

**THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA**

**REPORT OF THE INQUIRY INTO  
THE WORKFORCE OF THE FUTURE**

**REPORT BY THE HOUSE OF REPRESENTATIVES  
STANDING COMMITTEE FOR LONG TERM STRATEGIES**

**June 1995  
Canberra**

**Australian Government Publishing Service  
Canberra**

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ISBN 0 644 45195 5

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# INQUIRY INTO THE WORKFORCE OF THE FUTURE

## TERMS OF REFERENCE

The Standing Committee for Long Term Strategies is inquiring into the factors shaping the workforce of the future and the implications of possible changes in the nature of work. Taking account of historical and projected trends and the importance of fairness and equity, the Committee is examining:

- a. the likely impact on the workforce of changes in the population structure, the nature of economic activity, and changing technologies;
- b. the probable requirements of employers, the likely structure of the workforce, future occupational prospects and the need to facilitate greater flexibility and movement in the workforce;
- c. the growth and contraction of employment sectors, including the prospects for growth in services and information-based employment;
- d. future skill requirements, the capacity of the existing knowledge base to meet future needs, implications for education and training policies and implications for the unskilled;
- e. the social implications of the changing nature of work and employment, including the implications of the changing nature of the interaction between family life and work;
- f. the changing aspirations and expectations of the Australian community, the need to change attitudes to work and employment and to find new ways of measuring the value of time use;
- g. the stress on individuals in adapting to workplace changes, and the pressures on young people; and
- h. possible changes in the length of working life, and the class, gender, ethnic and regional (including the attitude of urban Australia to the regions) implications of the availability of work.

1. The first part of the document is a list of names and titles, including "The Hon. Mr. Justice G. D. C. O'Connell, Chief Justice of the Supreme Court of the State of New South Wales."

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## FOREWORD

The House of Representatives Committee for Long Term Strategies, established in June 1990 to inquire into matters either social, cultural, economic or structural, relating to the strength or well being of Australia, resolved to hold an inquiry into the Workforce of the Future.

The Committee's inquiry into the workforce of the future has reviewed demographic and labour market trends over the past decade to draw attention to future challenges and possibilities. The inquiry has attempted to do this by adopting an independently critical perspective towards current policy initiatives affecting the workforce.

Terms of Reference of the inquiry were advertised on 18 September 1993 and the Committee received 60 submissions. Two workshops were held to obtain further evidence, the first on 15 March 1994 and the second on 3 March 1995. The workshops were attended by a total of 33 participants from government agencies, academia, business and community organisations and the union movement. In addition 3 witnesses were examined at a public hearing in Canberra, and a briefing session was held at IBIS Business Information Pty Ltd, in Melbourne.

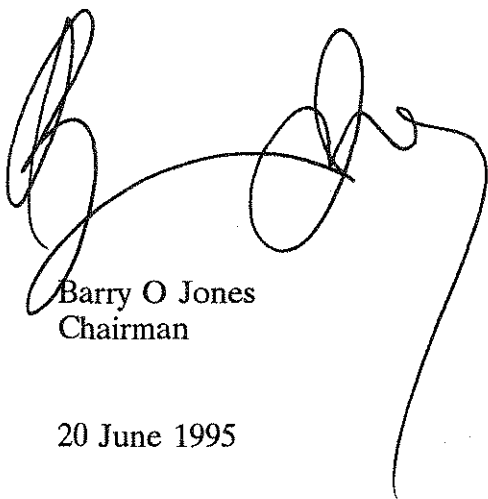
The Committee was given much evidence regarding the direction of workforce and demographic trends which have become apparent, particularly over the last decade, and which will continue to determine the patterns of working life for Australians into the next century.

It is clear that changing patterns of family formation, the changing role and expectations of women, and long term demographic change, including the ageing of the population and continued high rates of immigration, have resulted in simultaneous high participation and unemployment rates in Australia.

Structural changes in the economy which are seeing Australia transformed into a 'post-industrial' society have exacerbated these trends, resulting in dislocation in regional areas and in parts of the States' capitals as workers are forced out of the declining manufacturing, primary industry and infrastructure sectors into the information and service sectors of the economy.

However, when opportunities in one sector contract, they may create employment possibilities in another. If domestic 'service' tasks are no longer performed in the home, for example, they may be bought from a range of small business providers, by outsourcing.

Governments must recognise the trends which are transforming society and the workforce, and respond in ways which assist people to make the necessary transitions, and which do not hinder the process of structural adjustment.

A large, stylized handwritten signature in black ink, consisting of several loops and a long trailing line that extends downwards and to the right.

Barry O Jones  
Chairman

20 June 1995



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## RECOMMENDATIONS

- 1.21 Recognising that outsourcing will be a major contribution to employment, the Committee recommends the Government examine measures which may facilitate tendencies to outsource work from the home, government administration and industry (including primary industry).
- 2.31 The Committee recommends that the Government take note of Australia's significant lack of an 'inventory' of internationally recognised brand names, especially in consumer goods, the result of foreign ownership of key industrial sectors (motor vehicles, computers, electronics, chemicals) and a failure by Australian industry to take up new challenges, e.g. with CSIRO's 'gene shears' and that it provide resources to create an 'inventory' of high value added products.
- 2.35 The Committee acknowledges the increasing importance of service employment to the future economic development of the nation and recommends that a continuing policy emphasis be placed on the co-ordination of Government Programs, to enhance the training of the workforce in the sector, and the further development of its export potential.
- 4.5 The Committee recommends that the Government adopt a National Information Policy (as proposed in its report *Australia as an Information Society: Grasping New Paradigms*, 1991) which sets out the social, economic and cultural implications of the Information Revolution, especially the possibility that an increased division between the 'information rich' and the 'information poor' will have a serious impact on underskilled individuals, groups and regions in Australia.
- 5.40 The Committee recommends the setting up of a peak body for TAFE, analogous to the Australian Vice Chancellors' Committee (AVCC) to assist in co-ordination of TAFE resources and in medium to long term planning.

- 5.56 The Committee recommends that the Government provide a rapid and comprehensive response to the Karpin Report.
- 5.78 The Committee recommends that the Government request the Australian Bureau of Statistics to review the appropriateness of their existing data collection methodology in consultation with relevant industry sectors indicating the significance of 'information' and domestic/quasi-domestic service employment.
- 6.25 The Committee recommends that the concept of mandatory retirement (with its implications of 'statutory senility' and that people age uniformly) be abolished, but that voluntary retirement for both males and females should be possible without reference to gender differentiation.
- 7.42 The Committee recommends that policies be developed to recognise the significance of the 'third aged', to assist them to maintain their independence outside institutions as long as possible, and to promote the contribution of volunteers.
- 7.61 The Committee recommends that the Government investigate ways to enable workers to be able to phase down working hours before retirement without loss of superannuation benefits.

## INTRODUCTION

1.1 The Committee has conducted its inquiry into the Workforce of the Future to attempt to explain the likely directions of changes to work and the workforce over the next fifty years, partly by trying to interpret the changes of the last fifty years.

1.2 Surveys by the Department of Employment, Education and Training, the Department of Industrial Relations, the Department of Industry, Science and Technology, the Australian Bureau of Statistics, and private research organisations such as Access Economics, Ibis Business Information, and the Committee for Economic Development of Australia (CEDA), have all attempted to explain the directions of economic and workforce change in Australia over the past decade.

1.3 These analyses, together with substantial evidence and background material submitted to the Committee over the last year, have helped to provide answers to some of the questions set out in the Introduction to this Report, and have, more importantly, enabled the Committee to achieve a long term perspective in its assessment of the opportunities and challenges which confront Australia's future workforce.

1.4 The changing role and social expectations of women, has led to greatly increased female participation in the workforce. Between 1973 and 1993, female labour force participation has increased from 41 to 51 per cent.<sup>1</sup> In the UK, the post 1945 definition of 'full employment' published in William Beveridge's famous *Full Employment in a Free Society*, presupposed the existence of a certain social context and family structure. One adult wage was deemed sufficient to support a family dependent upon a single breadwinner.

1.5 Unemployment is a culturally specific phenomenon. In Australia after World War II, Ben Chifley's White Paper *Full Employment* set the goal of employment for all able bodied male breadwinners between the ages of 15 and 65 years. Between 1946 and 1974, the average Australian unemployment rate, defined with reference to these social parameters, was 1.2 per cent. After 1974, significant changes to these parameters brought about the unprecedented phenomenon of simultaneously high employment and high unemployment. The Australian post World War II definition of full employment was based upon the expectation of one (male) breadwinner per

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<sup>1</sup> *Australian Social Trends 1994*, ABS catalogue No.4102.0, p. 106

household. At least 3 per cent unemployment is now regarded as a 'background' or 'natural' rate which allows for structural adjustments to the labour market to occur.

1.6 Over 90 per cent of the increased female participation in the workforce was in the part-time labour market. Another significant proportion of part-time workers are students between 15 and 24 years of age. Between 1982 and 1992, participation in full-time education increased from 25 to 38 per cent for this age group. At the same time, participation by young people in the full-time labour force declined from 61 to 48 per cent, while their participation in the part-time labour force increased from 11 to 21 per cent.<sup>2</sup>

1.7 The number of jobs created in Australia between 1973 and 1993 was 1.8 million or a growth in total employment of 32 per cent. However over a million of these jobs were part-time, representing an increase of 164 per cent in part-time employment over this period.<sup>3</sup>

### Changes in the composition of the Australian labour force.

1.8 Since 1974 the labour force in Australia - and most other OECD countries - has changed its composition and size dramatically. The total number in work has risen with population growth, while the participation rate (that is those aged 15 years or more in work, or actively seeking it) has stayed at close to its historic highpoint, 63.7 per cent. With the even more striking change in the male/female proportions in the labour force, many people who were traditionally *in* the labour force (notably unskilled males) are now *out* of it, while married women, historically *out* of it are now *in* it.

1.9 Significant increases in full-time education have changed the youth labour market beyond recognition. This partly explains the paradox of simultaneous high employment and high unemployment, which sounds like a contradiction in terms. The traditional labour market has changed as explained, different people are involved in different ways. Certainly a higher proportion of people are working than in the 'golden age of full employment,' although the increasing growth of part time work puts additional pressure on families, compensated only in part by elements of the

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<sup>2</sup> ABS, *Australian Social Trends 1994*, op.cit., p.106.

<sup>3</sup> *ibid.*, p.103.



'social wage'. This phenomenon has occurred in varying degrees in all OECD countries - at lower levels in Japan, the US and Germany, at the highest levels in France, Spain, Belgium, New Zealand, Australia and Ireland.

1.10 The composition of the Australian labour force has changed dramatically over the past two decades from a predominantly male, full-time work force relatively low skilled, and concentrated in the traditional manufacturing, infrastructure development, commerce, and transport industry sectors, to a workforce that is increasingly part-time, 58 per cent male and 42 per cent female, and where employment is concentrated in the service sector.

1.11 The services sector has greatly expanded and diversified, and there has been an increasing polarity between information or knowledge related employment requiring high skill levels, on the one hand, and personal, domestic, and hospitality services related employment requiring low skill levels, on the other.

### **What are people actually doing now?**

1.12 The revolution in the workplace may be illustrated by the numbers of people working with computers and telephones rather than with traditional tools. Apart from the obvious changes to work organisation brought about by the introduction of new technology, in office communications for example, far reaching technical innovations have been introduced in every area of work from manufacturing processes to transportation, warehousing and retailing, largely transforming the range of tasks performed.

1.13 Since 1974 the two fastest growing employment sectors in Australia have been: (i) information related employment and (ii) domestic and quasi-domestic work, including 'hospitality' and tourism. These developments have become difficult to trace in the existing statistical classifications of employment produced by the Department of Employment, Education and Training and the Australian Bureau of Statistics.

1.14 A recent survey by the Australian Bureau of Statistics (ABS) for example (Table 1), confirms the shift in employment between industry sectors away from the traditional areas of employment such as manufacturing (which at its height in 1965 employed 27.6 per cent of the work force), towards the service sector (which conventionally defined, employs 79 per cent of the labour force), and more particularly, towards the

information related areas of the service sector. In fact services represented the largest employment sector by the 1860's due to Australia's unusually high urbanisation in colonial times.

1.15 In the ABS table industry categories are the traditional ones and information related employment is largely hidden across a number of categories. In its Report *Australia as an Information Society: Grasping New Paradigms* (1991), this Committee noted the inadequacy of this form of industry classification which disguised the high proportion of information related occupations in the services sector.<sup>4</sup> This sector deserves classification on its own - 'quaternary' in OECD nomenclature - because the old 'tertiary' definition for undifferentiated services has now become virtually meaningless.

1.16 The Report detailed an OECD form of industry classification which included the additional 'Quaternary' or information sector. According to this analysis, information related employment amounted to 42.5 per cent in 1993. Categories included **information production** (including scientific, technical, creative and consultative services, market research services), **information processing** (including administrative and managerial services, clerical and financial services and process control and supervision),<sup>5</sup> **information distribution** (including education and communication services).<sup>5</sup>

1.17 In his 1991 book *The Work of Nations*, the current US Labour Secretary Robert Reich refines the categories of information related occupations into those requiring analytical and creative ability and those which do not. The more highly skilled information services are defined as 'symbolic-analytic' services and described as including:

all the problem-solving, -identifying, and brokering of many people who call themselves research scientists, design engineers, software engineers, civil engineers, biotechnology engineers, sound engineers, public relations executives, investment bankers, lawyers, real estate developers and...accountants. Symbolic analysts solve, identify, and broker problems by manipulating symbols.<sup>6</sup>

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<sup>4</sup> *Australia as an Information Society: Grasping New Paradigms*, Report of the House of Representatives Standing Committee for Long Term Strategies, May 1991, p. 5.

<sup>5</sup> *ibid.*, pp. 8-11.

<sup>6</sup> Reich, R B, *The Work of Nations*, New York 1991, pp. 177,178.

1.18 Alongside the information related employment discussed above, quasi-domestic and personal services were the fastest growing employment sectors in Australia since 1974. Employment in this sector has been generated as a result of continuing social change and is largely part-time, a replacement of unpaid domestic work, or caters to a spectrum of discretionary personal needs.

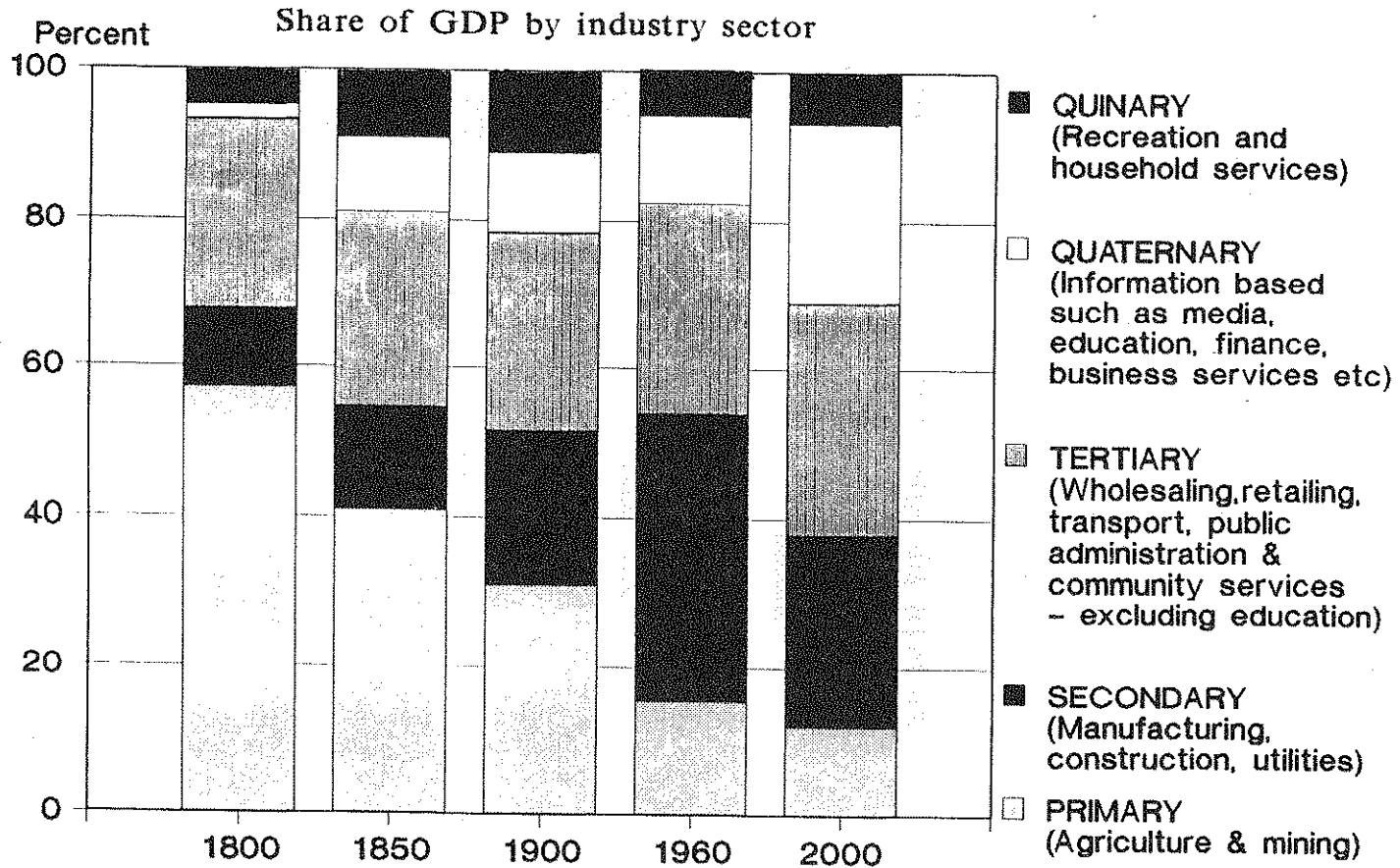
1.19 Despite the increasing proportion of part-time work and the increasing fragmentation of career structures across all industry sectors, the actual average number of hours worked during a full time working week have not substantially altered in Australia since 1947.

**Table 1: TRENDS IN EMPLOYMENT BY INDUSTRY**

Industry	Total employment	
	1973 '000	1993 '000
Agriculture, forestry fishing and hunting	426.1	407.2
Mining	69.5	90.0
Manufacturing	1 382.3	1 073.9
Electricity, gas and water	99.0	94.8
Construction	503.2	553.8
Wholesale and retail trade	1 187.1	1 589.7
Transport and storage	312.4	365.5
Communication	126.2	114.4
Finance, property and business services	401.3	853.1
Public administration and defence	228.0	389.7
Community services	692.4	1 477.6
Recreation, personal and other services	355.6	611.2
<b>Total</b>	<b>5 783.0</b>	<b>7 621.0</b>

From *Australian Social Trends 1994*, ABS cat. 4102.o, p.105

# Australian Industry 1800-2000

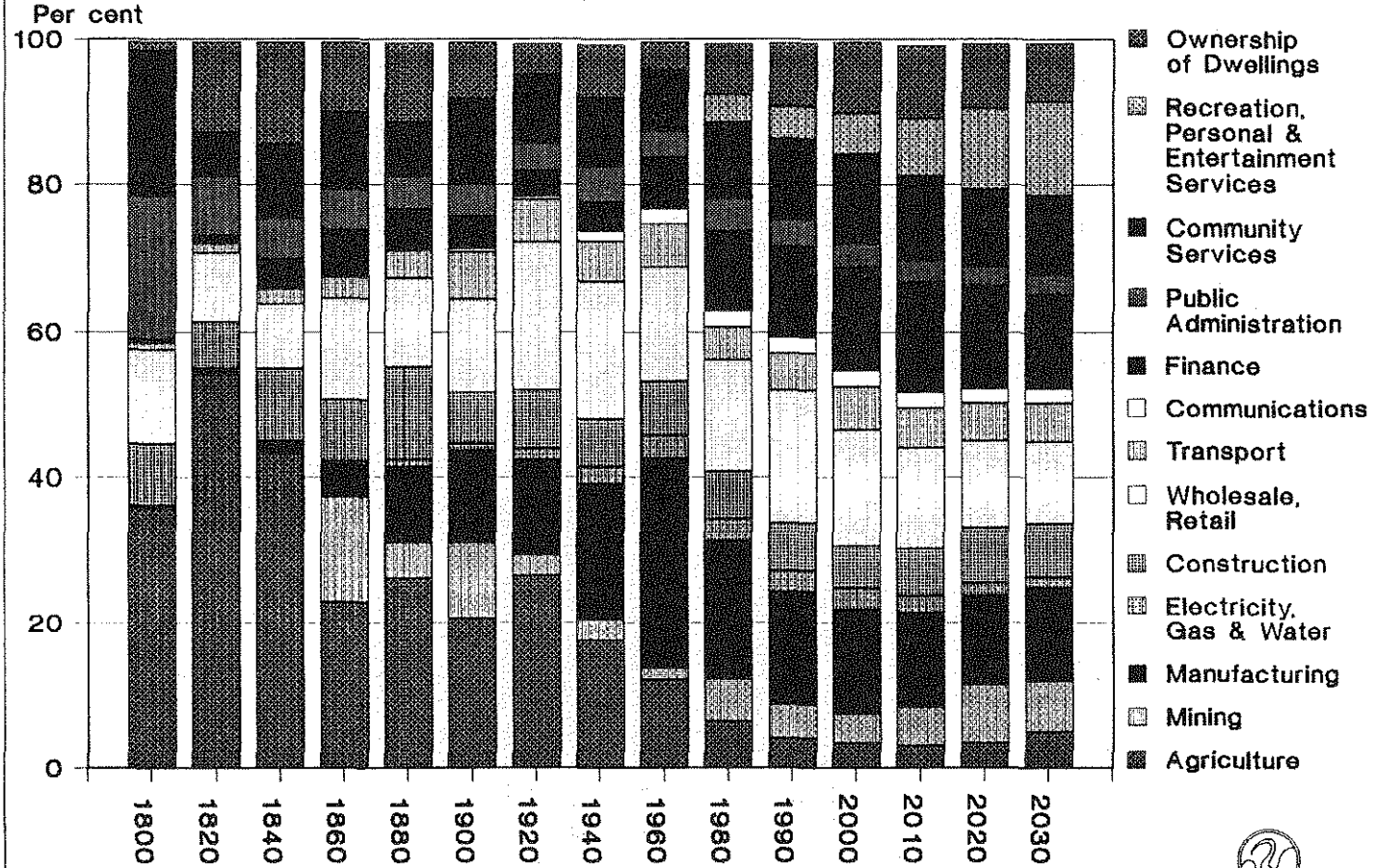


The changing importance of sectors in the Australian economy



# Australian Industry 1800-2030

Share of GDP by Industry Division



Sources: Butlin; ABS; IBIS estimates.



