7 of the Covenant states that:

*The State Parties to the present Covenant recognise the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular:*

*(a) Remuneration which provides all workers, as a minimum with:*

- (i) Fair wages and equal remuneration for work of equal value without distinction of any kind...*
- (ii) A decent living for themselves and their families...*

Despite Australia's ratification of this Covenant, industrial awards in Australia usually contain specific provisions which allow employers to pay young people less than adults, regardless of the value of the young person's work. Young people aged up to 17 years of age receive, on average, 56% of the adult award rate. The average for 18 to 20 year olds is 82% (Department of Social Security, 1993). Evidence provided by the ACTU in 1989 showed that 40% of full-time young workers under the age of 21 receive incomes below the poverty line, and more than 90% of full-time young workers are in the bottom quarter of incomes in Australia. These young people are clearly being denied their economic rights.

The justifications for paying young people lower wages than adults are essentially based on three assumptions:

*(1) That wages paid to young people are too high and this leads to youth unemployment.*

The Senate Standing Committee on Employment, Education and Training has found little link between youth unemployment and levels of youth wages (1992). Evidence presented to the Committee showed that in the period 1976- 1993, when youth earnings were declining, youth unemployment was on the rise. Youth wages are now 5% lower in real terms than a decade ago.

As has been argued above, youth unemployment can be attributed to changes in the nature of the workforce, viz. the replacement of basic entry level jobs with part-time and casual employment arrangements, and increased competition from experienced and trained adult workers.

*(2) That young people face lower living costs than adults.*

This assumption is based on the historical view that young people do not have dependants and receive support from parents. This view must now be questioned. Many young people make contributions to their family for living expenses. In cases where one or both parents are unemployed this contribution may be vital to the household's finances. Young people living away from home have similar living costs to those of adults (Cass, 1988).

The Senate Standing Committee on Employment, Education and Training (1992) considered that a figure of \$200 per week was an accurate estimate of the living costs of young unemployed people.

*(3) That young people are not as productive as adult workers.*

The view that young people provide less valuable work than adults is questionable. Windschuttle (1981, quoted in Pitman, 1983) suggested that the physical work performed by an 18 year old could have a higher value than the work of a 50 year old, yet the latter would almost certainly be paid a higher wage.

The Federal Government, employers and unions have adopted a framework for moving towards a competency-based, as opposed to age-based award system. YANQ fully supports these efforts.

The Carmichael Report developed the concept of a training wage as part of its Australian Vocational Certificate Training System. The levels adopted for Career Start Traineeships are \$125 per week for young people under 18, and \$150 per week for those aged 18 to 21. Where salaries paid by employers do not reach this level, the Federal Government will pay an allowance to top-up the trainee's wage to this minimum levels.

While the general principle of linking employment and training may have some positive outcomes for young people, the proposed levels of remuneration are far below the poverty line. Subsidies paid to young people



while they are receiving off-the-job training must be sufficient to enable a dignified standard of living. There is no justification for paying young people less than adults.

The Senate Standing Committee on Employment, Education and Training noted that with the gradual move towards enterprise bargaining, young people will find themselves much more closely involved in negotiating their employment conditions than was previously the case (1992,p.26). Young people will be particularly vulnerable to exploitation in a highly competitive labour market. YANQ believes there is continued role for unions in the negotiation of enterprise agreements. Unions have a responsibility to educate and support young people in negotiating the new industrial relations environment.

Many young people are not aware of their rights as workers. Even those who are may be reluctant to follow-up complaints regarding employers who do not fulfil their legal obligations. YANQ believes that young people should have access to advocates to assist them in redressing breaches of their rights. Both unions and government have a role in providing advocacy services. YANQ notes with interest the existence of the "Job Watch" centre, funded by the Victorian State Government. The centre acts as an independent 'watchdog' to protect people from job and training course rip-offs. Similar organisations should be an integral part of the industrial relations system.

Rising unemployment has forced many young people into the unregulated labour workforce, where they are employed as couriers, pamphlet deliverers, commission based sales people, and outworkers. Often these workers are totally unaware of their rights, leaving them particularly open to exploitation. YANQ supports the recommendation of the Senate Standing Committee referred to above, that the issue of exploitative employment practices be referred to the Council of Ministers for Industrial Relations.