1.20 In evidence to the Committee, business analyst Phil Ruthven made the point that while (average, male) life expectancy had greatly increased since 1800 (from 38 to 78 years), and total years in paid work had also increased (from around 25 to around 50 years), the number of hours per week have greatly decreased from around 60 to around 30 hours per week. This has resulted in a greater amount of (unpaid) discretionary time being available to people today. He estimated that the number of paid hours worked per lifetime have not altered substantially over the past two hundred years and amount to about 80 000 hours with an average of 70 - 72 hours of paid and unpaid work per week being performed by both men and women (also unchanged since 1800). These working hours have been transformed as people live longer, but with a shorter working week.<sup>7</sup>

1.21 Of the total 70 to 72 hours of paid and unpaid work per person, 54 to 55 per cent is estimated to be unpaid domestic work, once almost exclusively done by women, now increasingly outsourced. Unpaid or informal work has also been substantially altered by the use of new technology such as telephones, computers, videos, CD players and the Internet. The use of these and related devices will soon absorb as much time as paid work of the lives of Australians, if this is not already the case.

### Recommendation

Recognising that outsourcing will be a major contribution to employment, the Committee recommends the Government examine measures which may facilitate tendencies to outsource work from the home, government administration and industry (including primary industry).

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<sup>7</sup> Ruthven, P, *Reflections on Work, Employment and Unemployment*, Ibis, May 1993, p.1.

## How are they doing it?

1.22 The trend towards the information and personal services sectors as the mainstream sources of employment in Australia has had important consequences for the labour market in the area of skills formation. There is relatively high demand for skilled and professional workers and relatively low demand for unskilled workers. Evidence from the Department of Employment, Education and Training (see Chapter 4) confirms this trend. Not only are skills essential, but the ability to *acquire new skills quickly* and adapt to rapidly changing conditions of work, are crucial attributes of today's workforce.

1.23 In this environment, Australia's existing vocational training and apprenticeship arrangements are seen to perpetuate the rigidities of the traditional craft system, highly specialised and difficult to access. Given the present pace of technological and process change in the workplace, skills now have to be acquired quickly by means of training programs tailored to particular competency requirements, supplemented by on-the-job training.

1.24 Across a wide variety of white collar occupations new computer technology has enabled workers to attempt a more creative or intellectually demanding range of tasks. This has emphasised a structural demarcation in clerical and professional employment between more highly skilled workers, and process related white collar workers. During the last decade, many full-time clerical jobs have been lost in the banking and finance sectors together with many similar jobs in the middle and lower management levels of large scale manufacturing firms and public utilities. The same process has occurred in the shift towards 'knowledge workers' across all industry sectors.

## Who is doing it?

1.25 The growth in demand for a skilled and flexible workforce over the last twenty years has occurred alongside social and demographic changes which have resulted in greatly increased female participation in the workforce (now 42 per cent), an ageing of the workforce (as teenagers stay in education longer and mature age women return to work), and an increase in the percentage of part-time workers. In 1973, according to ABS figures, only 12 per cent of workers were employed part time. By 1993 this had

doubled to 24 per cent.<sup>8</sup>

1.26 The high growth rate of the services sector of the economy, together with structural and workplace changes in many service occupations resulting from the relaxation of restrictions on trading hours, the introduction of split or 12 hour shifts, and the abolition of penalty rates, has resulted in substantial cost advantages for the employment of part-time labour. In 1993, 79 per cent of all part-time workers were employed in four out of twelve major industry groupings and all of these were service industries, namely; wholesale and retail trade (28 per cent), community services (26 per cent), recreation, personal and other services (14 per cent), and finance, property and business services (10 per cent).<sup>9</sup>

### **How are things likely to change?**

1.27 In evidence to the Committee on 16 March 1994, Phil Ruthven of Ibis Business Information outlined a series of already apparent structural and employment trends which he expected to continue to occur in Australia into the next century. In Ruthven's view, Australia as a post-industrial society has already reached the stage where wealth is created by intellectual property, and information technology and communications.

1.28 While in the industrial age, wealth was generated by the creation of tangible goods (such as household consumer durables), in the post-industrial age, wealth will be increasingly generated by the production and supply of household services. These household services will be supplied through small enterprises and organised through what Ruthven terms 'enterprise contractualism', or outsourcing and franchising.

1.29 In Australia since the 1960's social and demographic changes have altered patterns of consumption and the structure of households. When once the norm was for a household to consist of a husband in the paid workforce, a wife engaged in unpaid 'home duties,' and dependent children, Australian households are now far more diverse in structure and both men and women now more likely to be in full or part-time employment. Ruthven estimates that unpaid labour in the home currently represents an equivalent of about 4.5 million jobs, although if these were outsourced, inherent

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<sup>8</sup> ABS, *Australian Social Trends 1994*, p. 103.

<sup>9</sup> *ibid.*, pp. 103-4.



economies of scale would see this figure translate to about half this number.<sup>10</sup>

1.30 These social developments have brought far reaching changes to patterns of consumption which have resulted in new industries being created to fulfil a range of new demands for services. Demands for household services which are replacing those previously created in the home include cleaning, hot food preparation and delivery, maintenance, gardening, home tutoring, laundry, security and childminding services. Increasingly these functions are being 'outsourced' creating a wide range of small business and employment opportunities.

1.31 The diversification of personal services has been matched in the commercial and industrial sectors of the economy by the trends towards 'downsizing' and 'outsourcing' where larger firms contract out a variety of specialist functions to smaller firms rather than attempt to cover all aspects of the production process within a single complex organisation.

1.32 Australia is also increasingly earning export dollars through the post-industrial process of industrial specialisation and the diversification of services. Wealth is created by firms exporting educational, financial, legal, marketing, real estate, and management consultancy services.

1.33 In addition to the new service industries being created, Ruthven notes that the following established industry sectors will increase in importance as sources of wealth and employment for Australians. They include tourism, construction, mining, selected manufacturing, agriculture (including high value added horticultural exports), information and information technology and health.

### **Where are they doing it?**

1.34 A parallel development with the trend towards part-time work has been the replacement of high volume mass production manufacturing by specialist production units, and by the 'outsourcing' of tasks or services. Innovations in telecommunications and computer technology have allowed workers across a number of industry sectors to undertake tasks away from

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<sup>10</sup> Ruthven P, *Reflections on Work, Employment and Unemployment*, Ibis Occasional Paper, May 1993, p. 28.

the traditional work site.

1.35 Such workers might be, for example, professionals working from home, sub-contract staff working off site. They may be workers performing a range of services in customers' homes, either self employed or franchised, or they may be outworkers.

1.36 This process of structural change has not occurred without substantial dislocation of the lives of many in the workforce. Whole suburbs of Australia's major cities in which the larger old style manufacturing firms were concentrated, or regional centres dependent on a single industry such as coal mining or timber production have experienced high levels of unemployment, because no alternative work forms have evolved in these economic monocultures.

### Changes in the patterns of work

1.37 Work in Australia is no longer a job for life, nor do most people work at the same kinds of jobs. People are working at a greater variety of increasingly specialised occupations. Employment is increasingly being generated by the proliferation of new, discretionary and interdependent services which are themselves the product of new needs - brought about by the process of social specialisation, by increasing levels of individual choice. These services include information and knowledge related activities, entertainment, food services, leisure, tourism and personal care services.<sup>11</sup>

1.38 The concept of an employee is also undergoing a transformation in post industrial society. Peter Drucker points out, for example that information, or knowledge related workers:

receive a wage or salary. They have been hired and can be fired. Legally each is an employee. But collectively they are capitalists; increasingly, through pension funds and other savings, the employees own the means of production.<sup>12</sup>

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<sup>11</sup> Clare R, Jones B, Transcript 3 March 1995, pp. 159-162.

<sup>12</sup> Drucker, P 'The Age of Social Transformation', *The Atlantic Monthly*, November 1994, pp. 53-80.

1.39 More people than ever before belong to smaller firms, or are self-employed and performing specialised tasks which have been subcontracted out. Workers in information or knowledge based occupations are increasingly expected to exercise individual responsibility for their output, to be self starters, and to operate as members of teams or small work groups.

### **The decline in hierarchical work**

1.40 Information and knowledge related occupations have been at the forefront of change in Australia towards less hierarchical organisational structures. This is because it has been recognised that workers possessing specialised knowledge are most productive if they are allowed to exercise individual discretion over their own work.

1.41 Within larger firms and even within bureaucracies, management structures have 'flattened out' during the last decade and many management responsibilities have been devolved to individual work groups. Drucker points out that in a post industrial society, knowledge workers are essentially specialists organised to work co-operatively:

That knowledge in the knowledge society has to be highly specialised to be productive implies two new requirements: that knowledge workers work in teams, and that if knowledge workers are not employees, they must at least be affiliated with an organisation...Only the organisation can convert the specialised knowledge of the knowledge worker into performance.<sup>13</sup>

### **The formation of dual labour markets in Australia**

1.42 While Australia has moved steadily towards becoming a post industrial, information driven society there has also been a tendency towards the creation of dual labour markets. The primary labour market is characterised by high skill levels, comparative security of employment and a full range of award related working conditions. The secondary labour market may be characterised by insecure work, low skill levels, and a deteriorating range of award coverage. There is also increasing wage disparity between the primary and secondary labour markets.

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<sup>13</sup> Drucker, op. cit., p.68.

## CHAPTER 2

### THE PROJECTED ECONOMIC FRAMEWORK

2.1 A number of changes in the past decade will have an impact on Australia's workforce of the future. The Committee for Economic Development of Australia lists the more significant positive changes as the deregulation of financial and foreign exchange markets, a more competitive tax regime, reductions in trade and foreign investment barriers, improved stock exchange and corporate standards, public sector reform, some rationalisation of the federal system, a more cooperative, flexible and productive workplace, higher education participation rates, increased focus of training and education on the labour market and improved export performance in manufacturing and services.<sup>1</sup>

2.2 There is general agreement on the part of political parties, employer groups, trade unions and industrial tribunals on the basic objectives of workforce change but there is not the same degree of consensus on the detail of the changes needed to improve efficiency and productivity.<sup>2</sup> Productivity may be defined as the relationship between input and output, with inputs including such factors as employment, raw materials and energy. Historically, output has increased at a consistently greater rate than employment but the relationship between them has diverged sharply since the recent micro-electronic revolution. Higher levels of productivity in a context of technological change inevitably lead to labour shedding as well as to the structural dislocation of the labour market. The chances of achieving long term sustainable employment growth will be enhanced by encouraging economic growth through investment in industry and it was suggested that economic growth would need to be maintained at 4 to 5 per cent if this was to be achieved.<sup>3</sup>

2.3 One approach to Australia's current economic situation is to argue that governments should intervene to encourage particular activities where

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<sup>1</sup> Committee for Economic Development of Australia (1994) *The CEDA Road back to Full Employment*. A Policy Statement by the Committee for Economic Development of Australia, February 1994, p.8.

<sup>2</sup> Confederation of Australian Industry (1991) *A New industrial Relations System for Australia*, August 1991, p.6.

<sup>3</sup> Langmore, Transcript, p.244.

these have relatively large benefits for the rest of the economy.<sup>4</sup> The Committee for Economic Development of Australia suggests suitable areas for intervention may include research and development, training, the dissemination of technology and investment in equipment and machinery emphasising the importance of areas such as international trade and export.<sup>5</sup> ( This raises two questions: why are we not doing it already, and how much time do we have?).

### Existing policy environment

2.4 The Keating Government's policy outlook is articulated in five major reports published during the last year.

2.5 Two recent Government reports which deal with the outlook for economic activity in Australia over the next decade are the green paper *Restoring Full Employment* issued in December 1993, and following on from it, the white paper *Working Nation* tabled on 4 May 1994. Both papers were developed to articulate the government's policy response to the continuing problem of unemployment which has remained at unacceptably high levels throughout the recession and threatens to persist for the remainder of the decade.

2.6 In addition to these two policy papers, there have been other significant studies of the economic activity and prospects for growth in Australia's regions issued within the past two years. The first was a draft report issued by the Industry Commission on 20 September 1993 and entitled *Impediments to Regional Industry Adjustment*, the second was issued by a federal government taskforce on regional development chaired by Bill Kelty and entitled *Developing Australia; a Regional Perspective*. It was released in 1993. The third report was prepared by McKinsey and Company and entitled *Determinants of Business Investment in Regional Areas*. It was published in March 1994.

2.7 While the first of these regional studies identified existing structural impediments facing various regions in their attempts to adjust to the pace

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<sup>4</sup> Committee for Economic Development of Australia (1994) *The CEDA Road back to Full Employment*. A Policy Statement by the Committee for Economic Development of Australia, February 1994, p.11.

<sup>5</sup> *ibid.*, p.11.

of economic change, the second and third reports were attempts to draw attention to the variety of relative advantages possessed by regions and to point out initiatives that could assist in exploiting them in the context of continuing economic change.

2.8 For an overview of the existing micro and macro economic conditions experienced across regional Australia the reports are complimentary in scope, in that they analyse existing problems and attempt to predict possible solutions. The reports were mentioned as foundations for the policy analyses contained in the white paper *Working Nation*.

2.9 The Kelty report regards Regional Economic Development Organisations (REDOs) as vehicles for intervention and economic assistance in the regions. It sees REDOs not as another layer of government but as bodies for co-ordinating economic development. It recommends that REDO's should be representative of the existing three tiers of government, and also representative of a range of business and community interests without being dominated by political parties. The report describes the role of the REDO in the following terms:

Where appropriate the regional agreements with various levels of government would give the REDO the mandate to drive economic development in the region and to be responsible for securing financial backing for major projects via Infrastructure Bonds, Pooled Development Funds, or Regional Pooled Development Funds.<sup>6</sup>

2.10 In general terms, the Kelty report drew attention to the development potential of regional resources for tourism, agriculture, and environmental management and reported on strategies by which such potentialities might best be realised.

2.11 The McKinsey report, *Determinants of Business Investment in Regional Areas*, like the Industry Commission Report, *Impediments to Regional Industry Adjustment*, found great disparity in the rates of economic performance among Australia's regions. The McKinsey report suggested a development strategy which emphasised the fostering of existing environmental and business assets by providing support to regional business

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<sup>6</sup> Regional Economic Development Organisation (1994) *Developing Australia; a Regional Perspective*, Canberra, p.71.

leaders and reducing resource and investment insecurity.<sup>7</sup>

### *Working Nation and the future workforce*

2.12 Drawing on the evidence of increasing disparities in income, and levels of employment growth across Australia's regions detailed in the two regional reports discussed above, the Green Paper *Restoring Full Employment*, and more particularly the White Paper, *Working Nation*, set out to define the economic parameters for the coming decade and beyond, and more particularly to address the problem of persistently high levels of unemployment in Australia.

2.13 At a conference organised in the lead up to the publication of the Green Paper on unemployment, by the Canberra based consultancy group Access Economics, Treasury Secretary Ted Evans declared that Australia's unemployment level (then at 11 per cent), was 'a matter of choice' based on a range of economic and social policy choices made over the previous two decades.<sup>8</sup> The Government's budget strategy based on the macro economic policy targets of sustained lower inflation and sustainably lower unemployment, carry predictions of an economic growth rate of around 4 percent, a figure not high enough to remove the persistent pool of unemployment which has remained since the recession of the early 1980's.<sup>9</sup>

2.14 The growth projections in the Government's Green Paper have criticised by some given Australia's the poor productivity performance relative to other OECD countries during the last two decades:

To achieve the target of 5 per cent unemployment by 2001, it will take an average of 4.8 per cent real growth in GDP to be sustained from 1994 to 2001. Ignoring the war-affected 1940s, periods of more than five years of sustained real growth in excess of 4.5 per cent has only been approached twice before since the end of World War I. These were during the 1950s

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<sup>7</sup> McKinsey and Company, *Determinants of Business Investment in Regional Areas*, March 1994.

<sup>8</sup> Access Economics Conference 27-28 October 1993, speech by Ted Evans, Secretary of the Treasury, 11.15 am, Tuesday 28 October 1993.

<sup>9</sup> Murphy, C (1993) 'Macro Policy and Unemployment in the 1990's', Paper presented to the Access Economics Centre for Economic Policy Research 1993 *National Forecasting and Economic Policy Conference - Reducing Unemployment*, Canberra 27-28 October 1993.

and 1960s. If history is a guide, it is fair to conclude that such sustained growth to 2001 is improbable.<sup>10</sup>

Of course it could be argued that very few OECD countries had high real growth during the 1980's and that economies experiencing spectacular growth during this period were South East or North East Asian economies where growth occurred from a low base.

2.15 In particular these policy papers set out to address the problem of continuing high levels of unemployment throughout the 1980's when high economic growth was experienced in Australia. Both the Green and White papers emphasise economic growth as the key to national prosperity and employment growth. Both recognise that economic growth must be achieved against a background of continuing low inflation. *Working Nation* stated that:

Jobs created by economic growth need no subsidies and contribute to a higher standard of living for all Australians.<sup>11</sup>

2.16 *Working Nation* makes it clear that economic growth is in turn dependent on improving levels of productivity across all industry sectors. Productivity improvements are expected as a result of increased labour force and labour market flexibility (through improvements to education and training, and by means of enterprise bargaining agreements), as well as sustained higher levels of business investment.

2.17 As a result of these strategies, according to the White Paper, Australia should have:

a workforce that is better educated, more highly skilled and motivated, with jobs and careers that are more flexible; and,

industry will be more outward looking and more thoroughly integrated into the world economy.<sup>12</sup>

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<sup>10</sup> Kenyon P and Wooden M (1994) *The Outlook for Labour Supply in Australia During the 1990s*. The Full Employment Project. Working Paper No.2/94. The Institute of Public Affairs and the Institute of Applied Economic and Social Research, p.24.

<sup>11</sup> *Working Nation*, op.cit., p.1.

<sup>12</sup> *ibid.*, p.3.



2.18 *Working Nation* recognises that the maintenance of a stable macroeconomic environment is fundamental to reducing unemployment. Key macro economic variables include low inflation, a flexible industrial relations structure, increased exposure to international competition through lower tariffs, and a reduced budget deficit.<sup>13</sup>

2.19 Projections about the nature of Australian industry and the working environment of the future are possible from the broad outline of the changes which have taken place during the last twenty years. In particular the paper draws attention to the fact that 'at the broadest industry level;

modern telecommunications and transport systems have revolutionised the mechanisms for doing business, and have internationalised markets as diverse as finance and horticultural. Fewer products have distinct nationalities and there is a growing interdependence between firms and between countries.<sup>14</sup>

2.20 Other changes noted in the paper include the expansion, diversification and growing sophistication of the market for both goods and services:

Product lives are shorter and goods and services are more elaborate, skill intensive and customer specific. Goods often have services bundled with them, so that the once stark distinctions between sectors have become blurred.<sup>15</sup>

2.21 To cope with these already emerging trends, the report recommends the adoption of what are called 'best practice benchmarks', or the production of goods and services according to international best practice standards, across all industry sectors. This is seen as 'critical to maintaining the competitive edge in business'.<sup>16</sup>

2.22 The White Paper accordingly recommends an industry policy strategy focussed on achieving growing Australian competitiveness in international markets - where clients, and competitors increasingly operate without reference to national boundaries:

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<sup>13</sup> op.cit., Chapter 2 passim.

<sup>14</sup> *ibid.*, p.51.

<sup>15</sup> *ibid.*

<sup>16</sup> *ibid.*

The focus of industry policy in the 1990's is well established. It emphasises globalisation, competitiveness and productivity - the only durable guarantees of industrial success.<sup>17</sup>

2.23 An example of a government initiative in this area was provided by a submission to the Committee from the Construction Industry Development Agency (CIDA) which has been established by the Commonwealth Government as part of the strategy to effect microeconomic reform in that industry. Workplace reform, skill formation and work organisation are the key factors in transforming this into a more internationally competitive industry.<sup>18</sup>

### National Competition Policy - The Hilmer Report

2.24 In August 1993, the Council of Australian Governments (COAG) commissioned an independent report into a national competition policy. The inquiry Committee chaired by Professor Fred Hilmer recommended that Australia take immediate steps towards removing impediments to our economic competitiveness by recognising our potential as a single national market. The report noted that Australia needed to do more than simply focus on the issue of improving productivity across all sectors of the economy. Australia must:

develop in a way that creates new jobs and growth rather than seeing the economy shrinking to an efficient but diminishing core of activity.<sup>19</sup>

2.25 The Hilmer Report recommended wide ranging policies from the development of national product standards, the standardisation of energy and transport infrastructure (for example through the creation of a national electricity grid) to uniform road transport regulation. Other fundamental reforms include amendments to the *Trade Practices Act* (1974) to reduce regulatory restrictions on competition; the structural reform of public monopolies (for example by separating their regulatory from their competitive functions); applying surveillance mechanisms to counter

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<sup>17</sup> *Working Nation*, op.cit., p.56.

<sup>18</sup> Construction Industry Development Agency, Submission 11, p.4.

<sup>19</sup> National Competition Policy, AGPS, Canberra 1993, p. xv.

monopoly pricing, and separating the competitive entities within government monopoly enterprises.

2.26 Central to the implementation of the principles laid down in the Hilmer report are the continued structural reform of state monopolies (utilities such as electricity and water companies) to ensure that industry has an equal right to negotiate on price, and a review of government regulations to ensure competition and equal access to basic services. The legislation on establishing a national competition policy and other related changes was released for public comment in draft form in 1994, and after finalisation by COAG, was introduced into the Parliament in April 1995. However Hilmer did not attempt to identify the range of products/services in which Australia is not currently competitive, and which would be after his reforms were adopted.

### **Economic environment of the future**

2.27 In addition to government produced reports, the influential Canberra economic research organisation Access Economics held a Conference in October 1993 attended by representatives from governments and the academic community including the Secretaries of Treasury and Prime Minister and Cabinet, in which government macro economic predictions for the 1990's were analysed. Policy targets defined by the Governor of the Reserve Bank, Bernie Fraser, as 'sustainably low unemployment' and 'sustained lower inflation' were analysed using the key 'levers' of fiscal and monetary policy which are subject to optimal control by governments.

The optimal fiscal policy produces a smooth paced recovery, with growth of 3.8 per cent during 1994 easing back to around 3 per cent for later years.<sup>20</sup>

2.28 A number of submissions to the Committee's inquiry make projections of the economic context which is likely to shape the workforce of the future. These projections provide significant variations to the assumptions and scenarios put forward in the reports discussed above.

2.29 The Submission from the then Department of Industry, Technology and Regional Development (DITARD) (now renamed the Department of

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<sup>20</sup> Murphy C (1993) *Macro Policy and Unemployment in the 1990s*, paper prepared for Access Economics Conference, 27-28 October 1993, p.10-11.

Industry, Science and Technology (DIST)), provided a detailed analysis of the likely economic environment of Australian industry in the 21st century and the implications for the future workforce. The submission drew attention to the growing internationalisation of capital and pointed out that there may be 'problems for small economies like Australia in attracting or retaining investment,' although a compensating factor was likely to be Australia's 'proximity to Asia together with a flexible and highly skilled labour force'.<sup>21</sup>

2.30 The DITARD (now DIST) submission forecasts that the economic conditions likely to prevail in the future would mean that the manufacturing sector:

will be lean, highly competitive, environmentally aware and produce more elaborately transformed output. Manufacturers will increasingly compete with overseas producers internationally on both a cost and value basis.<sup>22</sup>

2.31 One of Australia's greatest economic problems, although insufficiently recognised, is the 'inventory problem'. This is the conspicuous lack of an inventory of brand name goods for which there is international recognition and demand, leading to a willingness to pay a premium price. (Canada also lacks such an 'inventory' - in significant contrast to Sweden [Volvo, Saab, SKF, L.M. Ericsson], Finland [Kone, Nokia], the Netherlands [Philips, Shell], and the Republic of Korea [Hyundai, Gold Star, Daewoo]), which do.

#### Recommendation

**The Committee recommends that the Government take note of Australia's significant lack of an 'inventory' of internationally recognised brand names, especially in consumer goods, the result of foreign ownership of key industrial sectors (motor vehicles, computers, electronics, chemicals) and a failure by Australian industry to take up new challenges, e.g. with CSIRO's 'gene shears' and that it provide resources to create an 'inventory' of high value added products.**

<sup>21</sup> Department of Industry, Technology and Regional Development, Submission 23, pp.1-2.

<sup>22</sup> *ibid.*, p.4.

2.32 Employment in manufacturing as a percentage of total employment has declined in many other industrial countries including Canada, Denmark, France, Germany, Italy, Japan, New Zealand, Norway, Spain, Sweden, United Kingdom and the United States but has increased in developing countries such as Chile, Korea, Mexico and Thailand.<sup>23</sup>

2.33 The DITARD submission emphasised that the manufacturing and services sectors together will continue to constitute the greater part of Australia's Gross Domestic Product, accounting for 93 percent of employment and 81 per cent of private new capital expenditure in 1992-3.<sup>24</sup> Of these sectors it is the services sector which is expected to increase in the future. On present figures, while the services sector has increased its share of employment over the last decade from 72 to 79 percent, manufacturing's share of total employment has declined from 20 to 15 percent of total employment.

2.34 In terms of specific industry's share of GDP, the service sector already contributes 68 percent of GDP and it is expected that the

services component of GDP will continue to increase and service exports will increase faster than any other sector in the economy. Greater contributions to GDP are being recorded particularly by transport and communications, wholesale and retailing, construction, recreation and property and business services.<sup>25</sup>

2.35 These Australian trends are in line with world trends, and it is expected that fifty percent of world trade is likely to be in services by the year 2000.<sup>26</sup>

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<sup>23</sup> Galenson W (1994) *Trade Union Growth and Decline An International Study*, Praeger, London, p.16.

<sup>24</sup> Department of Industry, Technology and Regional Development, Submission 23, p.3.

<sup>25</sup> *ibid.*, p.3.

<sup>26</sup> *ibid.*, p.4.

### Recommendation

The Committee acknowledges the increasing importance of service employment to the future economic development of the nation and recommends that a continuing policy emphasis be placed on the co-ordination of Government Programs, to enhance the training of the workforce in the sector, and the further development of its export potential.

2.36 While the services sector is likely to provide most employment opportunities for Australians in the coming decades, the DITARD submission forecast that manufacturing was still expected to play 'a significant role in determining future living standards and the nature of the workforce'.<sup>27</sup> However the manufacturing sector was expected to undergo significant change:

In future the manufacturing sector will be lean, highly competitive, environmentally aware and produce more elaborately transformed output. Manufacturers will increasingly compete with overseas producers internationally on both a cost and value basis. Value is embodied with factors such as quality, innovation, product design, marketing and service. Industry is...focussing more on exporting, innovation and best practice under the new climate of lower protection.<sup>28</sup>

2.37 The DITARD submission argues that Australia needs to encourage a greater contribution to research and development by business as essential to developing 'world-class enterprises, industries, science and technology'.<sup>29</sup> However as a prerequisite for this to take place:

it is vital for governments to help bring about and maintain an internationally competitive environment within which enterprises, sectors and regions can develop and prosper. The achievement of these goals will greatly determine the workforce of the future.<sup>30</sup>

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<sup>27</sup> DITARD, Submission 23, p.4.

<sup>28</sup> *ibid.*, p.4.

<sup>29</sup> *ibid.*, p.5.

<sup>30</sup> *ibid.*, p.5.

2.38 The DITARD submission outlined the following programs and policies which it regards as essential to Australia becoming internationally competitive. In summary these are:

- . the maintenance of a system of phased tariff reductions;
- . establishing a supportive business environment through lower taxation, a range of incentives for business investment, the application of international performance indicators for infrastructure services, and the provision of export support services;
- . developing links between public sector research and industry and encouraging private sector funding for industry; and
- . regional development initiatives and the development of down stream processing in Australian industry.

2.39 While many of these initiatives have already been established in Australia over the past decade, or have been outlined as priority policy in the White Paper and the Hilmer Report, they have yet to bear significant fruit in the form of an 'inventory' of identifiable signature products which are well known on international markets. Australia is still too reliant on imports of technology, capital equipment, and R & D, a problem reflected in our balance of payments. The balance of payments to foreign countries has important consequences for the labour market because it is estimated that for every million dollars of excess imports there are 30 fewer jobs for Australians.<sup>31</sup>

2.40 In conclusion the DITARD submission envisages that the workforce of the future will be shaped by the successful application of policies such as those recommended above. It sees a workforce shaped by a new productive culture:

employed predominantly by small businesses within the services sector. Many of these workers are likely to engage in part-time work with non-traditional hours. They will be multi skilled and react readily to changing market conditions. Workers in manufacturing will be highly productive and capable of producing high value added products tailor made to suit the needs of individual consumers. These goods and services will also be cost effective.

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<sup>31</sup> Rodeck E (1993) *Australia in a Changing World*, President, Society for balanced Trade Inc, June 1993, p.15.

Australia's workforce of the future will be fully aware of the importance of being internationally competitive, achieving best practice and serving export market niches. This new culture will enhance workplace performance, creativity and industrial relations.

2.41 The Australian Council of Trade Unions (ACTU) noted the following characteristics which have emerged during the last fifteen years in internationally competitive firms, as likely to be a part of successful companies in the future. Such firms are:

- . highly flexible;
- . customer focussed;
- . have flatter management structures, with devolved responsibility within the work team;
- . have highly skilled workforces; and
- . produce a greater variety of products in smaller volume runs.<sup>32</sup>

2.42 The competitiveness of such firms flows from a range of criteria and is not merely a function of low cost. Other factors leading to improved competitiveness include high quality, rapid turnover of new product and services into the market, and a competent and participative management.<sup>33</sup>

2.43 CEDA see the major constraints to growth being aggregate demand insufficiency, inappropriate mix of demand, rigid labour markets, insensitivity of wages to unemployment and potential social conflict.<sup>34</sup> To be competitive organisations need to improve product and service and to reduce costs, to have a dedicated skilled workforce and productive worker-management relationships. There is a trend towards performance based pay systems and other flexible benefits.

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<sup>32</sup> Australian Council of Trade Unions, Submission 26.

<sup>33</sup> *ibid.*, p.4.

<sup>34</sup> Argy F (1993) *The Road Back to Full Employment*. Committee for Economic Development of Australia, p.6.



## Regional Areas

2.44 The analysis of economic activity within regions may be more important than simple population studies. Australia's pattern of settlement, where concentrated urban activity is widely separated, has resulted in the development of a small number of alternative sites for nationally and internationally focused industries and services.<sup>35</sup> These sites are concentrated in major 'gateway' cities. By contrast, regional areas of particular concern are those with specialised economies such as those supported by the timber industry and those which do not have substantial value adding to the staple product or industry. It is important that such regions develop a longer term industry strategy to take advantage of changing opportunities and address potential difficulties.

2.45 With specific reference to regional Australia, and the growing disparities in the rates of regional economic development, and regional industry adjustment, the White Paper acknowledged that growth is 'the key in the regions as it is for the rest of Australia',<sup>36</sup> and recommends a decentralised regional industry policy 'based on partnerships with key local groups, and support for effective regional groupings'.<sup>37</sup>

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<sup>35</sup> O'Connor K and Stimson R (1993) *Economic Change and the Fortunes of Australian Cities*, Research funded by the Department of Health Housing and Community Services, p.12.

<sup>36</sup> *Working Nation*, op.cit., p.159.

<sup>37</sup> *ibid.*, p.159.

## CHAPTER 3

### WORKFORCE SIZE AND STRUCTURE

3.1 The workforce of the future will be shaped at the most fundamental level, by the demographic imperatives of Australia in the 21st century. Previous attempts to project the impact of demographic change on the future economic development of Australia, and on the profile of the future workforce have been undertaken by the former National Population Council and published as *Population Issues and Australia's Future* in 1992, and *Australia's Workforce in the Year 2001*, by the Department of Employment, Education and Training.

3.2 Data published in these reports has been supplemented by surveys such as those published by the Australian Bureau of Statistics, *Labour Force Projections Australia 1992 - 2005*, *Labour Statistics Australia 1992*, and *The Labour Force April 1994*.<sup>1</sup>

3.3 *Population Issues and Australia's Future in 1992* projected several possible population targets to the year 2031 depending on the levels of net migration. With zero annual net migration the population is forecast to increase a further 2 million from natural increase to a total of about 19.3 million in 2031. With a net annual migration gain of about 50 000, the forecast total would be 22.2 million, and with a net annual migration gain of 100 000 the forecast total would be 24.7 million in 2031.

3.4 Taking account of already apparent trends, the Report forecasts that most newly arrived immigrants would settle in the five largest cities, especially Sydney and Melbourne, and that the drift from the inland cities and towns would continue. The fastest growing centres of population taken on current projections will be the coastal areas of Queensland and northern NSW, and metropolitan Perth, Brisbane, Sydney and Melbourne. South Australia, Tasmania and Victoria lost 4 per cent of their aggregate population share in the two decades before 1991.<sup>2</sup>

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<sup>1</sup> Australian Bureau of Statistics, *Labour Force Projections Australia 1992-2005*, Cat. No.6260.0; *The Labour Force Australia April 1994*, Cat. No. 6203.0; *Labour Statistics Australia 1992*, Cat. No. 6101.0.

<sup>2</sup> O'Connor K and Stimson R (1993) *Economic Change and the Fortunes of Australian Cities*, Research funded by the Department of Health Housing and Community Services, p.13.

3.5 Population increase in these areas will also lead to increased demand for goods and services, leading to greater and more diversified employment opportunities for the resident population. In general, the Report notes that there is evidence for a 'small positive link between population growth and per capita income brought about by increasing net economies of scale.'<sup>3</sup>

3.6 On the other hand, the already apparent trend of population drift from inland areas as a result of continuing regional adjustment 'shocks', particularly in those areas dependent on a single dominant industry, is expected to reduce the employment opportunities existing in some rural areas. In some cases rationalisation of government services to smaller towns may cause their population to drop below the critical number required for a community to remain viable.

### Industrial environment of the future

3.7 The Department of Employment Education and Training (DEET) surveyed trends in the growth and decline of various industry sectors in *Australia's Workforce in the Year 2001* published in June 1991. The findings are broadly consistent with evidence presented in submissions to this inquiry, however it should be noted that the employment categories listed reflect traditional categories which, as noted in Chapter 1, ignore the present preponderance of information related employment.

3.8 DEET expected employment growth to be concentrated in the services sector, especially in the areas of tourism, health, human and educational services with growth also occurring in the construction industry, transport and communications, and wholesale and retail trade. Employment is expected to fall proportionately in the electricity, gas and water, finance and banking and rural sectors. In Bureau of Statistics figures cited by the Department of Industrial Relations, proportions of persons employed in various industry sectors (as at August 1993) are as follows:<sup>4</sup>

Agriculture, forestry, fishing	5.4
Mining	1.2
Manufacturing	14.1

<sup>3</sup> *Population Issues and Australia's Future*, AGPS Canberra, 1992, p.64.

<sup>4</sup> Department of Industrial Relations, Submission 43, p.13, (from ABS, *Labour Force Australia*, August 1993 Cat. No. 6203.0)

Electricity, gas and water	1.3
Construction	7.2
Wholesale and retail trade	20.8
Transport and Storage	4.8
Communication	1.5
Finance, property and business services	11.2
Public administration	5.2
Community services	19.4
Recreation	8.0

3.9 Occupations with the best prospects of growth in the future are the professions (already, information related occupations constitute at least 42 per cent of all Australian employment, and include accountancy, banking, teaching, law, the arts, welfare, computing, bureaucracy, research and communications), sales workers and tradespersons, while those with poorer prospects are those of machine operators and labourers.<sup>5</sup> The DEET Report confirmed other indicators that technological advances have influenced a long term shift in employment from agriculture to manufacturing to services industries and that the occupational mix within each industry changes with factors such as part time work and the environment.<sup>6</sup>

3.10 Within each occupational category, there may be considerable variation in the prospects for the future. For example, within the category of the professions, computing positions have very good prospects as they can be expected to increase in nearly all industries while school teachers, bank tellers and pilots have lower expected employment growth.<sup>7</sup>

3.11 Significant productivity gains involving labour displacement or shedding, are expected in the communications, waterfront, rail transport and manufacturing industries generally as a result of industry restructuring and award restructuring. Employment is expected to contract in the manufacturing and rural industries due to increased productivity.<sup>8</sup>

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<sup>5</sup> *Australia's Workforce in the Year 2001*, op.cit., p.5.

<sup>6</sup> *ibid.*, p.21.

<sup>7</sup> *ibid.*, pp.5,21.

<sup>8</sup> *ibid.*, pp.14, 25.

3.12 In its submission to the Inquiry the Department of Tourism noted the steady expansion of tourism, both international and local, in Australia during the 1980's. Tourism contributed an estimated 5.5 per cent of GDP in 1991/2 with domestic tourism representing 70 per cent of approximately \$26.2 billion of total tourist expenditure. In the same year foreign exchange earnings from tourism were \$8.6 billion or 10 per cent of Australia's total export earnings.

3.13 The submission predicted that if the level of growth in international visitor arrivals achieved over the past decade continues, with annual increases in visitor numbers of between 8 and 13 percent:

it is expected that the industry will generate between \$15 and \$21 billion (in 1992 prices) in annual export earnings by the year 2000.<sup>9</sup>

3.14 The reasons given for the optimistic growth forecasts for the industry are associated with world-wide demographic and life style changes, including rising incomes and increased opportunities for leisure (through early retirement, lengthening life expectancy, more flexible working hours and longer holidays).

3.15 The growing importance of tourism also has important economic implications for the future prosperity of Australia's regions. For example, 60 per cent of all tourist nights are spent outside metropolitan areas. The Department predicted that regional tourism development initiatives will lead to economic growth in regions:

The regional development of Australian tourism through improvements in access, tourism infrastructure and product can enrich the range and appeal of Australia to international visitors and Australian travellers alike.<sup>10</sup>

3.16 The submission from the Department of Industrial Relations argued that there has been major structural change in Australian industry over the past twenty-five years. These structural changes have been due to the floating of the Australian dollar, the abolition of exchange controls, taxation reform, industrial relations reform, the lowering of tariff and non-tariff barriers, and efforts to increase the competitiveness of government business

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<sup>9</sup> Department of Tourism, Submission 44, p.1.

<sup>10</sup> *ibid.*, p.4.

enterprises and other service industries, as well as the reform of education and training systems.<sup>11</sup>

3.17 The Department predicted that the trends in industrial structural change evident over the past two decades would continue resulting in a strong increase in the share of employment provided by the emerging service industries, and a marked reduction in the share of employment provided by the agricultural and manufacturing sectors.<sup>12</sup> It did not indicate whether the unusually high fall in industrial employment was regarded as a sign of strength or weakness.

3.18 Australia has the potential to create considerable additional employment particularly in the services sector where labour intensity is the main characteristic. Much employment in service jobs is in areas largely within the public sector such as education, health, care of the vulnerable, the arts and the environment. There are significant implications for these areas due to cut backs in public funding. Commonwealth funding to the States and Territories which provide these services has nearly halved as a proportion of national income from 9.5 per cent in 1975 to 4.9 per cent in 1994.<sup>13</sup> However this figure did not take into account the impact of the 'social wage' and other expenditure taken on by the Commonwealth.

3.19 Submissions from the State Governments of the two States currently experiencing significant population increases and economic growth, Queensland and Western Australia, offer forecasts for the future of a range of industry sectors. The Queensland Government submission notes that the State's:

dependence on mining and agricultural activity is gradually changing. Manufactures constitute an increasing proportion of exports, and trade in services is increasing. These trends are expected to continue and impact on the composition of the workforce of the future.

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<sup>11</sup> Department of Industrial Relations, Submission 43, p.12.

<sup>12</sup> *ibid.*, p.14.

<sup>13</sup> Langmore, Transcript, p. 241.

3.20 Queensland argues that its economic growth will largely depend on the economy's ability to operate in the context of the global market:

Due to the finite domestic market, economic activity will increasingly need to have a global emphasis. Apart from the necessary reduction in barriers to international trade, language and cultural skills will become increasingly important to enable the establishment of business relationships around the world. Syntec Economic Services...expect that the growth industries will be those that are involved in trade or the facilitation of trade.<sup>14</sup>

3.21 The Queensland Government submission notes a long term trend towards employment in the services sector, in line with the tendency observed in other states. The proportion of total employment in manufacturing, however, has remained constant in Queensland despite a contraction of this sector nationally. Employment in the community services, and construction sectors has also increased in Queensland more rapidly than at the national level, (between 1978 - 1993, figures for manufacturing **increased** in Queensland by 32.2 per cent, but **dropped** nationally by 12.6 per cent).<sup>15</sup> Another significant growth area within the Queensland economy mentioned in the submission is small business which has been boosted by continuing high rates of internal migration.<sup>16</sup>

3.22 A submission to the inquiry from the Government of Western Australia pointed out that the over the past decade, the contribution to the State's economy of the agricultural sector fell from 10 per cent to 4.4 per cent, while during the same period the contribution of mining almost doubled from 9.4 per cent to 17.7 per cent.

3.23 The submission anticipated that although the mining industry is not a significant employer at present, there would be an increasing move towards value-added mining products which would have a significant impact on employment growth in the manufacturing and services sectors.<sup>17</sup> As is the case in Queensland, a relatively rapidly increasing population in Western Australia has encouraged the growth of the services, and the hospitality and tourism sectors, a trend that is projected to continue. The submission also

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<sup>14</sup> Queensland Government, Submission 48, p.2.

<sup>15</sup> *ibid.*, p.7.

<sup>16</sup> *ibid.*, p.7.

<sup>17</sup> Government of Western Australia, Submission 51, p.2.

forecasts an expansion of the State's manufacturing in support of a value added export industry.<sup>18</sup>

3.24 In order to prosper in the future both nationally and in international markets, companies need to be highly flexible, customer focused, have flatter management structures, have more training, more commitment from the workforce, and offer a greater variety of products.<sup>19</sup> Many of Australia's largest organisations have been slow to take up new technology and to commercialise technologies and have not capitalised on creativity and innovation.<sup>20</sup>

3.25 With regard to this point the Institute of Engineers comment that there is an expected future shortage of engineers needed for research and development necessary for the competitive manufacturing effort which impact on Australia's economic development.<sup>21</sup> The Institute point out that there is substantial lag time in producing engineering graduates and that there must be more formal long term planning in this area.<sup>22</sup>

3.26 The achievement of full employment, roughly defined as a situation where all who want to work can work, will only be possible through the coordination of macro-economic policies. Policies which move Australia closer to achieving full employment are desirable and must be supplemented with policies which develop the full potential of people in employment. More attention is being paid to the need for and the potential for the coordination of the policies as discussed at length in the book *Work for All*.<sup>23</sup>

3.27 For example the Committee was told that economic instruments such as the introduction of exchange transaction tax could be used to increase the funding available to the states and/or the abolition or reduction in payroll

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<sup>18</sup> op.cit., p.3.