## **5.2 Income Support for Young People**

The youth sector has consistently argued that the current income support arrangements provide totally inadequate support for young people, particularly those under 18 years of age. Since 1983, income support for this group fell by an average of 20%. A number of changes to programs have occurred over the last ten years, generally aimed at tightening eligibility for support, increasing dependency on parents, and ensuring young people are gainfully occupied, consistent with the Federal Government's Active Employment Strategy. This Strategy is based on the assumption that unemployed people's job search techniques can be improved, and that there are jobs out there waiting to be found. The system has become increasingly exclusionary, punitive and intrusive, rather than providing a system which is accessible and based on needs. These changes have been based on unsubstantiated assumptions about the motivation of young people and the health of the labour market. These assumptions include:

*(1) That jobs actually exist for everybody if unemployed young people search hard enough.*

The collapse in the full-time labour market for young people, discussed earlier in this document, means that jobs aren't there no matter how hard young people look. While the current high levels of unemployment appear to have mellowed community perceptions of the unemployed, it can be expected that this 'blame the victim' response will resurface when job growth occurs. Governments have a responsibility to counter prejudice by clearly articulating the difficulties confronted by young people in the labour market.

*(2) That providing an adequate income support payment would greatly diminish the incentive to find work or to participate in education and training.*

Increasing numbers of young people are effectively closed out of participation in employment, and in some cases, even employment and training. The relevance of arguments regarding incentives and disincentives must be questioned in these circumstances.

It is a fallacy that large numbers of young people choose to be unemployed. Hartley notes

*There is no research evidence to suggest that the great majority of young people who have been unemployed for any length of time would not prefer to be earning.*

This is not surprising given that for most people, paid employment represents not only their means of financial survival, but also a way of securing a meaningful and respected role in social and community structures.

*(3) That unemployment is a brief, rather than prolonged experience.*

The average length of time a young person is unemployed has increased from 2.9 weeks in 1966 to 25.1 weeks in 1991. A national longitudinal survey of young people's participation in the labour market found that a third of young people unemployed in 1985 were still unemployed in 1988. It also found that 53% of the long-term unemployed had never held a job.

Many young people experience frequent bouts of unemployment interspersed with periods of temporary or casual work. This makes it difficult for them to establish themselves in a secure, stable and independent situation.

*(4) That young people under the age of 21 have lower living costs and receive substantial material support from their parents.*

As discussed previously, this assumption is clearly not justified. Material support from families is not available to many young people who are either studying or unemployed. In fact many young people make contributions to the family budget from their meagre payments. The extent of parental support is governed by the income levels of the parents and the relationship between the young person and her/his family.

As Cass (1988) has noted, we have an income support system where young people:

*...receive junior or intermediate levels of payment but do not pay junior or intermediate levels of rent or reduced prices for food and clothing and the cost of job search can be equivalent to the cost experienced by adult job seekers.*

The Senate Standing Committee on Employment, Education and Training (1992) recommended that income support should be increased to a level commensurate with the revised Henderson Poverty Line in the first instance. The Committee estimated that \$200 per week is likely to be a reasonably accurate estimate of the living costs of young people (p 143).

Particular criticisms have been levelled at the adequacy and accessibility of the Young Homeless Allowance. Guidelines for both YHA and the Austudy Student Homeless Allowance are so complex, rigid and discriminatory that they place some young people in situations which would be considered intolerable for other groups (who coincidentally are able to vote). For example, young people not being supported by their parents and who are not allowed to live at home under any circumstances are not automatically eligible for Student Homeless Allowance unless they can prove it is due to sexual abuse, domestic violence, serious family breakdown or other exceptional circumstances. 'Proof' requires the provision of two written statements supporting the young person's claim and, if there is any doubt, an interview with the parents to clarify details.

The level of payment available to young homeless people is inadequate, being \$68 per fortnight less than the adult rate of Job Search Allowance and \$111 less than the before-housing Henderson Poverty Line. YANQ concurs with the recommendation of the Burdekin Inquiry that the total benefits paid to young homeless people should be equivalent to the adult rate of benefits. The Young Homeless Allowance is currently the subject of a House of Representatives review. YANQ will raise these issues further in that forum.

A number of reforms are urgently required to reform the income support systems for young people. Firstly a two-tier payment system should replace the current three tier system. Those 18 and over should be paid at the appropriate adult level. Those under 18 would then be paid at the intermediate rate currently payable to those aged between 18 and 20. Eligibility for payments should commence at 15.

Waiting periods for all allowances and benefits should be removed. Every effort should be made to ensure that a young person does not fall into poverty when they commence or leave study, become unemployed or lose support from their parents. Of particular urgency is the removal of the waiting period for those under 21 who leave full-time education.

The Active Employment Strategy has the aim of linking job search activity to income support. It involves a number of procedures and contractual obligations which are excessively punitive and regressive in nature. The activity test reinforces the notion that unemployment is fundamentally a problem of individuals rather than a problem due to the changing structure of the labour market and the economy as a whole. An immediate relaxation of the activity test should be a priority. It should not be applied at all in isolated communities with few employment opportunities.