<sup>19</sup> Australian Council of Trade Unions, Submission 26, p.3.

<sup>20</sup> Fenwick, Submission 34, p.7.

<sup>21</sup> Institute of Engineers, Australia, Submission 35, p.10

<sup>22</sup> ibid., p.10

<sup>23</sup> Langmore J and Quiggin J (1994) *Work for All Full Employment in The Nineties*, Melbourne University Press.



tax would assist the private sector to employ more people.<sup>24</sup> The union movement indicated that it would oppose taxes which would have a negative impact on the capacity of employers to achieve high levels of employment but stressed that these matters should not be looked at in isolation.<sup>25</sup>

### Long Term Unemployment

3.28 Traditionally unemployment spells were of short duration, however, there are a number of important issues that have emerged for those in long term unemployment, and their gross number has increased. The Committee for Economic Development of Australia believe that the attitude of many employers to long-term unemployment is unreasonably negative.<sup>26</sup> There is a tendency for employers to take on those who have been unemployed for a short time or who are new to the labour market before accepting someone who has been unemployed for a longer term.<sup>27</sup>

3.29 Labour force growth in Australia has been above the OECD average every year since 1979, resulting from increases in population and workforce participation.<sup>28</sup> There is an asymmetric relationship between the labour force participation rate and the employment to population ratio in that the participation rates rises more in absolute terms with rises in employment than it falls when employment is falling.<sup>29</sup>

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<sup>24</sup> Langmore, Transcript, p.243-4.

<sup>25</sup> Mansfield, Transcript, p.277-8.

<sup>26</sup> Committee for Economic Development of Australia (1994) *The CEDA Road Back to Full Employment*. A Policy Statement by the Committee for Economic Development of Australia, February 1994, p.16.

<sup>27</sup> Chapman B (1993) *Long Term Unemployment in Australia: Causes, Consequences and Policy Responses*: A discussion paper. A report prepared for the Department of Employment, Education and Training, December 1993, p.5.

<sup>28</sup> Kenyon P and M Wooden (1994) *The Outlook for Labour Supply in Australia During the 1990s*. The Full Employment Project Working Paper No.2/94. Institute of Public Affairs and the Institute of Applied Economic and Social Research, p.1.

<sup>29</sup> *ibid.*, p.18.

This asymmetry in the relationship between labour supply and labour demand has important policy implications in that the unemployment rate may be expected to fall less when job opportunities are growing than it rises when job opportunities are falling.<sup>30</sup>

3.30 It is anticipated that as the labour supply improves so will the labour force participation rates therefore there will be a slower reduction in the unemployment rate.<sup>31</sup> The translation of labour force growth into employment growth also depends on the rate of growth in demand, the rate of productivity growth and the mix of jobs in terms of part-time and full time jobs.<sup>32</sup>

3.31 Long-term unemployment does have a scarring effect on individuals.<sup>33</sup> It has been found that the longer a person is unemployed the less likely they are to obtain employment. This is partly attributed to the wastage of skills and the decline in motivation and morale.<sup>34</sup>

3.32 The extent of long term unemployment may depend on cyclical downturns in the economy rather than structural causes such as skills levels, geographic immobility, poor motivation and inexperience and employer attitudes.<sup>35</sup>

3.33 The Department of Employment, Education and Training consider that it is not possible to predict whether long term unemployment will rise in the 1990s due to cyclical factors but some structural developments which are resistant to improvements in economic growth may have important consequences.<sup>36</sup> From 1984 to 1990 there was a 1.5 million increase in the

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<sup>30</sup> op.cit., p.19.

<sup>31</sup> ibid., p.23.

<sup>32</sup> ibid., pp.23-24.

<sup>33</sup> *Australia's Workforce in the Year 2001*, op.cit., p.77.

<sup>34</sup> ibid., p.95.

<sup>35</sup> ibid., p.94.

<sup>36</sup> ibid., p.95.

number of jobs offered but a corresponding drop of only 90 000 in the number of unemployed.<sup>37</sup>

3.34 The Government's response to long term unemployment is to introduce a radical restructuring of labour market programs as well as to substantially increase the resources available.<sup>38</sup> Over 4 years this will involve an increase in expenditure of \$3 billion with assistance being tailored to the needs of individuals.<sup>39</sup> The Committee for Economic Development of Australia consider that there is a need have rigorous cost-benefit evaluations of all labour market programs.<sup>40</sup>

3.35 Microeconomic reform and productivity gains may have a significant impact on the structure of the future workforce. It is predicted that there may be substantial retrenchments in some industries such as electricity, water and gas, transportation, communication and some manufacturing.<sup>41</sup> For example, the manufacturing sector employed 27 per cent of the workforce in 1966 and in 1993, this was less than 15 per cent.<sup>42</sup>

3.36 Many of the older workers retrenched after the 1982-83 recession were unable to find jobs when employment improved, a development which could be attributed to employer attitudes, inability or unwillingness to move to regions with greater employment opportunities, or to retrain. Forty per cent of those unemployed for more than 2 years and 32 per cent unemployed for over a year were over 45 years of age.<sup>43</sup>

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<sup>37</sup> *Working Nation*, op.cit., p.108.

<sup>38</sup> *ibid.*, p.108.

<sup>39</sup> *ibid.*, p.110.

<sup>40</sup> Committee for Economic Development of Australia (1994) *The CEDA Road Back to Full Employment*. A Policy Statement by the Committee for Economic Development of Australia, February 1994, p.16.

<sup>41</sup> *Australia's Workforce in the Year 2001*, op.cit., p.7.

<sup>42</sup> Tacy L, Department of Industrial Relations, Transcript, p.7

<sup>43</sup> *ibid.*, pp.94, 96.

3.37 There are also difficulties for teenagers competing for newly created jobs because of their lack of experience, skills and qualifications.<sup>44</sup> Young people who do not complete their schooling have much higher unemployment rates and tend to remain unemployed for longer periods. Further, those leaving school early are more likely to be from disadvantaged socioeconomic backgrounds, or disabled, or Aboriginal or Torres Strait Islanders, or homeless.<sup>45</sup>

3.38 Today, half of the unemployed are under the age of 30. Compared to other OECD countries, Australia has one of the highest labour force participation rates by 15-24 year olds and one of the lowest rates for participation in apprenticeships and secondary level vocational training.<sup>46</sup>

3.39 The Government's Job Compact program provides an offer of employment to long term unemployed persons but places the recipient under an obligation to accept a reasonable offer of a job or lose entitlement to income support for a period.<sup>47</sup> The overall thrust of the Government's labour market programs is to promote the conversion of government social security expenditure into productive employment assistance.<sup>48</sup>

3.40 Changes to the range of government assistance available to the unemployed include the development of self employment possibilities, participation in community based cooperative enterprises, participation in a broader range education and training and the participation in a broader range of voluntary work.<sup>49</sup> Other initiatives include the training wage and the New Work Opportunities which will provide short term work for the long term unemployed.

3.41 The focus of the Government's employment policies will be on tailored assistance through the case management of individuals and there will be

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<sup>44</sup> *Working Nation*, op.cit., p.89.

<sup>45</sup> *ibid.*, p.90.

<sup>46</sup> *ibid.*, pp.89-90.

<sup>47</sup> *ibid.*, p.116.

<sup>48</sup> Keating PJ (1994) Address by the Prime Minister, the Hon PJ Keating MP ACOSS Annual Conference 1994, 27 October 1994, p.7.

<sup>49</sup> *Working Nation*, op. cit., p.156.

closer relations with employers to increase the effectiveness of the CES assistance programs. The Government appreciates that there are legitimate concerns that job seekers are required to undertake inappropriate training courses, that there is no systematic approach to linking employers needing skilled working with those being trained.

3.42 Most of the structures for *Working Nation* are now in place. In the first quarter of 1994-95 financial year, there was an increase of 11.1 per cent in the job placements for long term unemployed people.<sup>50</sup>

### Regional Areas

3.43 The reports on regional matters agreed with the fundamental proposition that unemployment in Australia differs significantly from region to region, with some regions experiencing stable or accelerating economic growth rates and stable or increasing populations while others are confronted by 'adjustment shocks' caused by the closure or restructuring of a key industry and the rationalisation of government services, which in turn sets off a downward spiral of unemployment and population decline.

3.44 The Industry Commission report, *Impediments to Regional Industry Adjustment*, drew attention to the disparities of income between regions which continue to increase, and analysed the mechanisms which obstruct the process of adjustment to economic change affecting regions, and which are the cause of income disparity between regions.

3.45 The Industry Commission report grouped adjustment mechanisms according to the categories of labour, land, and capital as the three most important productivity variables. It identified rigidities in national award rates, business and employee on costs, and the provision of uniform social security benefits set too close to minimum award rates as mitigating against the operation of market adjustment mechanisms in the regions. It concluded that it was a combination:

of wage flexibility and productivity improvements that matter in improving regional adjustment.<sup>51</sup>

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<sup>50</sup> Keating P, ACOSS Address, p.8.

<sup>51</sup> Industry Commission (1993) *Impediments to Regional Industry Adjustment*, September 1993, AGPS, Canberra, p.61.

3.46 While agreeing with the initial proposition that unemployment differs significantly from region to region,<sup>52</sup> the Kelty report put forward a strategy for regional development highlighting fundamental relative disadvantages suffered by various regions which have led to disparities in economic growth and productivity. The report considered strategies to restore employment equity and promote regional growth, such as the provision of basic infrastructure with an emphasis on the provision of transport and communication infrastructure, and educational and training facilities.

3.47 The report recommends a national commitment to the modernisation of Australia's infrastructure base, particularly in transport. It also recommends the creation of new financial instruments and an industry policy designed to increase the regions' ability to attract private investment in their local economies, and an expanded system of traineeships to provide employment opportunities for 75 000 each year.

### *Regional Employment Programs*

3.48 In many respects the problems being experienced in regional areas reflect the national trends and therefore the approach to these is also the same. The economic performance of different regions show considerable variation and adjustment strategies must be appropriate to the local situation.

3.49 On the basis of these reports the Government has developed a Regional Development Strategy which is based on partnerships with local groups and support for effective regional groupings but will avoid mandating uniform standards. The Government is looking at programs which have a direct or indirect impact on regional areas particularly the coordination of the delivery of government programs in these areas.

3.50 Unemployment has been identified as the most important regional problem during the consultations of the Taskforce on Regional Australia.<sup>53</sup> The Government announced that the Regional Environmental Employment Program was expected to provide 5 000 jobs in 1994-95 and 10 000 each year after that on projects to reverse environmental degradation.

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<sup>52</sup> op.cit., p.3.

<sup>53</sup> The Kelty taskforce report, *Developing Australia: A Regional Perspective*, Canberra 1994.

3.51 DEET is establishing 60 Area Consultative Committees to develop links with successful regional development organisations to generate support for Job Compact and the Youth Training Initiative, to implement New Work Opportunities and the planning and delivery of labour market programs. As of 17 February 1995, 103 projects have been approved and 100 contracts are pending.<sup>54</sup>

3.52 The CES is establishing Employer Servicing Units in regional areas to improve links with employers. The Government has also introduced a number of initiatives to strengthen the links between the CES and employers and to assisting industry to find additional employment opportunities.

### Dependency Ratios

3.53 The Report of the 1991 Population Issues Committee forecast significant changes to the structure and composition of the Australian population with implications for the future workforce. These changes include a continuing trend towards an ageing population profile, continuing diversity of family structure, and increasing diversity of birthplace of the non-Australian born. These trends have implications for the structure of the workforce of the future in the form of higher dependent ratios with an emphasis on increased proportions of aged dependents.

3.54 The total dependency ratio in Australia in 1993 was 50.1. The figure has been rising marginally since 1990 and current projections show that the ratio will fluctuate about this level until about the year 2011 when it will begin to rise. The increase is expected to be quite pronounced, from between 49.3 and 52.2 in the year 2011, rising to between 63.6 and 66.4 in 2041.

3.55 In the 21st century, unlike the early 20th century when Australia last experienced these ratios, it will be the aged category, 65 years and over who will form the majority of dependents. This is the inevitable result of fertility remaining at low levels over a long period at the same time as mortality continues to decline. The effects of migration on these levels is relatively minor, with zero net migration levels resulting in a dependency ratio of 69.5 percent by 2041, and with an annual overseas net migration of 40 000 rising

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<sup>54</sup> Evans C, Transcript, p.141.

to 70 000 by the year 2000, a dependency ratio of 66.4 percent by the year 2041.<sup>55</sup>

### Structural Change

3.56 The ACTU believes that in the future workers will work for a number of employers rather than a single one and there will be a tendency for employees to retrain in new occupational streams and to be better educated.<sup>56</sup> The availability of career structures for all staff was a major feature of award restructuring.<sup>57</sup> Another significant change will be the increase in the numbers of employees working from home rather in the workplaces of employers.<sup>58</sup>

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<sup>55</sup> Australian Bureau of Statistics, *Projections of the Populations of Australia States and Territories 1993 to 2041*, ABS cat. No. 3222.0, 1994, p.17.

<sup>56</sup> Mansfield, Transcript, p.259.

<sup>57</sup> *ibid.*, p.261.

<sup>58</sup> *ibid.*, p.261.



## CHAPTER 4

### TECHNOLOGICAL CHANGE AFFECTING WORK

4.1 Since the Industrial Revolution of the 18th and 19th centuries there has been community concern about the potential for technological change to displace workers in many fields. Technological change, however, increases productivity and wealth and can therefore have the potential to create demand for other sorts of skills such as those in services area. If the labour market adapts poorly to those changes then unemployment may result. It is the type of technological change as well as the response to that change will determine the impact of those developments.

4.2 There is a need to focus on the potential for technological advances to create new demand through the creation of new goods and increased productivity leading to increases in real incomes. The Economist argues that as output expands rising employment can grow with productivity as the compensating effects flow onto the economy.<sup>1</sup>

4.3 Modern telecommunications and transport systems and other innovations have revolutionised many industries. The Committee for Economic Development in Australia (CEDA) predicts that productivity in developed countries will accelerate as the potential of new information technologies is fully realised.<sup>2</sup> The Economic Planning and Advisory Commission (EPAC) found 42 per cent of the labour force working in information related activities.<sup>3</sup>

4.4 Remote areas of Australia could be disadvantaged by this trend particularly in areas which are not well served by existing communications systems. There is the potential to develop an information rich society side by side an information poor society in those areas which have substandard

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<sup>1</sup> The Economist (1995) 'Technology and Unemployment', *The Economist* 334: 19-21, 11 February 1995 p.20.

<sup>2</sup> Argy F (1993) *The Road Back to Full Employment*. Committee for Economic Development of Australia, p.4.

<sup>3</sup> Clare R, Transcript, p.160.

communications.<sup>4</sup> There is a need for a universal service to enable equity in access to communication technologies<sup>5</sup> as economic activity tends to gravitate to existing business centres.

4.5 It was suggested to the Committee that care should be taken to ensure that there is no increase in the division of people in work places along the lines of information rich/information poor, high skilled jobs/low skilled jobs, high remuneration employment/low remuneration employment.<sup>6</sup>

### Recommendation

The Committee recommends that the Government adopt a National Information Policy (as proposed in its report *Australia as an Information Society: Grasping New Paradigms*, 1991) which sets out the social, economic and cultural implications of the Information Revolution, especially the possibility that an increased division between the 'information rich' and 'the information poor' will have a serious impact on underskilled individuals, groups and regions in Australia.

4.6 Those countries which have moved to a high-tech knowledge-based economy have also been most successful in creating employment.<sup>7</sup> This transition is dependent on the rate of economic growth and the pace of micro economic reform. If the pace is slow, there may be prolonged delays between the loss of jobs and the creation of new employment depending on the speed at which demand expands with the increase in productive capacity.<sup>8</sup>

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<sup>4</sup> Mansfield W, Transcript, p.269.

<sup>5</sup> *ibid.*

<sup>6</sup> *ibid.*

<sup>7</sup> The Economist (1995) 'Technology and Unemployment', *The Economist* 334: 19-21, 11 February 1995 p.21.

<sup>8</sup> *ibid.*, p.21.

4.7 Professor Glen Withers of EPAC summarised the situation in the following terms:

It is very hard for our unskilled and lower skilled workers to compete in an integrated world system with cheap international productive labour doing mass produced work. The standard conclusion is that we cannot produce the cheap stuff as cheaply as they can. Clearly the only solution is enterprise, intelligence, knowledge based value added industry.<sup>9</sup>

4.8 As 'Fordism' declines as a production paradigm it may be replaced with flexible specialisation.<sup>10</sup> While the need for greater flexibility and the level of skills have increased, the number of workers required to produce a given level of output has decreased.<sup>11</sup>

4.9 Australia's efficiency levels in the business sector are 10-15 per cent below the average for OECD countries<sup>12</sup> and the average Australian enterprise is operating 30 per cent below world best practice.<sup>13</sup> It is recognised that the focus of industry must now be to improve competitiveness and productivity in order to succeed.<sup>14</sup> Without an attractive 'inventory' of high value added goods and services for which there is international demand these problems are exacerbated.

4.10 International competitiveness is increasingly influencing workforce size and activity. Government policy must evolve within the competitive environment faced by industry to provide the appropriate support to improve the capabilities of firms to increase competitive forces, overcome inefficiencies and enhance productivity.<sup>15</sup> The globalisation of the market

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<sup>9</sup> Withers G, Transcript, p.59.

<sup>10</sup> Lansbury R, Transcript, p.41.

<sup>11</sup> Tacy L, Transcript, p.7.

<sup>12</sup> Economic Planning Advisory Committee (1993) *Structural Change and Economic Growth*. background Paper No.28, p.19.

<sup>13</sup> Hilmer Report (1993) *Business Council of Australia Bulletin* August 1993, p.7.

<sup>14</sup> Keating P (1994) *Working Nation Policies and Programs*. Presented by the Prime Minister, the Honourable PJ Keating MP House of Representatives, 4 May 1994, p.56.

<sup>15</sup> *ibid.*, p.56.

and manufacturing services and products are having a major impact on the workplace.<sup>16</sup>

4.11 To be successful small companies will need to operate with the best practice approach as the key factor imposed by globalisation is responsiveness to rapidly changing market conditions and demands.<sup>17</sup> To expand Australia's economic and employment capabilities we need to be responsive which means combining both science and technology with communication and organisational capacities.<sup>18</sup> There is also a need to develop market niches or to develop new processes and they need to work within the environment of the government vision.<sup>19</sup>

4.12 The Committee was reminded in a number of submissions, and in evidence that high volume standardised products and services are no longer the key to company success.<sup>20</sup> The Committee was given the example of Ford Motor Company laying off workers in Sydney and replacing the Laser car with imports from Korea.<sup>21</sup> The move from the mass production paradigm to the more high-tech specialised flexibility paradigm will be complicated by these parallel developments which impact on the economy.<sup>22</sup> Australia will need to compete with countries such as Korea, China and Vietnam which have the advantage of economies of scale.<sup>23</sup>

4.13 Industrial research and development grew faster in Australia than in most other OECD countries during the 1980s even though business expenditure on this aspect was lower as a proportion of the Gross Domestic Product than that of our major competitors.<sup>24</sup> A survey of manufacturing

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<sup>16</sup> Ogden M, Transcript, p.11.

<sup>17</sup> Hill S, Transcript, p.69.

<sup>18</sup> *ibid.*

<sup>19</sup> *ibid.*

<sup>20</sup> Ogden M, Transcript, p.11.

<sup>21</sup> Lansbury R, Transcript, p.42.

<sup>22</sup> *ibid.*

<sup>23</sup> *ibid.*

<sup>24</sup> *Working Nation*, *op.cit.*, pp.61-2.

industry showed that this was the area in which government support was most needed.<sup>25</sup> The Government aims to increase business research and development and commercialise existing developments into a competitive edge.<sup>26</sup>

4.14 The Government's strategy to increase the skilled workforce implies that skilled occupations will grow at a faster rate than unskilled occupations, however, this scenario is not universally accepted.<sup>27</sup> Improvements in technology may displace some workers, while industries such as hospitality will employ large numbers of less skilled workers.<sup>28</sup>

4.15 Technological and microeconomic reforms may remove many traditional jobs. In the medium term the negative effects on labour demand could be offset by some substitution of labour for capital in response to lower real unit labour costs; increased business investment in response to higher returns on capital; increased net exports in response to increased competitiveness; and higher real consumption by employed persons earning higher real incomes.<sup>29</sup>

4.16 On balance, however, the Department of Employment, Education and Training (DEET) concludes that:

the evidence suggests that the workforce is moving in the direction of becoming 'more clever' and that 'deskilling' pressures are not paramount, although strong employment growth is expected in some lowly skilled occupations.<sup>30</sup>

4.17 The study done by DEET into *Australia's Workforce in the Year 2001* found that the projected growth rates for occupations varied considerably and that the industry structure and occupational share effects were

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<sup>25</sup> Nolan D, Transcript, p.21.

<sup>26</sup> *Working Nation*, *ibid.*, p.62.

<sup>27</sup> *Australia's Workforce in the Year 2001*, *op.cit.*, p.20.

<sup>28</sup> *ibid.*, p.20.

<sup>29</sup> Argy F (1993) *The Road Back to Full Employment*. Committee for Economic Development of Australia, p.5.