There are glaring inconsistencies between payments under Job Search Allowance and Austudy. Young people receiving JSA/Newstart are eligible for rent assistance, while those receiving Austudy are not. Also the age of independence is 21 under DSS while for Austudy it is 24. These inconsistencies are illogical and against and should be removed immediately.

Austudy operates on the assumption that students will complete their courses in the minimum time. The change from time-based to competency based vocational training will necessitate a more flexible approach to cater for self-paced learning.

YANQ supports increased flexibility in income support arrangements. The general thrust of the Green Paper's proposals, which involve the easing of the income test and the provision of a Parenting Allowance will benefit many young people.

The current system should be overhauled to make it less punitive and more accessible to young people, especially disadvantaged young people. The DSS Mobile Review Teams should be re-deployed as Mobile Assistance Teams.

The youth sector has nominated a number of other changes which should be made to develop an integrated income support system for young people. These include:

- 1. the integration of Austudy and Social Security entitlements into one system of income support.*
- 2. the removal of age based criteria for all payments.*
- 3. the abolition of parental means-testing for all entitlements.*
- 4. the increase of all allowable income thresholds, and*
- 5. the removal of excessive scrutiny and the more punitive elements of the present system. (A Living Income, p 40)*

## **6. LABOUR MARKET PROGRAMS**

YANQ concurs with the Committee's analysis of the value of labour market programs. Labour market programs play a vital role in providing pathways for the long-term unemployed and for disadvantaged groups into employment, by providing opportunities to upgrade or re-orient their skills and to gain recent work experience.

YANQ believes there are some problems with the current provision of labour market programs. Firstly, there simply aren't enough places for all of the long-term unemployed. The fact that only sufficient places for 36% of the long-term unemployed were available in 1992-93 is unacceptable. The number of places must be expanded. YANQ notes that DEET projections show a decrease in funding for labour market programs in 1994/95. In the current climate this decrease cannot be justified.

Secondly, most labour market programs are short-term in nature and there is little articulation to further training or employment support options. YANQ believes there should be a greater focus on long-term, accredited training, with counselling and information on pathways provided toward the end of programs. In making this recommendation, YANQ notes that there will continue to be a need for community-based pre-vocational training courses to provide re-entry points to the vocational training system, particularly for those for whom institutional training is inappropriate.

Thirdly, there is little capacity for labour market programs to provide support for long-term unemployed people once they have obtained employment. Consequently, many of these people lose their jobs after a short period of employment. Providers of labour market programs must be sufficiently resourced to enable effective post-employment follow-up to occur.

Remuneration of participants in labour market programs should be at a level which recognises the significant costs incurred. Travel and clothing costs can mean that some participants are worse off while engaged in programs. Young people are currently not eligible for the \$20-\$30 allowance available to adults receiving the Formal Training Allowance to offset the costs of training. Entitlement to the training component of FTA should be extended to all people undertaking short-term training.

For labour market programs to be effective, radical reform of the Commonwealth Employment Service is required. The adoption of a localised, case management approach to deal with the long-term unemployed and the disadvantaged will better meet the needs of clients and of local industry. YANQ believes the proposed reforms of the CES will only be as effective as the level of funding provided to the service to recruit and equip staff with the necessary skills. The level of staffing must be increased to allow case managers to deal with a reasonable numbers of clients.

### **6.1 The Job Compact**

The Job Compact proposal represents a positive initiative to deal with the issue of long-term unemployment. It will ensure that some long-term unemployed people will receive relatively sustained periods of work experience which will assist them in accessing employment.

However, while it forms part of a comprehensive response to unemployment, it is not a complete response. YANQ has a number of concerns with the Job Compact proposals.

Firstly, the Compact, on the scale proposed by the Green Paper, is too modest. At least twice the proposed number of places are required. It is not acceptable that the program will initially assist only one quarter of the long-term unemployed. Under the Committee's recommendations some unemployed people will be required to wait a further three years before they will become eligible for the Compact.

Secondly, YANQ is concerned that the Compact proposal effectively redefines the long-term unemployed as those who have been out of work for 18 months or more, as opposed to the twelve months currently used. The Job Compact should come into effect earlier, to prevent people becoming very long-term unemployed while waiting for the Compact to take effect.

Thirdly, YANQ rejects the notion that the long-term unemployed should be expected to accept less-than-award wages for the period of guaranteed employment, as a cost cutting measure. It would be preferable to increase the cost of the program and to ensure that this is shared equitably across the community, with those most able to afford it paying more through a progressive jobs levy. The long-term unemployed are not responsible for the high levels of unemployment. They cannot be expected to bear an inequitable share of its costs.