<sup>30</sup> *Australia's Workforce in the Year 2001*, *ibid.*, p.20.

important.<sup>31</sup> For example the number of professional positions is expected to grow at the fastest rate as they are favoured by both changes in industry structure and occupational share.<sup>32</sup> It is not always the least educated workers who may be displaced by new technology but they will find it harder to find new positions if this is the case.<sup>33</sup>

4.18 Some technological changes have resulted in more service type jobs being available for women in traditional areas of female employment.<sup>34</sup>

4.19 While not itself the primary engine to economic growth the Government has an important policy directing role in shaping the nation's response to inevitable technological change. CEDA, for example, sees the role of government as:

promoting public understanding and awareness of the need for change; in acting as a catalyst for change in certain areas of the private sector such as training and research; in ensuring a stable and positive macroeconomic climate; in ensuring adequate and efficient infrastructure; and above all in creating an incentive structure conducive to investment, efficiency, saving and exports.<sup>35</sup>

4.20 The tendency to focus on technological changes should not be at the expense of the importance of innovations which are non-technological.<sup>36</sup>

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<sup>31</sup> op.cit., p.21.

<sup>32</sup> ibid., p.25.

<sup>33</sup> The Economist (1995) 'Technology and Unemployment', *The Economist* 334: 19-21, 11 February 1995 p.21.

<sup>34</sup> Chinery-Hesse M (1994) 'The International Perspective: in the context of public sector reform'. Paper presented to the *Do Managers Care? Work, Family and the APS*. APS Conference for the International Year of the Family, Canberra, 5 September 1994, p.10

<sup>35</sup> Argy F (1993) *The Road Back to Full Employment*. Committee for Economic Development of Australia, p.6.

<sup>36</sup> SATTRESS, Submission No.10, p.2.

## **The national capacity to create new industries**

4.21 In evidence to the Committee, Dr John Mathews of the Industrial Relations Research Centre of the University of New South Wales proposed that the Australian Government adopt co-ordinated strategies designed to promote the creation of new industries 'inter-firm networking', according to patterns existing in successful East Asian economies such as Japan and Korea.

4.22 By 'new industries' Dr Mathews was referring to industries associated with high technology fields such as photonics, new materials, medical radioisotopes, cellular automata, and intelligent manufacturing systems.

4.23 Dr Mathews argued that the institutional framework for industry creation already existed in Australia and that the issue is one of co-ordination, and of deciding which mix of institutions, both public and private, best supports the new industry creation process. Institutions (which are already in place in this country), which are suited to the co-ordinating role include: public sector research institutions, intellectual property agencies, research and technology parks, development banks, industry associations and export agencies.<sup>37</sup>

## **Work Design**

4.24 The traditional pay system which was characteristically a weekly wage with additional overtime or bonuses creates the situation where workers are, in effect, paid for attendance rather than for work done which encourages workers to spread the work out to ensure overtime.<sup>38</sup> Increasingly companies want to operate 24 hours a day which requires a new pay system which will reinforce and contribute to the learning organisation, to the work team and productivity.<sup>39</sup> One approach is to pay people for their skills, responsibility and knowledge rather than for the position they hold, which

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<sup>37</sup> Mathews J, Transcript, 3 March 1995, pp. 219-26.

<sup>38</sup> Ogden M, Transcript, p.15.

<sup>39</sup> *ibid.*

has implications for career paths.<sup>40</sup> The ACTU told the Committee that there is no one pay approach; there is a set of principles which can be applied.<sup>41</sup>

4.25 Innovation can provide the advantage which enables Australian firms to compete successfully.<sup>42</sup> New processes, products and markets enable firms to expand and new industries to develop.<sup>43</sup> There has already been a move for workers to be multiskilled, have greater responsibility for quality control and to be a source of competitive advantage.<sup>44</sup> This has to some extent replaced the traditional production line approach.<sup>45</sup>

4.26 Self managing work teams are becoming more common and sophisticated.<sup>46</sup> Work design now incorporates individual responsibility as an integral part of the production process and involves a greater range of functions.<sup>47</sup>

4.27 The ACTU considered that it is possible to incorporate work design principles and skills through appropriate technological systems rather than requiring people to fit around the technology.<sup>48</sup> If technological systems are designed to fit into work organisation management systems they will reinforce equal opportunity, balancing work and social life and the pay system.<sup>49</sup>

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<sup>40</sup> Ogden M, Transcript, p.15.

<sup>41</sup> *ibid.*

<sup>42</sup> *Working Nation*, op.cit., p.61.

<sup>43</sup> *ibid.*, p.61.

<sup>44</sup> Tacy L, Transcript, p.7.

<sup>45</sup> *ibid.*

<sup>46</sup> Ogden M, Transcript, p.14.

<sup>47</sup> *ibid.*

<sup>48</sup> *ibid.*, p.17.

<sup>49</sup> *ibid.*, p.18.



## Technological Advances

4.28 The Committee was told that the comparative rate of technological change in Australia was greatest in the 1950s and 1960s.<sup>50</sup> It is estimated that the uptake of new technologies by Australian industry is three to eight years behind our competitors due to the fragmentation of the existing infrastructure for technology diffusion.<sup>51</sup> The service sector increased as a percentage of the total workforce at the expense of the manufacturing sector.<sup>52</sup>

4.29 Professor Withers stressed the importance to Australian industry of the communications revolution and its impact on the manufacturing industry with reference to the nature of the services delivered, home based work, computer aided design robotics and skills appreciation.<sup>53</sup>

4.30 Among other steps, the Government has announced it will commission a review of the international best practice in the adoption and management of technology, including looking at ways that technology can be transferred to develop a more technologically advanced economy.<sup>54</sup>

4.31 Technological changes can reduce the costs but can also increase the quality and flexibility which are now the critical factors for maintaining Australia's competitive position in the future.<sup>55</sup> Technological change occurs together with change in culture and education which results in the fact that workers are less willing to accept poor working conditions or lower wage outcomes.<sup>56</sup>

4.32 In some industries the introduction of main frame computers led to

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<sup>50</sup> Pixley J, Transcript, p.35.

<sup>51</sup> *Working Nation*, op.cit., p.65.

<sup>52</sup> Pixley J, Transcript, p.35.

<sup>53</sup> Withers G, Transcript, p.58.

<sup>54</sup> *Working Nation*, ibid., p.66.

<sup>55</sup> Ogden M, Transcript, p.11.

<sup>56</sup> ibid.

the displacement of jobs although this was balanced by an increased demand for clerks worldwide.<sup>57</sup> These advances led to new ways of doing things with software available to enable improved decisions, improved timing and response timing.<sup>58</sup> The use of computers requires a flexible and multiskilled staff.<sup>59</sup>

4.33 The introduction of computers has had other effects on the workforce. New high tech small companies generate 10 to 20 times the employment per million dollars of capital than did the older steel companies.<sup>60</sup> People can take notebook computers home and they invade family life and the home and this can lead to stress from working longer hours.<sup>61</sup> The ACTU does not believe that there will be enormous numbers of people working from home although the ability to do so may be an advantage to those with disabilities or parenting responsibilities.<sup>62</sup> The use of computers has resulted in greater flows of information within organisations including feedback on the contribution of all levels to the performance of the organisation.<sup>63</sup>

4.34 The tasks performed in individual occupations will evolve with technological developments and changing work practices.<sup>64</sup> The significance of an occupation will vary with the importance of particular tasks within the occupation.<sup>65</sup> For example the introduction of personal computers has resulted in an increase in the range of tasks performed by stenographers and an increase in the keyboard component of clerical and professional occupations.<sup>66</sup>

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<sup>57</sup> Thornton B, Transcript, p.114.

<sup>58</sup> *ibid.*, p. 115.

<sup>59</sup> *ibid.*, p.116.

<sup>60</sup> *ibid.*, p.117.

<sup>61</sup> *ibid.*, p.114.

<sup>62</sup> Australian Council of Trade Unions, Submission 26, p.14.

<sup>63</sup> Thornton B, Transcript, p.118-119.

<sup>64</sup> *Australia's Workforce in the Year 2001*, op.cit., p.28.

<sup>65</sup> *ibid.*, p.28.

<sup>66</sup> *ibid.*, p.31.

## Industrial Relations Implications

4.35 The ACTU pointed out that industrial relations are now human relations and these are no longer separate fields.<sup>67</sup> The ACTU is promoting the organisation of work which draws social and technical issues and forces together including the integration of family and work life.<sup>68</sup> Australia needs to bring together existing initiatives in technological, social and organisational design but the institutional structures are not supporting the opportunities which lie before us.<sup>69</sup>

4.36 Professor Thornton made the following observation:

the key to lower costs is frequently the speed of the company's response to changes in markets and technologies. Imposing change from above on a hostile or apprehensive work force takes too long. The trick is to have the ideas pushed up from below.<sup>70</sup>

4.37 Award Restructuring can be an integral part of this process as it can hasten the implementation of new technologies and more efficient work practices.<sup>71</sup> There are now awards for telework for people working at home.<sup>72</sup>

4.38 The *Industrial Relation Reform Act 1993* emphasises enterprise bargaining for wage fixing and workplace reform.<sup>73</sup> The Act outlines the framework for labour market flexibility, productivity growth and wage restraint.<sup>74</sup> The Australian Industrial Relations Commission is required to facilitate and promote bargaining and the Industry Consultative Councils are

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<sup>67</sup> Ogden M, Transcript, p.17.

<sup>68</sup> Hill S, Transcript, p.124.

<sup>69</sup> *ibid.*, p.125.

<sup>70</sup> Thornton B, Transcript, p.119.

<sup>71</sup> *Australia's Workforce in the Year 2001*, op.cit., p.31.

<sup>72</sup> Lansbury R, Transcript, p.65.

<sup>73</sup> *Working Nation*, op.cit., p.25.

<sup>74</sup> *ibid.*, p.25.

required to develop measures to improve efficiency and competitiveness and address barriers to workplace reform.

4.39 The Australian Chamber of Commerce and Industry told the Committee that:

the Act also manages at the same time to put a number of impediments in the way of the parties reaching those agreements and also introduces an array of minimum standards which certainly are seen as negatives from the employers point of view: the legal right to strike; a requirement to bargain in good faith; an array of minimum standards; extended protection and remedies for employees against termination and unfair dismissal; as well as changes in secondary boycott laws and access to common law. All of these on the one hand send a message out to enterprises that mitigate against change and against reform in some areas, whilst at the same time the principle thrust of the act is seeking to encourage negotiation.<sup>75</sup>

### *Enterprise Agreements*

4.40 Enterprise bargaining directly links wage increases to increases in productivity gains. The Government aims to have 80 per cent of employees in direct bargains before the end of 1996 and urges the States to do the same.<sup>76</sup>

4.41 The Government has outlined its policies and programs which are designed to ensure that awards:

provide a true safety net, guaranteeing a limited range of core conditions, but with more detailed regulation of work tailor-made to suit the particular needs of individual enterprises and agreed through bargaining at the enterprise level.<sup>77</sup>

4.42 Awards can place restrictions on the utilisations of labour such as hours of work.<sup>78</sup> Enterprise bargaining agreements can address issues such as the flexibility of working hours, job redesign, multiskilling, new classification structures, reduction of demarcation, team work, benchmarking

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<sup>75</sup> Nolan D, Transcript, p.19.

<sup>76</sup> *Working Nation*, *ibid.*, p.26.

<sup>77</sup> *ibid.*, p.8.

<sup>78</sup> Nolan D, Transcript, p.36.

for international best practice, quality assurance systems, consultative arrangements and special provision for workers with family responsibilities.

4.43 The Australian Chamber of Commerce and Industry considered that in practice, however, the bulk of agreements were merely added on to existing awards and parties did not strive to separate their own issues from those of their industry sector.<sup>79</sup>

### **Part-Time Work**

4.44 An observable trend in Australian industrial practice has been the 'downsizing' of firms to a central core of staff supplemented by peripheral staff as required for upturns in the business cycle.<sup>80</sup> While this has provided short term flexibility it may have long term negative consequences.<sup>81</sup> The ACTU believes this may be in conflict with best practice and that companies are now appreciating the need for a more permanent workforce.<sup>82</sup>

4.45 It was suggested that problems arose if part-time or contract workers did not have access to the full range of employment conditions such as job security, training and development opportunities.<sup>83</sup> Many companies are now moving to a more permanent workforce which may be part-time but workers have access to training, can integrate into work teams and have a much more permanent relationship than had been the practice in the past.<sup>84</sup> Companies have found that a commitment to the work force can have an impact on the quality of the products and services.<sup>85</sup>

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<sup>79</sup> Nolan D, Transcript, p.20

<sup>80</sup> Tacy L, Transcript, p.8

<sup>81</sup> *ibid.*

<sup>82</sup> Ogden M, Transcript, p.14.

<sup>83</sup> Tacy L, Transcript, p.8.

<sup>84</sup> Ogden M, Transcript, p.15.

<sup>85</sup> *ibid.*

4.46 The trend is towards workers requiring workplace contexts and arrangements that suit them as educated and skilled people, and the capacity to take on their own responsibilities (with a lesser role for tribunals).<sup>86</sup>

### **Concluding Remarks**

4.47 Although the workplace changes discussed above are long term, those countries which are adapting more rapidly are proving to be more competitive on the global market.<sup>87</sup> The situation is that technology and finance are more mobile than the population and will move elsewhere unless Australia can make the most of its workforce to improve economic productivity.<sup>88</sup> The ACTU emphasised the need for a holistic approach in generating a competitive industry, and perceived difficulties in a system in which different aspects were dealt with by different government instrumentalities.<sup>89</sup>

4.48 The long term approach which is considered by the ACTU to be the best practice approach may conflict with short-term profit approach.<sup>90</sup> The long term changes need to overcome barriers such as those created by some traditional management approaches, traditional union approaches, workplace layouts and old technologies which need to be replaced.<sup>91</sup> Those involved in the changes are often confused and do not understand what is happening.<sup>92</sup>

4.49 It is difficult to assess the impact of technology on productivity and jobs in areas such as services. While technology may improve the quality of services this may not be reflected in terms of output statistical measures.

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<sup>86</sup> Withers G, Transcript, p.60.

<sup>87</sup> Ogden M, Transcript, p.12.

<sup>88</sup> Withers G, Transcript, p.59.

<sup>89</sup> Ogden M, Transcript, p.17.

<sup>90</sup> *ibid.*, p.12.

<sup>91</sup> *ibid.*, p.11.

<sup>92</sup> *ibid.*, p.12.

Although the impact of technology may not have a direct effect on the level of employment, the pattern of wages and the composition of jobs will change significantly.

4.50 The Government has implemented a number of initiatives designed to make the workforce more flexible through improvements in education and training. It was suggested that another important area in which the Government may assist the process is that of removing obstacles to free markets in labour and goods and services.<sup>93</sup>

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<sup>93</sup> The Economist (1995) 'Technology and Unemployment', *The Economist* 334: 19-21, 11 February 1995 p.21.

## CHAPTER 5

### EDUCATIONAL REQUIREMENTS

5.1 To become a 'clever country' implies a need to increase the number of skilled jobs and an improvement in the depth and quality of Australia's skills base.<sup>1</sup> To become an intelligent country would be even more demanding. The development of the appropriate workforce skills is a key factor in the economic growth of the nation.<sup>2</sup> The *Working Nation* Report concludes that:

skill and knowledge are critical elements of competitive advantage in modern economies. The quality and availability of education provides Australia with a distinct advantage in the region.<sup>3</sup>

5.2 The Government believes that Australia is already well placed with a highly skilled workforce and flexible skills base but more needs to be done as increases in productivity depend on the skills and application of people through education and training.<sup>4</sup> Australia needs education and training that is cost effective, high quality and user-friendly.<sup>5</sup>

5.3 The Government's strategy is to ensure that:

- young people have adequate training and education to enter the workforce; and
- the training system is responsive to the varied and changing needs of the labour market.<sup>6</sup>

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<sup>1</sup> Department of Employment, Education and Training, *Australia's Workforce in the Year 2001*, Economic and Policy Analysis Division, June 1991, p.1.

<sup>2</sup> Clare R and Johnston K (1993) *Education and Training in the 1990s*. Economic Planning Advisory Council. Background Paper No.31, July 1993, p.9.

<sup>3</sup> *Working Nation*, op.cit., p.72.

<sup>4</sup> *ibid.*, p.10.

<sup>5</sup> Employment and Skills Formation Council (1992) *Australian Vocational Certificate Training System*, National Board of Employment, Education and Training, AGPS, Canberra, p.3.

<sup>6</sup> *Working Nation*, op.cit.,p.10.



5.4 Structural changes in employment in the 1990s will impact on the level and type of skills required by the workforce.<sup>7</sup> Traditionally, it could be argued that the education sector, including the school sector, higher education institutions (comprising universities, colleges of advanced education and the Technical and Further Education system), were the main providers of skills. More recently, there have been increases in the development of skills provided by private business colleges and specialist training providers.<sup>8</sup>

5.5 There is a predicted above average increase in the occupations with above average skills levels, particularly those with the highest skills levels. The second fastest growing occupation, however, is sales workers which have a relatively low skill requirement and the occupation with the highest skill requirement is managers which has a below average projected growth.

5.6 Education enhances performance throughout the workforce by improved literacy skills, work skills and knowledge, improved problem solving abilities, adaptability to change and the acquisition of appropriate values and ethics.<sup>9</sup> Greater increases in productivity result in organisations which encourage multiskilling and are creative and adaptable.<sup>10</sup>

5.7 Australia's post-industrial economy has become more reliant on a skilled workforce which has led employers, employees, and governments to place pressure on the education sector to provide training and retraining which are appropriate to Australia's competitive needs. Factors which necessitate increased training include technological change, quality assurance and organisational restructuring.<sup>11</sup> There is an increasing emphasis on training as a component of enterprise bargaining agreements.

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<sup>7</sup> *Australia's Workforce in the Year 2001*, op.cit., p.67.

<sup>8</sup> *ibid.*, p.53.

<sup>9</sup> Clare R and Johnston K, op.cit., p.54.

<sup>10</sup> Australian Education Council Review Committee (1991) *Young People's Participation in Post-compulsory Education and Training* Report of the Australian Education Council Review Committee, July 1991, p.7.

<sup>11</sup> Warburton R, (1995) 'Education, Training and Skills', Speech given to the National Strategies Conference on *Shaping the Future*, Conference Proceedings, Economic Planning Advisory Commission, p.227.

## Policy Directions

5.8 There have been a number of recent reports on the potential policy directions for Australian education. Reports such as DEET's *Australia's Workforce in the Year 2001*,<sup>12</sup> the Australian Education Council Review Committee's *Young People's Participation in Post-compulsory Education and Training*,<sup>13</sup> the Employment and Skills Formation Council's *Raising the Standard: Middle Level Skills in the Australia Workforce*,<sup>14</sup> the Wiltshire report on the *Review of the National Board of Employment, Education and Training*<sup>15</sup>; the Employment and Skills Formation Council report on *The Shape of things to Come Small Business Employment and Skills*,<sup>16</sup> and the EPAC report *Education and Training in the 1990s*<sup>17</sup>.

5.9 Issues highlighted in these reports include the need for a convergence between general education and vocational training, the development of national core competencies, an emphasis on quality as well as quantity, a more accessible transition from the compulsory education system to the vocational skills training programs and the sharing of responsibilities. A number of key recommendations have already been implemented.

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<sup>12</sup> Department of Employment, Education and Training (1991) *Australia's Workforce in the Year 2001*. DEET Economic and Policy Analysis Division, June 1991.

<sup>13</sup> Australian education Council Review Committee (1991) *Young People's Participation in Post-Compulsory Education and Training*. Report of the Australian Education Council Review Committee, July 1991.

<sup>14</sup> Employment and Skills Formation Council (1993) *Raising the Standard: Middle Level Skills in the Australian Workforce*, National Board of Employment, Education and Training, November 1993, AGPS, Canberra.

<sup>15</sup> Wiltshire K (1994) *Review of the National Board of Employment, Education and Training*, Department of Employment Education and Training, February 1994, AGPS Canberra

<sup>16</sup> Employment and Skills Formation Council (1994) *The Shape of Things to Come Small Business Employment and Skills*, National Board of Employment, Education and Training, August 1994, AGPS, Canberra.

<sup>17</sup> Clare R and Johnston K (1993) *Education and Training in the 1990s*, Economic Planning Advisory Council, Background Paper No.31, July 1993.

5.10 The establishment of the National Board of Employment, Education and Training (NBEET) provided an opportunity for industry and unions to be involved in specifying the essential elements of certain skills and in training and retraining processes. The recent Review of NBEET made a number of recommendations to improve the effectiveness of the Board.<sup>18</sup>

5.11 The Employment and Skills Formation Council pointed out that substantial additional funding would be required for training particularly in the areas of TAFE, skills centres, trainee allowances and employer subsidies to enable the Australian Vocational Certificate System to operate.<sup>19</sup>

5.12 The White Paper signalled the introduction of policies designed to:

- . forge stronger links between schools and industry through the creation of a new Australian Student Traineeship Foundation;
- . expand vocational training;
- . provide opportunities and incentives for young people to remain in education or training through the introduction of a Youth Training Initiative;
- . reform the training system to improve the quality, flexibility and relevance of training through increased industry involvement;
- . expand traineeships and apprenticeship opportunities by offering employers a revised set of incentives to offer training places; and
- . increase training opportunities for small and medium enterprises.<sup>20</sup>

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<sup>18</sup> Wiltshire K (1994) *Review of the National Board of Employment, Education and Training*, Department of Employment Education and Training, February 1994, AGPS Canberra, p.2.

<sup>19</sup> Employment and Skills Formation Council (1992) *National Vocational Certificate Training System*, National Board for Employment, Education and Training, AGPS, Canberra, p.15.

<sup>20</sup> *Working Nation*, op.cit., p.11.

## Educational Requirements

5.13 Compared to other OECD countries, Australia has a higher proportion of people between the ages of 25 and 64 with higher education qualifications.<sup>21</sup> During the next decade, there is expected to be a 50 per cent increase in the number of people in the workforce with degrees and more than a 25 percent increase in the number of workers with other post-secondary qualifications.<sup>22</sup>

5.14 While tertiary educational levels in Australia are high, the relative proportion of people completing secondary education to year 12 is low by OECD standards. There is a consensus on the need to improve secondary school retention levels. All Australian governments have agreed that by the year 2001, 95 percent of all young people at the age of 19 are to have completed Year 12 or an initial post-school qualification, or be participating in formally recognised education and training. In 1993, only 77.5 per cent of 19 year olds achieved this goal which is below the OECD average.<sup>23</sup> Other suggested targets include having almost all people of the age of 20 attaining at least a higher-level traineeship; and at least 50 per cent of people of the age of 22 to have attained as least a vocational certificate or equivalent.<sup>24</sup>

5.15 In the past Australia has placed emphasis on the encouragement of higher education while neglecting the vocational educational sector.<sup>25</sup> A survey of employers considered that the most desirable attributes of graduates were flexibility, adaptability, independent reflective and critical

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<sup>21</sup> Clare R and Johnston K (1993), op.cit., p.57. In Australia in 1989, 31 per cent of people held higher education qualifications, the figure for Germany was 17 per cent, for the UK 15 per cent, for Japan 21 per cent, for Canada 30 per cent and for the US 35 per cent.

<sup>22</sup> *Australia's Workforce in the Year 2001*, op.cit., p.6.

<sup>23</sup> *Working Nation*, op.cit.,p.91.

<sup>24</sup> NBEET (1992) Employment and Skills Formation Council, *The Australian Vocational Certificate Training System*, March 1992, p.35; Australian Education Council Review Committee (1991) *Young People's Participation in Post-Compulsory Education and Training*, Report of the Australian Education Council Review Committee, July 1991, p.52.

<sup>25</sup> Clare R and Johnston K, op.cit., p.86.

thinking, curiosity, imagination, lateral thinking and problem solving ability.<sup>26</sup> There is a current polarisation between the university sector fostering education for creative development and the TAFE sector promoting education for skills.<sup>27</sup>

5.16 The Economic Planning Advisory Council (EPAC) considered that there is an unacceptable number of individuals lacking literacy, numeracy and other skills that are essential for full participation in a modern developed society.<sup>28</sup> The Committee for Economic Development in Australia also expressed their concern about the literacy/numeracy and basic competency problem and the lack of consistency in Australian education standards.<sup>29</sup> EPAC consider that the use of the literacy benchmark of being able to sign their name or make a telephone call, as inadequate.<sup>30</sup> EPAC identified a need for more family involvement in education, particularly in disadvantaged families.<sup>31</sup> The Workplace English Language and Literacy program aims to assist workers who are potentially at risk of displacement through lack of literacy skills.

5.17 The Committee was told that a significant proportion of students leaving primary and secondary schools lack basic literacy and numeracy skills and this impedes their training in vocational education.<sup>32</sup> The benefits and importance of enhanced literacy skills are, at the same time being recognised by enterprises as contributing to increased productivity.<sup>33</sup>

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<sup>26</sup> Gale F (1995) 'Education, Training and Skills' Speech given to the National Strategies Conference on *Shaping the Future*, Conference Proceedings, Economic Planning Advisory Commission, p.217.

<sup>27</sup> *ibid.*, p.223.

<sup>28</sup> Clare R and Johnston K, *op.cit.*, p.85.

<sup>29</sup> Committee for Economic Development of Australia (1994) *The CEDA Road Back to Full Employment. A Policy Statement by the Committee for Economic Development of Australia*, February 1994, p.17.

<sup>30</sup> Clare R, Transcript, p.154.

<sup>31</sup> *ibid.*, p.153.

<sup>32</sup> Cornford I, Submission 32, p.5.

<sup>33</sup> Department of Employment, Education and Training (1993) *Training for Productivity*, Invest in Literacy, Australian managers talk about success.

5.18 Although the Government recognises the importance of strong basic literacy and numeracy skills in the workforce it considers that there is inadequate information available on literacy and numeracy skills which are needed to develop better training programs. A survey of numeracy skills is being conducted by the Third International Mathematics and Science Study and the Government will conduct a literacy survey over the next three years.<sup>34</sup>

5.19 It was pointed out that effective primary and secondary schooling and vocational training are important factors in international competitiveness.<sup>35</sup> EPAC considered that:

Countries that have been able to provide a good grounding for the bulk of students in mathematics, language, science and other aspects of general education, and which provide thorough and effective vocational training tend to have the best productivity performance.<sup>36</sup>

5.20 The Committee for Economic Development for Australia called for

greater national co-ordination, with portability of qualifications and greater consistency of curriculum and standards, and increased understanding of, and responsiveness to, future patterns of labour demand.<sup>37</sup>

5.21 The Australian Chamber of Commerce and Industry considered that 25 per cent of year 11 and 12 students might take up vocational education options and experiential learning opportunities should be made available. The Chamber considered that this could be feasible as long as a system could be developed that was convenient to both schools and enterprises.<sup>38</sup>

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<sup>34</sup> *Working Nation*, op.cit., p.92.

<sup>35</sup> Clare R and Johnston K, op.cit., p.86.

<sup>36</sup> *ibid.*, p.57.

<sup>37</sup> Committee for Economic Development of Australia (1994) *The CEDA Road Back to Full Employment*. A Policy Statement by the Committee for Economic Development of Australia, February 1994, p.17.

<sup>38</sup> Nolan D, Transcript, p.25.

5.22 Training and retraining are necessary to maintain workforce flexibility and adaptability, to provide competence and to foster creativity.<sup>39</sup> Schools are broadening their approach to provide greater access to vocational education past the compulsory schooling years.<sup>40</sup> School programs now need to incorporate key employment competencies, however, the competency framework approach has not yet met with universal acceptance.<sup>41</sup>

5.23 Skills must be kept up to date to maintain and enhance Australia's level of competitiveness.<sup>42</sup> The Australian Education Council Review Committee recommended that consideration should be given to possible national targets in vocational skills and competencies among adults as a stimulus to achieving a better skilled workforce.<sup>43</sup> The Department of Employment, Education and Training considered that the extent of skills shortages over the next decade can not be predicted with any certainty and therefore a flexible workforce is necessary to capitalise on new opportunities as they arise.

5.24 Notwithstanding the efforts of Governments to date, the National Strategies Conference was told that:

The education and training landscape is criss-crossed by myriad dividing walls. High walls between primary, secondary and tertiary education. Fortified walls between Universities and Technical and Further Education (TAFE). Barricades between TAFEs and industry training. Professions and philosophical walls between social objectives and economic objectives.<sup>44</sup>

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<sup>39</sup> Clare R and Johnston K, op.cit., p.9.

<sup>40</sup> Australian Education Council Review Committee (1991) *Young People's Participation in Post-compulsory Education and Training* Report of the Australian Education Council Review Committee, July 1991, p.8.

<sup>41</sup> Clare R and Johnston K, *ibid.*, p.11.

<sup>42</sup> *ibid.*, p.48.

<sup>43</sup> Australian Education Council Review Committee, op.cit., p.59.

<sup>44</sup> Schofield K (1995) 'Education, Training and Skills' Speech given to the National Strategies Conference on *Shaping the Future*, Conference Proceedings, Economic Planning Advisory Commission, p.231.

5.25 Changes in course design and curricula have been necessary to meet technological changes and the changing demand for occupational skills.<sup>45</sup> During the last decade, there has been an increase in the share of enrolments for business and economic courses; the proportion of students enrolled in science and engineering has increased only slightly; while law, arts, humanities and social sciences have maintained their share.<sup>46</sup>

5.26 Professor Russell Lansbury considered that serious attention must be given to ensuring that there are adequate places for education and that preference must be given to school leavers rather than mature age entrants.<sup>47</sup> Dr Ted Emmett cautioned that the current emphasis on participation must be accompanied by attention to the curriculum content, challenge and depth and this may require a cultural change to ensure there is a more skilled Australia.<sup>48</sup>

## Schools

5.27 About half of all school leavers join the workforce with little or no further formal training and the quality and length of schooling is reflected in the number proceeding to further education and training. There was an increase in the retention rate for Year 12 from 33 to 64 per cent from 1974 to 1990. Less than 20 per cent of teenagers holds a full time job but more than 75 per cent complete secondary school. The extent to which the Year 12 retention rate increases will depend on the increase in minimum educational standards for entry to jobs.

5.28 It is interesting to note that the improved retention rates have varied between states, government and non-government schools, among different socio-economic groups and regions. If retention rates could be increased nationally to 75 or 80 per cent then this could have significant effects on the facilities required in those states which currently have below average retention rates.<sup>49</sup>

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<sup>45</sup> *Australia's Workforce in the Year 2001*, op.cit., p.60.

<sup>46</sup> *ibid.*, p.60.

<sup>47</sup> Lansbury R, Transcript, p.45.

<sup>48</sup> Emmett E, Transcript, p.67.

<sup>49</sup> *Australia's Workforce in the Year 2001*, op.cit., p.84.



5.29 It was suggested that rather than increasing the rate of retention to Year 12 beyond an undefined optimum level, a more realistic approach would be to ensure that all teenagers have sufficient education or training to make a successful transition to full-time employment.<sup>50</sup> Not all teenagers find further training or education an attractive option. Nor can the high quality and relevance of further training be assumed. The effectiveness of training wage provisions remain open to debate. A one hundred per cent target for high school retention would have major implications for educational, training and labour market institutions and would not completely solve the unemployment problem for teenagers.<sup>51</sup>

### *Transition from School to Workplace*

5.30 Policy makers predict that a substantial number of teenagers will still experience problems in the transition from school to the workforce in the year 2001 although the absolute numbers of unemployed but looking for work will be lower.<sup>52</sup> At present schools focus on training students for entry into university while those moving into vocational streams virtually need to start from scratch.<sup>53</sup>

5.31 More structured vocational training has already been introduced in some States in the final years of secondary school.<sup>54</sup> Disparities between schools with regard to the achievement of competence in areas such as information technology need to be addressed also.<sup>55</sup>

5.32 It is argued that the introduction of a training wage may provide an additional avenue for access to mainstream employment and skill development for those in entry level training, and the unemployed. There have been significant developments since the announcement of *Working Nation* in July 1994, in introducing uniform industrial arrangements for the

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<sup>50</sup> *Australia's Workforce in the Year 2001*, *ibid.*, p.83.

<sup>51</sup> *ibid.*, p.86.

<sup>52</sup> *ibid.*

<sup>53</sup> Warburton R, *op.cit.*, p.228.

<sup>54</sup> Mansfield W, Transcript, p.280.

<sup>55</sup> *ibid.*, p.281.

national training wage with the agreement of a number of unions.<sup>56</sup>

### Higher Education

5.33 The Department of Employment, Education and Training report, *Australia's Workforce in the Year 2001* found that during the 1980s there were large increases in full-time education participation by young people and to a lesser extent older people, and that part-time enrolment was more common for older people but part-time participation was stable throughout the 1980s. The Department commented that there are some constraints on current enrolments due to shortages of available places.<sup>57</sup>

5.34 The scale and scope of the higher education sector is largely determined by government funding of which State governments provide five per cent and the Commonwealth provides 75 per cent.<sup>58</sup> Australia's expenditure on tertiary education, as a proportion of GDP, is higher than average and similar to that of Canada and New Zealand.<sup>59</sup>

5.35 There was a concern amongst the business community that university graduates lack an understanding of the practical applications of their knowledge.<sup>60</sup> There is increased pressure on universities to provide more relevant research which develops internationally competitive Australian industries.<sup>61</sup> Although the number of enrolments in universities is increasing, EPAC considered that there is no clear evidence that the enrolments are in appropriate disciplines.<sup>62</sup> Professor Wiltshire recommended that the membership of the Higher Education Council should include a representative from the vocational education sector and the

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<sup>56</sup> Evans C, Transcript, p.140.

<sup>57</sup> *Australia's Workforce in the Year 2001*, *ibid.*, p.57.

<sup>58</sup> Clare R and Johnston K, *op.cit.*, p.22.

<sup>59</sup> *ibid.*, p.24.

<sup>60</sup> *Aiming Higher*, Business/Higher Education Round Table, 1991 Surveys, Commissioned Report No.1, Victoria, July 1991.

<sup>61</sup> Clare R and Johnston K, *ibid.*, p.45.

<sup>62</sup> *ibid.*, p.79.

university sector.<sup>63</sup>

### TAFE and Vocational Training

5.36 The TAFE sector caters for those already in the workforce as well as new students, apprentices and trainees and aims to enhance the skills necessary for workplace opportunities.<sup>64</sup> Australia gives a low priority to non-university vocational education compared to other OECD countries<sup>65</sup> and there was a decline in interest in these courses compared to university courses from 1984 to 1990.<sup>66</sup> The emphasis of TAFE has moved to Associate Diplomas reflecting the downturn in the numbers of apprenticeships offered.<sup>67</sup>

5.37 TAFE participation rates remained almost level throughout the 1980s.<sup>68</sup> During this period, the participation in TAFE increased slightly for full-time enrolments, the slight increase in part-time participation reflected increased female and older person enrolments while a drop in the number of young males was due to a decrease in the number of apprenticeships taken up. If the current trends continue, there is expected to be an increase in TAFE enrolments by 37 per cent, and the numbers in higher education by 16 per cent, by the end of the century.<sup>69</sup> In 1994

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<sup>63</sup> Wiltshire K (1994) *Review of the National Board of Employment, Education and Training*, Department of Employment, Education and Training, February 1994, AGPS Canberra, p.47.

<sup>64</sup> Clare R and Johnston K, *op.cit.*, p.45.

<sup>65</sup> Sweet R (1992) *Assessing, shaping and influencing demand for higher education*, Dusseldorp skills forum, Part of the 1992 Spring lectures on Higher Education, November 1992 cited in Clare R and Johnston K (1993) *Education and Training in the 1990s*. Economic Planning Advisory Council. Background Paper No.31, July 1993, p.28.

<sup>66</sup> NBEET (1992) *Post-compulsory education and training: Fitting the Need*, National Board of Employment, Education and Training, AGPS, Canberra, November 1992.

<sup>67</sup> Clare R and Johnston K, *ibid.*, p.77.

<sup>68</sup> Withers G, Transcript, p.54.

<sup>69</sup> *Australia's Workforce in the Year 2001*, *op.cit.*, p.65.

nationally, 140 000 applicants were unable to be accommodated in TAFE colleges.

5.38 The distribution of courses taken by students in TAFE has not changed markedly during the 1980s. Nor is this situation expected to change in any significant way by 2001.

5.39 The Finn Committee produced a report on the *Review of Young Peoples Participation in Post-Compulsory Education and Training* in July 1991 which emphasised a need for improvements in vocational education and training. The Employment and Skills Formation Council released a report on the *Australian Vocational Certificate Training System (AVTCS)* in March 1992.

5.40 TAFE colleges come under the jurisdiction of State and Territory governments and there is a need for a coordinated approach which would enable TAFEs to effectively lobby in the way that the Vice-Chancellors Committee represents the university community. Although the Commonwealth now contributes more directly to the funding of the TAFEs, effective policy co-ordination would be facilitated by setting up such a peak body.

#### **Recommendation**

**The Committee recommends the setting up of a peak body for TAFE, analogous to the Australian Vice Chancellors' Committee (AVCC) to assist in co-ordination of TAFE resources and in medium to long term planning.**

5.41 There has already been some coordination of TAFE colleges with other educational sectors on a national basis. The Australian National Training Authority (ANTA) was established in 1992 to work towards agreed national priorities and goals.<sup>70</sup> Already the Australian Vocational Education and Training System encompasses upper secondary schooling, TAFE, private providers of vocational education and training, industry and enterprise based training.

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<sup>70</sup> Clare R and Johnston K, op.cit., p.28.

5.42 Vocational education and training must meet the competency requirements of industry as well as promoting a higher level skills level. Some industries have embraced this approach and established bodies such as the National Office Skills Formation Advisory Body which developed the National Clerical-Administrative Competency Standards for private industry.<sup>71</sup>

5.43 There has been some resistance to the competency model from education institutions. The Committee was told that there were 'serious educational and administrative problems encountered in trying to successfully implement competency based approaches'.<sup>72</sup>

5.44 The TAFE sector has been liaising with industry in relation to the design of courses to ensure that they meet industry needs.<sup>73</sup> In evidence to the Committee the ACTU said that competency based training enables individuals who have reached industry standard to move to the next unit of training thus allowing greater flexibility.<sup>74</sup> Other evidence to the Committee argued, however, that this approach lacks appropriate theory and understanding required for skill and knowledge based training which will enable the workers to adapt to new tasks.<sup>75</sup>

5.45 Bodies such as Industry Training Advisory Boards have been established to develop core competency standards, and processes of accreditation.<sup>76</sup> Employers are now actively seeking out competency standards bodies for advice.<sup>77</sup>

5.46 Other reforms within the TAFE sector include a move to nationally consistent standards, and credit transfer.<sup>78</sup> The Economic Planning

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<sup>71</sup> National Office Skills Formation Advisory Body Ltd, Submission 42, p.1.

<sup>72</sup> Cornford I, Submission 32, p.1

<sup>73</sup> Clare R and Johnston K, *op.cit.*, p.28.

<sup>74</sup> Mansfield W, Transcript, p.284.

<sup>75</sup> Cornford I, Submission 32, p.3-4.

<sup>76</sup> Armstrong H, Transcript, p.286.

<sup>77</sup> *ibid.*, p.287.

<sup>78</sup> Clare R and Johnston K, *op.cit.*, p.77.

Advisory Council found that the reform of the TAFE sector and the attitudes to training was a greater priority for Australia's competitiveness and productivity than the universities some of which already have an international reputation for excellence.<sup>79</sup> The ACTU believes that TAFE is becoming more responsive, more user friendly and more flexible.<sup>80</sup>

5.47 The role of the Employment and Skills Formation Council is to oversee the totality of policy issues relating to employment skills. Professor Ken Wiltshire recommended that the membership of the council be augmented to include a person with expertise on the inter-relatedness of employment and education/training policy linkages, and another TAFE representative.<sup>81</sup>

5.48 The Government has committed \$1.1 billion in growth funding for the period 1993 to 1996 and much of this will go to the TAFE sector to support its changing role. Major changes will include a wider range of industries and occupations for which apprenticeships and traineeships are available, alternative ways of obtaining training qualifications and a closer partnership between TAFE and both schools and industry.<sup>82</sup>

5.49 Notwithstanding the increased commitment of governments, institutions and industry to providing additional vocational training, the system continues to attract criticism. The ACTU told the Committee that:

Our vocational training system in this country has, to date, been little short of disgraceful, quite frankly. It is good as far as it goes: excellent for those who are lucky enough to get an apprenticeship, but completely lacking and completely absent for the majority of people leaving school and going into the workplace. If you go off and become a clerical worker, a retail worker, a tourism and hospitality worker, the odds are you will get no structured vocational training whatsoever under the current arrangements.<sup>83</sup>

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<sup>79</sup> Clare R and Johnston K, op.cit., p.85.

<sup>80</sup> Mansfield W, Transcript, p.285.

<sup>81</sup> Wiltshire K, op.cit., p.42.

<sup>82</sup> *Working Nation*, op.cit., p.94.

<sup>83</sup> Mansfield W, Transcript, p.280.

5.50 The current situation was described in the following terms:

over the past five years, a climate of genuinely open and collegial national policy debate and decision-making, at least in the vocational education and training sector, has failed to flourish. Rather the policy environment is too often characterised by deal making, point scoring, constant and ever-changing tactical positioning and rigid stances, all thinly disguised by a rhetoric of national co-operation, national efficiency and pragmatic policy accommodations between and within governments and their bureaucracies... policy for and about vocational education and training is constructed with almost no attention to the question of achieving shared values as a basis for long-term visions and policy formulation.<sup>84</sup>

### Youth Training

5.51 Youth unemployment has been high through the 1980s, while unemployment has eased slightly since the recession, youth unemployment continues to be a serious problem.<sup>85</sup> There is a need to ensure career opportunities for all young people and not only those with tertiary qualifications. The opportunities available to youth will depend on the level of pre-work education achieved and the training and advancement opportunities available while working. EPAC pointed out that too many young people lose interest in the early years of high school and there is a need to address the problems of the lowest achievers.<sup>86</sup>

### Workplace Training

5.52 The enhancement of employees' skills through workplace training is an important part of the education process but it is difficult to measure its extent because much of the training is internal and informal. In the United States, one study found that informal learning in the work place was

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<sup>84</sup> Schofield K (1995) 'Education, Training and Skills' Speech given to the National Strategies Conference on *Shaping the Future*, Conference Proceedings, Economic Planning Advisory Commission, p.231-2.

<sup>85</sup> In figures tabled in Parliament on 1 June 1995 by the Minister for Employment Education and Training Simon Crean, fifty percent of the long term unemployed were still failing to stay in work after their time on labour market programs ended.

<sup>86</sup> Clare R, Transcript, p.155.

probably the single biggest factor in the improvement in productivity and was twice as important as technology and the formal learning process.<sup>87</sup> Highly competitive nations have strong links between the educational institutions and employers and there is a heavy investment in on-the-job training.<sup>88</sup>

5.53 Skills formation opens up opportunities and career paths and relates to work place competencies and not only to academic credentials.<sup>89</sup> Dr Ian Cornford pointed out that the competencies approach is not being used in Japan, Germany or France and has been discarded in the United States.<sup>90</sup> The key competencies concept was, however, studied in considerable detail by the Mayer Committee in 1992.<sup>91</sup>

5.54 The Committee was told that there was some concern that mining qualifications acquired on the job are not recognised by others in the industry or by educational institutions.<sup>92</sup> Aluvic on the other hand is increasingly focusing its learning requirement on skills which are uniquely required by a company as do Japanese companies. This mitigates against increased mobility of the workforce between companies but stabilises the workforce within individual companies.<sup>93</sup> Aluvic believe that the flexibility required to become internationally successful should be within the individual company.<sup>94</sup> Training reform may also be difficult in industries such as the construction industry which relies on small specialised trade contractors.<sup>95</sup>

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<sup>87</sup> Ogden M, Transcript, p.13.