Fourthly, YANQ does not believe that it is appropriate to move up to 30 000 people from Newstart Allowance to Special Benefit as proposed by the Green Paper. Although the Paper suggests that these people would continue to be eligible for labour market programs, it is unlikely that DEET staff will prioritise them for programs, given the current undersupply of spaces. YANQ is concerned that the proposal may result in a group of people who are permanently excluded from labour force participation. However, it may be appropriate to suspend the activity test for some groups of people while retaining them on Job Search Allowance or Newstart Allowance. For example, YANQ believes that young people in isolated communities where there is little prospect of job growth should be excluded from activity test requirements.

Fifthly, the proposal does not acknowledge those groups who are doubly disadvantaged, such as those of Aboriginal and Torres Strait Islander descent, or people with a disability, or those over 50 years of age, young people or the geographically disadvantaged. Without further action to deal with these specific forms of disadvantage, it is unlikely that the Jobs Compact will be very successful for these groups.

YANQ is concerned at the degree of emphasis placed on the notion of reciprocal obligation. YANQ, while supporting the notion of an active labour market strategy, rejects the degree of compulsion suggested by the Green Paper. Australia has obligations under the International Covenant on Economic, Social and Cultural Rights, which defends the right of everyone to "gain their living by work which they freely choose or accept." This is clearly at odds with the Compact proposal. The concept of 'reasonable offer of work', used in the Green Paper, needs to be more clearly defined.

YANQ also rejects the Green Paper's assertion that the activity test should be more strenuously applied. Given that, under the proposal, the Government would not guarantee work for everybody until they have been three years unemployed, in the first instance, it is ludicrous to suggest that the obligation on the unemployed to comply with the activity test should increase in the short-term.

Finally, YANQ is concerned that those who have benefited from the Job Compact revert to the status of newly unemployed. This effectively places further assistance at least another twelve months away. People

should retain their eligibility for labour market program assistance after a period of work experience under the Jobs Compact.

## 7. PAYING FOR JOB CREATION AND LABOUR MARKET PROGRAMS

A number of options have been canvassed for paying for the job creation and labour market programs necessary to reduce unemployment significantly. The most widely discussed is the option of a short-term job levy. ACOSS has proposed a progressive levy, with people earning more than \$50 000 paying 5% while those earning less than the medicare levy threshold of \$12 688 would pay nothing. The levy would be reviewed after five years. A levy of this sort would raise up to \$4 billion. The Federal Government's response to the jobs levy proposal has been cool, but it has few options if it is to adequately fund job creation, industry policy and infrastructure projects, while reducing the budget deficit. It is unlikely that increased tax revenue flowing from economic growth will be sufficient to fund all of these goals, particularly after the first year. YANQ believes the Jobs Levy to be the most effective and equitable means of funding employment development.

Government revenue is now the lowest in the OECD with the exception of Turkey. Even if it raised its tax revenue by half it would still not be above the OECD average. There is clearly room for increases in both direct and indirect taxes to finance measures to reduce unemployment. Forms of progressive taxation which could fund job creation include capital gains tax on housing transactions at the top end of the market, and the abolition of negative gearing on the private rental market. These measures would also remove existing biases in favour of non-productive investment.

Quiggan (1994) has proposed that defence spending could effectively be reduced to fund job creation. Australia spends approximately \$10 billion/year on defence, of which only about \$4 billion is spent on personnel. This is far in excess of Australia's reasonable defence needs. For example, it is larger than China's military budget. Quiggan quotes Professor Paul Dibbs:

*Australia is one of the most secure countries in the world. it does not have any land borders with adjacent countries, nor does it have any heavily armed neighbours. The countries in Australia's area of direct military interest (Indonesia, Papua New Guinea, the islands of the South West Pacific and New Zealand) are basically friendly and have no issues of territorial or military contention with Australia. These circumstances are unlikely to change quickly.*

Quiggan suggests that the reduction of military spending would reduce the current account deficit (by reducing imports of arms) while creating few job losses.

## CONCLUSION

The Green Paper provides a detailed analysis of the Australian labour market, and proposes some useful measures for beginning the enormous task of restoring full employment. Perhaps the Paper's most important contribution to the current debate is the recognition that the problem of long-term unemployed will not be addressed by market forces. It acknowledges that specific government action is required to get the unemployed, and particularly the long-term unemployed, back to work.

However, the Paper's proposals are too modest, and fail to address multiple disadvantage.

Specific strategic action is required to ensure that young people are able to share in the benefits of employment growth. Young people must have access to training to improve their work skills, and this training must articulate with opportunities to put skills into practice. Work performed by young people must be paid according to the value of that work, rather than on the basis of age. Young people, whether working or unemployed, have a right to a living income.

Young people want to work. It is time that the rhetoric about youth employment was matched by the resources to ensure that young people are able to find and retain secure and satisfying jobs.

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