<sup>88</sup> Porter M (1990) *The competitive advantage of nations*, Free Press, New York.

<sup>89</sup> Clare R and Johnston K, op.cit., p.11.

<sup>90</sup> Cornford I, Submission 32, p.2.

<sup>91</sup> The Mayer Committee (1992) *Employment - related key competencies: A proposal for consultation*. Melbourne, May 1992

<sup>92</sup> Lansbury R, Transcript, p.45.

<sup>93</sup> Bruinstroop P, Submission 22, p.3.

<sup>94</sup> *ibid.*, p.4.

<sup>95</sup> Hayton G, Garrick J and Guthrie H (1993) *Learning Construction Skill formation in the Construction Industry*. A Report by the University of Technology, Sydney and the National Centre for Vocational Education Research, Construction Industry Development Agency, p.97.



5.55 The Committee was told that competency based training was introduced after consultation between governments, business, industry and unions without adequate input from educators and trainers.<sup>96</sup> The Australian Chamber of Commerce and Industry (ACCI) supported the introduction of competency based training but considered that no one in industry or the union movements understands it properly.<sup>97</sup> ACCI cautions that unless the concept is better understood it will be of little use.<sup>98</sup>

5.56 The Karpin report, *Enterprising Nation*, issued in 1995, has indicated the urgency of establishing improved management techniques in Australia. It reported on shortcomings in management in Australia and the need for much more effective selection, education and training of managers.<sup>99</sup>

#### Recommendation

The Committee recommends that the Government provide a rapid and comprehensive response to the Karpin Report.

#### Training Guarantee

5.57 The Training Guarantee Levy was introduced in July 1990. Under the Guarantee employers were required to spend 1.5 per cent of their payroll on staff training if the annual payroll was greater than \$222 000. If this condition is not met then the monies not spent can be donated to designated organisations or forfeited to the Australian Tax Office.<sup>100</sup>

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<sup>96</sup> Cornford I, Submission 32, p.2.

<sup>97</sup> Nolan D, Transcript, p.21-22.

<sup>98</sup> *ibid.*

<sup>99</sup> The Karpin Report, *Enterprising Nation; Renewing Australia's managers to meet the challenges of the Asia-Pacific Century*, AGPS Canberra, 1995.

<sup>100</sup> Clare R and Johnston K, *op.cit.*, p.29.

5.58 Employer compliance was estimated to be 96.9 per cent in 1990-91 although there was some variation between industries.<sup>101</sup> There was 100 per cent compliance by the mining industry, while for the transport and storage industry, there was only 93.3 per cent compliance.<sup>102</sup>

5.59 A survey conducted by the Australian Tax Office suggested that employers might have been complacent about the training requirements of their staff.<sup>103</sup> It was pointed out that if the skills are generic then companies may lose their newly trained staff to other organisations and productivity may be lower during the training period.<sup>104</sup>

5.60 In evidence to the Committee, fifty per cent of the respondents to a survey of manufacturing industry considered that the training guarantee levy had a negative impact on business.<sup>105</sup> The survey also revealed that industry did not consider that government support was needed for training.<sup>106</sup>

5.61 The Economic Planning Advisory Council considered that a change in the culture of firms and a voluntary system would be better than compulsion and penalties in the longer term.<sup>107</sup> The Training Guarantee has been suspended for two years and the Government is considering its abolition. Other initiatives in the White Paper will require a substantial increase in the commitment by employers.<sup>108</sup>

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<sup>101</sup> Clare R and Johnston K, op.cit., p.29.

<sup>102</sup> ibid., p.29.

<sup>103</sup> ibid., p.31.

<sup>104</sup> ibid., p.75.

<sup>105</sup> Nolan D, Transcript, p.20-21.

<sup>106</sup> ibid., p.21.

<sup>107</sup> Clare R and Johnston K, op.cit., p.75.

<sup>108</sup> *Working Nation*, op.cit., p.103.

### Apprenticeships

5.62 The number of new apprenticeships offered in 1992-93 rose slightly to 30 400 up from 28 300 the previous year.<sup>109</sup> These are predominantly held by males as there would be less than five per cent of apprenticeships held by women if hairdressing were excluded.<sup>110</sup>

5.63 The structural changes in the economy influence the extent to which various industries offer apprenticeships and this fact is reflected in the decline in the number offered by the metal trades industry and the rise in the numbers offered by the vehicle, food hairdressing and horticultural industries.<sup>111</sup>

5.64 There is a close link between the apprenticeship intake and economic activity and the general demand for employees.<sup>112</sup> The benefits from the investment in training an apprentice have a delay of three to five years before realisation, but the failure to provide adequate training positions may lead to a shortage of skills in the future.<sup>113</sup> The Group Training schemes have played a valuable role in supporting apprenticeship intake and ensuring completion.

5.65 Traineeship arrangements supplement the traditional apprenticeships. The Australian Vocational Certificate Scheme assesses competency in terms of experience and skills gained from training courses and this reinforces the trend to the emphasis on skills possessed rather than credentials.<sup>114</sup> Australia is currently lagging behind other OECD countries in developing workforce skills and the AVCS combines education, training and work

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<sup>109</sup> Australian Bureau of Statistics (1992) *Transition from Education to Work*, Australia, Catalogue No., 6227.0, AGPS, Canberra, May 1992, p. 17.

<sup>110</sup> Mansfield, Transcript, p.283.

<sup>111</sup> Department of Employment, Education and Training (1991) *School leavers and leavers from other education institutions: How old? How many? Where to? Which jobs?*, Department of Employment, Education and Training, AGPS, Canberra.

<sup>112</sup> Clare R and Johnston K, op.cit., p.29.

<sup>113</sup> *ibid.*, p.29.

<sup>114</sup> *ibid.*, p.30.

experience.<sup>115</sup>

5.66 The Government has introduced the Australian Student Traineeship Foundation which will be a national industry driven body responsible for developing and supporting school industry programs through a network of local and regional training brokers.<sup>116</sup>

5.67 The Economic Planning Advisory Council pointed out that:

The threat of credentialism is not lessened by a change from one form of certification to another, but can be reduced if certification accurately reflects actual skill competencies and expectations of skill competencies. The possible extension of competency based training and assessment into the professions and university education remains a subject of much debate.<sup>117</sup>

5.68 The Department of Employment, Education and Training expressed the concern that the performance standards required for tasks are sometimes unrelated to the minimum educational levels nominated by employers for entrants to those positions.<sup>118</sup>

### *Training Reform Agenda*

5.69 The Training Reform Agenda (TRA) focuses on the training and vocational education needs of industry and the demands which arise from technological and structural changes.<sup>119</sup> The aim of the Training Reform Agenda (TRA) is to improve:

the quality, quantity, equity and national consistency of

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<sup>115</sup> Employment and Skills Formation Council (1992) *Australian Vocational Certificate Training System*, National Board of Employment, Education and Training, AGPS, Canberra, p.3,6.

<sup>116</sup> *Working Nation*, op.cit., p.93.

<sup>117</sup> Clare R and Johnston K, op.cit., p.30.

<sup>118</sup> *Australia's Workforce in the Year 2001*, op.cit., p.67.

<sup>119</sup> Clare R and Johnston K, *ibid.*, p.74.

vocational education and training arrangements.<sup>120</sup>

5.70 The implementation of the TRA has not been without resistance as it is seen to be a bureaucratic instrument the extent of the impact of which remains to be seen.<sup>121</sup> It also been suggested that the Commonwealth Government's employment agenda had 'hijacked' the training agenda.<sup>122</sup>

5.71 According to evidence from the ACTU the reaction of small business employers to the federal Government's approach to the training Reform Agenda and its value to them was 'totally negative'.<sup>123</sup> While small business is the largest employer in Australia the changes in information technology and semi-autonomous work teams are more appropriate to larger multinational and national businesses.<sup>124</sup>

### *Labour Market Programs*

5.72 The poor match between the type of available vacancies and unemployment in the labour market in Australia results in lost output of over 1.3 billion dollars annually.<sup>125</sup> A number of labour market schemes are currently in place as a result of the Government's Working Nation initiative, although doubts have long been expressed about the long term effectiveness of these schemes. EPAC cautioned that the training must be appropriate to those industries which have long term growth potential and that these schemes must not crowd out existing workers.<sup>126</sup>

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<sup>120</sup> Clare R and Johnston K, op.cit., p.74.

<sup>121</sup> *ibid.*

<sup>122</sup> Schofield K (1995) 'Education, Training and Skills' Speech given to the National Strategies Conference on *Shaping the Future*, Conference Proceedings, Economic Planning Advisory Commission, p.234.

<sup>123</sup> Armstrong H, Transcript, p.281.

<sup>124</sup> *ibid.*

<sup>125</sup> Keating PJ (1994) Address by the Prime Minister, the Hon PJ Keating MP ACOSS Annual Congress 1994, 27 October 1994, p.7.

<sup>126</sup> Clare R and Johnston K, op.cit., p.76.

5.73 It was suggested to the Committee that a system may be introduced so that those undertaking community services may get an additional payment to those not working for unemployment benefits, an amount which could be graduated depending on the amount of work performed.<sup>127</sup> There was considerable support for an increase in 'green jobs' which would enable those currently unemployed to make a significant contribution to society particularly those who receive unemployment benefits, disability payments or other welfare payments.<sup>128</sup>

5.74 Other submissions pointed out that participation in schemes such as reforestation would encourage the development of additional skills.<sup>129</sup> Changes to the activities now allowed under the JSA/NSA have been expanded to include participation in a broader range of unpaid voluntary work including environmental project work and cultural activities.

5.75 The Committee believes that if a program was ever introduced which required recipients to work for unemployment benefits then it is essential that the tasks set enable those participating to acquire additional skills which will assist them to take advantage of future employment opportunities. Should such a scheme be introduced it must be of reciprocal benefit to the participants. It should be recognised that these schemes cost more than unemployment benefits.

5.76 A number of submissions to the Committee on Employment Opportunities recommended the payment of unemployment allowances to employers to hire people.<sup>130</sup>

5.77 Evidence to the Committee noted that there is a need for 'less ad hoc and more complementary approaches to the collection and utilisation of employment related data'.<sup>131</sup> This is necessary if the educational curricula are to reflect the needs of employment growth areas and skills

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<sup>127</sup> Australian Labor Party Grafton Branch, Submission 18, p.4.

<sup>128</sup> Kingfisher Centre, Submission No.8, p.2.

<sup>129</sup> Hamilton B, Submission No.1, p.2; Sauerwein E, Submission No.2, p.6.

<sup>130</sup> *Working Nation*, op.cit., p.110.

<sup>131</sup> Lamb B, Submission 15, p.2.

shortages.<sup>132</sup>

5.78 The Committee was told that:

The ABS currently collects information on a wide range of occupations and industries, yet its categories do not align comfortably with those identified for the purpose of establishing the infrastructure of the government's current vocational training reform agenda, the Industry Training Advisory Boards. The data is thus of little assistance to industries in making valid predictions and assumptions about the future of their industry sector.<sup>133</sup>

#### **Recommendation**

**The Committee recommends that the Government request the Australian Bureau of Statistics to review the appropriateness of their existing data collection methodology in consultation with relevant industry sectors indicating the significance of 'information' and domestic/ quasi-domestic service employment.**

#### **Concluding Comments**

5.79 EPAC pointed out the need for greater accountability of teachers and education systems because of the lack of linkage between high expenditure and good outcomes.<sup>134</sup> Although increased resources can assist outcomes there can be inefficiencies and ineffectiveness in provision and it is important that there is attention to cost and measured outcomes.<sup>135</sup>

5.80 The mere existence of a skilled labour force does not mean it will be necessarily utilised efficiently and the increase in the supply of skilled labour in the economy has not been matched by an increase in demand.<sup>136</sup> As the needs of industry have become more clearly identified and needs of

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<sup>132</sup> Lamb B, Submission 15, p.3.

<sup>133</sup> *ibid.*

<sup>134</sup> Clare R, Transcript, p.153.

<sup>135</sup> *ibid.*

<sup>136</sup> Clare R and Johnston K, *op.cit.*, p.12.

students progressing to Year 12 diversify, there has been a convergence between general education and vocational training.<sup>137</sup>

5.81 Professor Withers emphasised that Australia cannot rely on the formal education system to keep providing young people who are recently trained.<sup>138</sup> The EPAC report recognised that addressing labour market supply issues by improving education and training was insufficient and that continuing demand side problems (high unemployment) had to be solved:

Greater economic progress cannot be driven by educational reform alone. Relying on an increased supply of skilled workers to generate a demand for their own services runs that risk that training will be wasted.<sup>139</sup>

5.82 Professor Withers pointed out that with an appreciation rate of eight per cent for industrial training and other education for the mature age population by the 2001 and 2011 there will be an increase of 6 per cent in the stock of skills in our work force.<sup>140</sup> If the mature age population has better access to industrial training and formal educational assistance which could enable an increase of 11 to 12 per cent then Australia has doubled the stock of skills.<sup>141</sup>

5.83 Microeconomic reform will play an important role in stimulating demand for educated, skilled and trained labour.<sup>142</sup> It is necessary that industries utilise the skills being acquired by the workforce.<sup>143</sup> The real benefits are evident when training needs are translated into better jobs and incomes, particularly for the disadvantaged.<sup>144</sup>

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<sup>137</sup> Employment and Skills Formation Council (1992) *Australian Vocational Certificate Training System*, National Board of Employment, Education and Training, AGPS, Canberra, p.10.

<sup>138</sup> Withers G, Transcript, p.57.

<sup>139</sup> Clare R and Johnston K, op.cit., p.8.

<sup>140</sup> Withers G, Transcript, p.57.

<sup>141</sup> *ibid.*

<sup>142</sup> Clare R and Johnston K, *ibid.*, p.12.

<sup>143</sup> *ibid.*, p.86.

<sup>144</sup> *ibid.*, p.14.



5.84 The Economic Planning Advisory Council pointed out with respect to the relationship between skills formation and demand in the labour market:

Converting the advantage we have in the supply of skilled labour to an advantage in the trade of goods and services will depend on the future shape of Australian industries and the quality of that education and training. If the industries that require a highly skilled and readily adaptable workforce prosper...then Australia will be well placed to compete on world markets in these industries. The key to benefiting from the potential advantage we have in terms of a skilled labour force will be matching labour force skills to the requirements of industry at high levels of quality.<sup>145</sup>

5.85 The range of knowledge acquired may quickly become obsolescent particularly in an era of rapid technological change.<sup>146</sup> The Economic Planning Advisory Council also considered that:

The trend towards an older population will affect the overall levels of knowledge that are held in the workforce. All knowledge suffers from some level of depreciation or obsolescence, and depreciation rates for knowledge have increased as technology changes many facets of the work we perform. Therefore the stock of knowledge in the workforce will decline unless more knowledge is gained by existing workers, through experience and training, to counteract the effects of knowledge depreciation.<sup>147</sup>

5.86 The assumption that education and training enhance the overall performance of the economy has rarely been tested because of difficulties in methodology and measurement, particularly in relation to causality and the quantification of key variables.<sup>148</sup> There are difficulties in measuring the productivity of individual workers as productivity often depends on others in a team, relative communication skills and willingness to work as part of a team, and because the most able people may have the highest educational qualifications.<sup>149</sup>

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<sup>145</sup> Clare R and Johnston K, op.cit., p.16-17.

<sup>146</sup> Withers G, Transcript, p.57.

<sup>147</sup> Clare R and Johnston K, op.cit., p.48.

<sup>148</sup> *ibid.*, p.54.

<sup>149</sup> *ibid.*, p.56.

5.87 It was also considered that there was a responsibility for employers to identify their skills requirements and to make their views clear to the providers of training courses.<sup>150</sup> Professor Wiltshire recommended that a Task Force be established to consider the linkages between the economy, employment, education and training.<sup>151</sup>

5.88 The Economic Planning Advisory Council advocated an enhanced role for the TAFE sector, training to be standardised nationally and improved pathways between compulsory, post-compulsory education and training and the workplace.

5.89 In addition the EPAC report recommended making the education system more responsive to market forces by providing more structural flexibility and user choice, and by improved methods of evaluating educational outcomes, and by developing more efficient accountability mechanisms.

5.90 The Wiltshire Report concluded that:

We still do not have, in this country, a clear enough understanding of, and a better capacity to address, the crucial linkages between the nation's economic performance, its employment parameters, and the implications for the role of the education and training sectors.<sup>152</sup>

5.91 The expansion of the education sector should minimise the number of occupations experiencing skills shortages. It was predicted that the expansion of the qualified workforce will exceed the future requirements of the workforce.<sup>153</sup> DEET concluded that a wide range of skilled occupations have good prospects for the future although not all. The proportion of jobs held by skilled workers will increase relative to lowly skilled occupations but the overall employment growth will be reflected by

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<sup>150</sup> Clare R and Johnston K, op.cit., p.87-88.

<sup>151</sup> Wiltshire K, op.cit., p.28.

<sup>152</sup> *ibid.*, p.ix.

<sup>153</sup> *Australia's Workforce in the Year 2001*, op.cit., p.6.

an expansion in most occupations.<sup>154</sup>

5.92 In summary, the rate of expansion in the number of graduates exceeds the rate of growth of the workforce and the pace of change in industry structure. DEET predicted that the increase in the number of workers should be able to accommodate the changes in the structure of the economy and the workforce. Any areas in which skill shortages will be experienced are difficult to predict and could be accommodated by training existing staff, transfer of people from other occupations with relevant skills, increased wages to make it worthwhile to gain those skills or changes in practices and technology which removed the dependence on those skills.

5.93 The Committee noted EPAC's view that there is adequate infrastructure within the existing education sector to deal with any skill shortages that may occur. The Committee believes that the future focus of the education and industry sectors should be the monitoring of the need for skills in the workforce and improving the quality and relevance of the skills obtained. The increase in the minimal skills required to entry various occupations should be closely monitored to avoid the tendency to credentialism. The labour force needs to become more flexible and better trained, not just more credentialled.

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<sup>154</sup> op.cit., p.32.

## CHAPTER 6

### ADAPTING TO CHANGING CONDITIONS OF WORK

6.1 An important aspect of any inquiry into the workforce of the future must include attention to the needs of the existing workforce. There are approximately 8.3 million people in the workforce and 90 per cent of the present workforce will still be working in the Year 2000.<sup>1</sup>

6.2 In Australia, micro-economic reforms through award restructuring and enterprise based bargaining have facilitated the introduction of flexitime, more part-time work, annualised hours, job sharing, seasonal variation or flexible working years, career breaks, working from home, time off in lieu of work, compressed working weeks and a variety of other leave arrangements. Companies are moving to more flexible and more family friendly workplans to retain valued staff, overcome skills shortages, enhance equal opportunities, to meet customer needs and utilise expensive machinery to capacity, and to reduce overtime and penalty rates and absenteeism.<sup>2</sup>

6.3 Notwithstanding this greater flexibility, the average working hours for full time male workers have increased from 40 to 42 since 1981 and the proportion of men working more than 49 hours per week has increased from 19 to 27 per cent. The point was also made that flexible hours can be introduced to meet employer needs for production and service demands which may not be conducive to those with family responsibilities.<sup>3</sup> Taking additional commuting time each day into account, the working week has not contracted in the past 60 years.

6.4 The Department of Industrial Relations commented that changing demographics:

raise the issue of policies to encourage a greater proportion of people of working age to participate actively in the labour market through a range

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<sup>1</sup> Mansfield W, Transcript, p.279.

<sup>2</sup> McGurk H (1994) 'Australian family and workforce demographics: the continuous improvement and productivity aspects of work and family issues'. *Do Managers Care? Work, Family and the APS*. APS Conference for the International Year of the Family, Canberra, 5 September 1994, p.19.

<sup>3</sup> McGurk H, *ibid.*, pp.20-21.

of strategies such as phased retirement or staggered reduction of working hours, facilitating increased participation by women in employment and providing more flexible terms and conditions of employment.<sup>4</sup>

## The Role of Unions

6.5 In 1990 there were 295 separate unions in Australia of which 146 were affiliated with the ACTU. Most Australian unions are based on occupational rather than industry groupings and only a few represent the employees of an institution or enterprise.<sup>5</sup> Between 1986 and 1992 union membership declined from 46 to 40 per cent of employees.<sup>6</sup>

6.6 Union membership has declined in most industrialised nations with mature economies and where unionism has been long established.<sup>7</sup> This decline has been attributed to structural shifts in employment, a reduction in the size of firms, a change in public sentiment towards unions, adverse legislation in some States, management strategies and a dislike of union participation in government wage-restraint policies.<sup>8</sup> High levels of unemployment also adversely affects union membership and finances.<sup>9</sup> Fifty percent of the decline in unionism in Australia has been attributed to structural changes such as manufacturing and blue collar work.<sup>10</sup>

6.7 Walter Galenson found that union density in industrial countries was related to their effectiveness in that:

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<sup>4</sup> Tacy L, Transcript, p.5.

<sup>5</sup> Galenson W (1994) *Trade Union Growth and Decline An International Study*, Praeger, London, p.58.

<sup>6</sup> Australian Bureau of Statistics (1994) *Australian Social Trends 1994*, ABS Catalogue No. 4102.0, p.109.

<sup>7</sup> Galenson W, op.cit., p.132-3.

<sup>8</sup> Peetz D (1990) 'Declining Union Density' *Journal of Industrial Relations* June 1990, p.197 cited in Galenson 1994, p.132.

<sup>9</sup> Galenson W, *ibid.*, p.132.

<sup>10</sup> Lansbury R, Transcript, p.66.

where unions were more united, better structured and with superior political connections, they are more able to hold their members.<sup>11</sup>

6.8 Australia is unique among industrialised nations in its long standing requirement for compulsory arbitration.<sup>12</sup> Despite this tradition, the Committee for Economic Development of Australia (CEDA) believes that long term trends in industrial relations will be driven by employer needs and worker responses irrespective of public policy.<sup>13</sup>

6.9 The future role of unions is coming under increased scrutiny. The ACTU told the Committee that it believes unions have got to deliver in terms of the quality of services provided to the membership and summarised their role as being:

to continue to represent the interests of employees in their dealings on a collective basis with their employers to address issues such as minimum standards, actual standards, in wage rates, in working conditions, in job security, in discrimination in the workplace and in a whole range of issues between employees and employers and, more broadly, to represent the collective interests of employees in terms of the benefits which society determines should apply.<sup>14</sup>

6.10 The ACTU also told the Committee that it believes Australia is certainly not yet at a stage where unions can be considered to be unnecessary. The ACTU provided evidence that outworkers in the textile industry were a current example of exploitative practices.<sup>15</sup>

6.11 A survey by the Business Council of Australia and the National Institute of Labor Studies concludes that the quality of union services were generally not rated highly and that workers in Australia and New Zealand were not enthusiastic about the effectiveness of unions in securing economic gains, representing workers' views, or increasing productivity, and many

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<sup>11</sup> Galenson W, op.cit., p.58.

<sup>12</sup> ibid.

<sup>13</sup> Mulvey C and Fells R (1993) *Industrial relations in Australia: The View From 2020*. Committee for Economic Development of Australia, p.5.

<sup>14</sup> Mansfield W, Transcript, p.273.

<sup>15</sup> ibid., p.275.

believed that there should be greater union-management cooperation.<sup>16</sup>

6.12 The role of unions in handling grievances has been reduced with modern managerial emphasis on human resource management and the emergence of independent or quasi-union representation, changes in employer policies and statutory regulation.<sup>17</sup>

6.13 The Committee for Economic Development of Australia (CEDA) describe the early 1990s as:

a period of transition during which the political system explored with varying degrees of extremism, speed and success, programs to reform industrial relations in Australia. Notwithstanding these 'reforms' the nature of workplace industrial relations continued to change driven by employers' need for long run cost minimisation (comprising both effort and reward aspects) and employees' needs for income improvement and job/income security.<sup>18</sup>

6.14 CEDA predicts a more cooperative relations between employers and unions in the future, although tensions may remain between consultative/participative arrangements and commercial imperatives. In the year 2020 CEDA envisage a greater emphasis on performance related pay with a role for unions in protecting members interests through influencing job evaluation schemes and providing comparative wage settlement data and other relevant information.<sup>19</sup>

6.15 CEDA also sees a continuing decline in union membership over the next three decades, fewer but larger unions with a more service oriented approach to members. With the trend to greater flexibility for enterprises and their workforce, unions will need to restructure to reflect the focus on enterprises as there will be more localised leadership with greater roles for conveners and enterprise union committees. These trends will be enhanced with a greater interdependence between the workforce, union and management in pursuit of common objectives and disputations may in the

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<sup>16</sup> Galenson W, op.cit., p.123.

<sup>17</sup> Survey quoted in Galenson W, *ibid.*, p.142.

<sup>18</sup> Mulvey C and Fells R (1993) *Industrial relations in Australia: The View From 2020*. Committee for Economic Development of Australia, p.1.

<sup>19</sup> Mulvey C and Fells R, *ibid.*, p.2.

future stem from lack of consultation, rather than from demarcation disputes, as was often the case in the past.<sup>20</sup>

6.16 CEDA's view is that the services offered by unions will expand so that their role will include providing recreational and social activities at the workplace, and providing services relating to such areas as personal finance, travel, legal advice and health insurance.<sup>21</sup>

6.17 In countries where there are high unionisation rates unions have already broadened their range of activities to include things such as involvement in the delivery of social security and income maintenance and have taken on innovative approaches to servicing.<sup>22</sup> The new role for Australian unions is one of facilitating the process of work design, by providing national strategic perspectives, as well as by assisting workers to conduct negotiations at the enterprise level.<sup>23</sup> Worker concerns about Health and safety conditions on the job were also given as one of the reasons for joining unions in Australia.<sup>24</sup>

6.18 The Confederation of Australian Industry point out that industrial relations reform has been fragmentary and peripheral and that:

the quality of a nation's industrial relations is not determined by its legislative framework but by the actions and attitudes of employers and employees.<sup>25</sup>

6.19 The *Industrial Relations Reform Act 1993* operates in conjunction with the *Industrial Relations Act 1988*. Professor Judith Sloan suggests that the Act

retards the labour-market decentralisation and reform that is required to enable Australia to compete effectively in the world economy...the Act

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<sup>20</sup> op.cit., p.3.

<sup>21</sup> ibid., p.4.

<sup>22</sup> Lansbury R, Transcript, p.66.

<sup>23</sup> Ogden M, Transcript, p.74-75.

<sup>24</sup> Galenson W, op.cit., p.140.

<sup>25</sup> Confederation of Australian Industry (1991) *A New Industrial Relations System for Australia*, August 1991, p.6-7.



over-regulates bargaining while simultaneously retaining and codifying centralised awards.<sup>26</sup>

6.20 Enterprise bargaining agreements enable individual workplaces to change the general conditions of the award to include, for example, special provisions for workers with family responsibilities. The kind of voice that employees have about the environment and organisation in which they work will need to be dealt with in the future.<sup>27</sup>

6.21 Traditionally employees have relied on negotiations between unions and employer associations to put their case for improved pay and working conditions but alternative means are now available through the enterprise agreements and consultative committees.<sup>28</sup> In the future, unions may act more as agents for individuals particularly with respect to white collar workers.<sup>29</sup> Employer associations are now very much market service providers.<sup>30</sup>

### Workforce Demographic Projections

6.22 The trends towards higher retention rates in schools and early retirement have led to a sharp reduction in participation in the workforce by 15-19 year olds and those over 55. The rate of growth of the working age population is likely to continue to fall in Australia due to a reduction in net immigration and the ageing of the population.<sup>31</sup>

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<sup>26</sup> Sloan J (1994) *An Economist's Guide to the Industrial Relations Reform Act*. The Full Employment Project Working Paper No.1/94. The Institute of Public Affairs and the Institute of Applied Economic and Social Research, p.7.

<sup>27</sup> Lansbury R, Transcript, p.47.

<sup>28</sup> *ibid.*

<sup>29</sup> *ibid.*

<sup>30</sup> Nolan D, Transcript, p.72.

<sup>31</sup> Kenyon P and Wooden M (1994) *The Outlook for Labour Supply in Australia During the 1990s*. The Full Employment Project. Working Paper No.2/94. The Institute of Public Affairs and the Institute of Applied Economic and Social Research, p.25.

6.23 The ageing of the Australian population reflects reduction in birth rates and longer life expectancy.<sup>32</sup> Older, more experienced workers are an asset to the national economy and it was suggested that we need to keep older people working longer and that phased retirement policies should be developed in order to preserve the skills, and experience of our ageing work force.<sup>33</sup>

6.24 The Committee was told that older people should be encouraged to remain in the workforce longer by introducing changes in the retirement ages to reduce the pressure on pension systems and benefits.<sup>34</sup> Meanwhile it is suggested that the current trend to early retirement may be reversed with the ageing of the population.<sup>35</sup> The removal of a compulsory retirement age would encourage older people to continue to work which would also increase the total size of the workforce.<sup>36</sup>

6.25 It is now generally accepted that the practice of nominating a retirement age is discriminatory. However, the removal of a compulsory retirement age has a range of implications including some in relation to superannuation benefits, and access to social welfare entitlements.<sup>37</sup>

#### **Recommendation**

**The Committee recommends that the concept of mandatory retirement (with its implications of 'statutory senility' and that people age uniformly) be abolished, but that voluntary retirement for both males and females should be possible without reference to gender differentiation.**

<sup>32</sup> Edgar D, Transcript, p.91.

<sup>33</sup> *ibid.*, p.91.

<sup>34</sup> Nolan D, Transcript, p.39.

<sup>35</sup> *Australia's Workforce in the Year 2001*, op.cit., p.38.

<sup>36</sup> Nolan D, Transcript, p.39.

<sup>37</sup> Mansfield W, Transcript, p.271.

6.26 Factors affecting the retention of workers in the workforce include the early retirement of World War II veterans who were eligible for pensions and the increase in wealth and superannuation which are difficult to quantify. The difference in participation rates for older males compared with the United Kingdom and the United States indicates that early retirement plays a more important role in Australian workforce projections.<sup>38</sup>

6.27 The Committee was told that there were subtle pressures placed on employees who are nearing the retirement age and that the social adjustments taking place in relation to changing retirement ages needed to be recognised.<sup>39</sup> The prospect of reduced hours or responsibilities for mature employees prior to their retirement raises a number of issues. One is that superannuation entitlements are often tied to final salary and therefore any reduction in weekly hours in the lead up to retirement reduces retirement income proportionately.<sup>40</sup>

6.28 There are also some rigidities in the current system in relation to youth employment. One area where reforms may be introduced is the present system of payment of fixed wages to those under the age of 21 based on a percentage of the adult wage irrespective of the competencies of the employees.

### Part-Time Work

6.29 In 1993, 79 per cent of part-time workers were employed in 4 of the 12 industry sectors and all of these were service industries: wholesale and retail trade (28 per cent) community services (26 per cent) recreation, personnel and other services (14 per cent) and finance, property and business services (10 per cent).<sup>41</sup> Part-time work has increased as a proportion of total employment from 16 to 21 per cent from 1966 to 1989<sup>42</sup> and a further increase is predicted of 2.1 per cent per annum to the

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<sup>38</sup> *Australia's Workforce in the Year 2001*, op.cit., p.39.

<sup>39</sup> Lansbury R, Transcript, p.43.

<sup>40</sup> Nolan D, Transcript, p.73.

<sup>41</sup> Australian Bureau of Statistics (1994) *Australian Social Trends 1994*, ABS Cat No. 4102.0, p.103-4.

<sup>42</sup> *Australia's Workforce in the Year 2001*, op.cit., p.35.

year 2001 compared with a 1.3 per cent increase for full-time jobs.<sup>43</sup>

6.30 The Australia Bureau of Statistics list as possible factors in the increase in part-time positions the extension of working hours, the introduction of new technology and increased demand for flexibility.<sup>44</sup> Some of the increase in part-time jobs has been caused by people accepting part-time work when they could not get full-time employment. An improvement in economic growth will see these people working longer hours rather than more jobs being created.<sup>45</sup> The increased availability of part-time jobs has led to an increase in the number of new entrants to the labour force which exceeds the number of new jobs, thus causing figures for under employment to rise.<sup>46</sup>

6.31 One of the issues raised during the inquiry was the need for greater flexibility in award conditions to accommodate family and other needs of workers. Total employment grew by 1.8 million in the two decades up to 1993 and over one million jobs were part-time positions representing a 164 per cent increase over the 20 year period. Women, older men and students all contribute significantly to the increased part-time workforce.<sup>47</sup>

6.32 At a time when the unemployment levels are high there is also an increase in the average number of hours of work for those in full-time employment. The ACTU, however, considers that while there is some evidence that people working are working longer hours that this is not an overwhelming trend and applies mainly to those who are getting very high levels of remuneration, for example, to managers.<sup>48</sup> The trend at the other end of the spectrum has been towards people working shorter hours. On the

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<sup>43</sup> *Australia's Workforce in the Year 2001*, op.cit., p.43-44.

<sup>44</sup> Australian Bureau of Statistics (1994) *Australian Social Trends 1994*, ABS Cat No. 4102.0, p.105.

<sup>45</sup> Kenyon P and Wooden M (1994) *The Outlook for Labour Supply in Australia During the 1990s*. The Full Employment Project, Working Paper No.2/94. The Institute of Public Affairs and the Institute of Applied Economic and Social Research, p.25.

<sup>46</sup> *ibid.*, p.25.

<sup>47</sup> Australia Bureau of Statistics (1994) *Australian Social Trends*, ABS Catalogue No.4102.0, p.103.

<sup>48</sup> Mansfield W, Transcript, p.267.

other hand, it was suggested to the Committee that significant reductions in average full-time working hours had occurred previously in Australia and that a renewal of this trend might redistribute the available work.<sup>49</sup>

6.33 The Committee for Economic Development of Australia consider that the trend to part-time work is necessary and irreversible and that Governments should explore ways of facilitating worksharing, permanent part-time work and flexible working hours. CEDA emphasise that any intervention should not interfere with the freedom of choice or increase costs to business but should remove barriers to people working shorter hours or which distort the choices of people working or staying at home.<sup>50</sup>

6.34 About 4 per cent of the workforce work from home and two thirds of these are women. Home based work has a number of pros and cons, for example working from home may provide some additional flexibility in balancing work and family responsibilities but may also lead to problems such as isolation, loss of opportunities and benefits available to on-site workers, and impose additional costs for equipment and insurance cover. While technological change enables the use of home or lap top computers, faxes and mobile phones which facilitates working from home these may also intrude on family life.<sup>51</sup>

6.35 CEDA predict that by the year 2020 many of the 'core' labour force will be permanent part-time workers with the very good pay and conditions which are enjoyed by the full-time 'core' employees.<sup>52</sup> One company is already using a holistic approach by dropping the term 'part-time' and simply regarding an employee as a person who works any number of hours per week which implies that everyone is valuable to the company and focuses on

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<sup>49</sup> Langmore J, Transcript, p.247.

<sup>50</sup> Committee for Economic Development of Australia (1994) *The CEDA Road Back to Full Employment*. A Policy Statement by the Committee for Economic Development in Australia, February 1994, p.16.

<sup>51</sup> McGurk H (1994) 'Australian family and workforce demographics: the continuous improvement and productivity aspects of work and family issues'. *Do Managers Care? Work, Family and the APS*. APS Conference for the International Year of the Family, Canberra, 5 September 1994, p.20.

<sup>52</sup> Mulvey C and Fells R (1993) *Industrial Relations in Australia: The View From 2020*. Committee for Economic Development of Australia, pp.2-3.

productivity and performance rather than the number of hours worked.<sup>53</sup>

6.36 CEDA also predict that in the year 2020 the peripheral workforce will consist of casual and subcontract workers who are less skilled or educated, non-unionised, and with poorer pay and conditions.<sup>54</sup> The Committee was told that recent work by the Department of Industrial Relations showed that there is a trend to casualising highly skilled positions and that it is not just the unskilled occupations that constitute the casual work force.<sup>55</sup>

### Occupational Health and Safety

6.37 Occupational Health and Safety improves the quality of life of the workforce and has economic benefits through improved productivity and savings in compensation and in the social costs of injury and death. The establishment of the national Occupational Health and Safety Commission reflects the need to develop an overall strategy to deal with these issues.

6.38 In the 1980's there were about 500 fatalities, and 200 000 injuries per year requiring a week off work.<sup>56</sup> In comparison, Japan had the same number of workers injured requiring four days off with a workforce eight times as large as that of Australia's.<sup>57</sup> By international standards, Australia had the highest rate of mesothelioma (a cancer caused by exposure to asbestos), and the world's first and perhaps most dramatic epidemic of repetitive strain injury.<sup>58</sup>

6.39 Occupational stress is also important because of its low incidence and high cost profile. The proportion of stress-related claims for compensation is increasing and was attributed to workload, trauma, conflict with

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<sup>53</sup> Edgar D, Transcript, p.104.

<sup>54</sup> *Industrial Relations in Australia: The View From 2020*, op.cit., p.3.

<sup>55</sup> Pixley J, Transcript, p.35.

<sup>56</sup> Emmett E, Transcript, p.76.

<sup>57</sup> *ibid.*, p.79.

<sup>58</sup> *ibid.*, p.76-77.

supervisors and forced relocation or redeployment.<sup>59</sup> The Committee was told that stress related illness is often a factor in situations where blended families require access to children from previous relationships, or where single parents depended on the extended family for child care.<sup>60</sup>

6.40 The Australian Chamber of Commerce and Industry (ACCI) found that white collar workers associated stress with work roles, work overload, time management, travel and work/home conflict, while blue collar workers identified stress with lack of autonomy or control, work overload or underload, work patterns such as shift work, machine pacing, repetition or unsatisfactory work conditions.<sup>61</sup>

6.41 The results of stress are manifested in increased leave taking and self-reported illness or injury<sup>62</sup> as well as high labour turnover, higher worker's compensation claims, lower productivity or efficiency, and poor safety records. ACCI consider that organisational measures to address stress related problems include the development of participative management styles, greater work autonomy, job redesign, personnel selection, placement, training and support and special attention to immediate work groups and advocate the introduction of employee assistance schemes.<sup>63</sup>

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<sup>59</sup> Toohey J (1993) *Applying Workers' Compensation Claims Experience to Human Resource Management: Occupational Stress as an Australian Case Study*. Paper presented to the International Symposium on Insurance, Compensation and Prevention of Injuries, Bergerac, France, 22-24 September 1993, pp.1,4,6.

<sup>60</sup> Australian Association of Social Workers Ltd, Submission 36, p.4.

<sup>61</sup> Australian Chamber of Commerce and Industry (1990) *Information Paper on stress Adopted at the Meeting of the CAI General Council*, 9 November 1990, p.3.

<sup>62</sup> Toohey J (1993) *Applying Workers' Compensation Claims Experience to Human Resource Management: Occupational Stress as an Australian Case Study*. Paper presented to the International Symposium on Insurance, Compensation and Prevention of Injuries, Bergerac, France, 22-24 September 1993, p.7.

<sup>63</sup> Australian Chamber of Commerce and Industry (1990) *Information Paper on stress Adopted at the Meeting of the CAI General Council*, 9 November 1990, pp.3,4,5.

6.42 Over the past decade national standards have been put in place in the key areas that affect workplace injuries and illness.<sup>64</sup> In 1991 the heads of government agreed to implement uniform standards.<sup>65</sup> Most States now have legislation in place which establishes general standards, employee participation as representatives and on committees, and a co-regulation framework.<sup>66</sup>

6.43 The costs of occupational health and safety both in terms of numbers of injuries and cost to the economy are falling but are still high.<sup>67</sup> Australia pays about 1.22 per cent of GDP in direct workers compensation and this does not include lost productivity, morale and related social costs.<sup>68</sup> The Committee was given the example of the coal industry which pays \$1.80 per tonne of coal exported to Japan in direct workers compensation costs.<sup>69</sup> Submission number 31 from Worksafe Australia noted that direct compensation costs of occupational injury and disease are about \$5 billion.<sup>70</sup>

6.44 The Australian Chamber of Commerce and Industry pointed out that resources have been applied to compensation aspects rather than to prevention<sup>71</sup> although others believe there has been a move to a closer relationship between compensation and prevention.<sup>72</sup> The Chamber considered that more resources should be applied to developing best practice and a more cohesive national approach to occupational health and safety, to education, and in co-ordinating state and federal resources.<sup>73</sup>

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<sup>64</sup> Nolan D, Transcript, p.25.

<sup>65</sup> Emmett E, Transcript, p.78.

<sup>66</sup> *ibid.*, p.77.

<sup>67</sup> *ibid.*, p.78.

<sup>68</sup> *ibid.*, p.77.

<sup>69</sup> *ibid.*, p.78.

<sup>70</sup> Worksafe Australia, Submission 31, p.36.

<sup>71</sup> Nolan D, Transcript, p.25.

<sup>72</sup> Emmett E, Transcript, p.77.

<sup>73</sup> Nolan D, Transcript, p.27.



6.45 The Committee was told that there needs to be attitudinal change which makes managers and workers value safety more highly.<sup>74</sup> Dr Emmett suggested that the best way was to make everyone responsible for the quality of their work and not rely on regulatory intervention. In this situation, while governments may need to act as a regulatory agency where poor conditions were encountered they would generally have an advisory role only.<sup>75</sup>

6.46 Future improvements in occupational health and safety will depend on better regulatory standards to facilitate improved industry performance and technical excellence in research and development.<sup>76</sup> The Australian Chamber of Commerce and Industry (ACCI) emphasises that Worksafe Standards must be based on scientifically and technically sustainable issues, as they contend that occupational health and safety has, in the past, been abused as an issue in the industrial relations arena.<sup>77</sup>

6.47 The National Occupation Health and Safety Committee (NOHSC) are looking at the role of occupational health and safety in enterprise agreements.<sup>78</sup> There is concern that in enterprise bargaining people may be asked to compromise occupational health and safety standards<sup>79</sup> and ACCI believe that industrial issues should be separated from OHS issues.<sup>80</sup> There is also concern over the maintenance of minimum standards and the concept of danger money.<sup>81</sup>

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<sup>74</sup> Emmett E, Transcript, p.79.

<sup>75</sup> *ibid.*, p.80.

<sup>76</sup> *ibid.*, p.81.

<sup>77</sup> Australian Chamber of Commerce and Industry (1990) *Occupational Health and Safety Policy Statement*, endorsed by ACCI Council in August 1990, p.3.

<sup>78</sup> Emmett E, Transcript, p.82.

<sup>79</sup> Pixley J, Transcript, p.105.

<sup>80</sup> Australian Chamber of Commerce and Industry (1990) *Occupational Health and Safety Policy Statement*, endorsed by ACCI Council in August 1990, p.3.

<sup>81</sup> Emmett E, Transcript, p.82.

6.48 In the drive for greater productivity people are being asked to work much longer hours and the amount of unpaid overtime is going up.<sup>82</sup> Issues like the change of shifts have occupation health and safety implications.<sup>83</sup> Twenty four hour continuous shift operations, broken shifts and large amounts of overtime are becoming more common.<sup>84</sup>

6.49 The Commission is concerned that a 'dearth of statistical information' may hinder the development of OHS strategies which include the development of workers' compensation and rehabilitation arrangements.<sup>85</sup> This information would provide an informed basis for the identification of occupational injury and disease risks and the development of adequate control mechanisms. The Commission's submission noted that there is inadequate research and development necessary for significant improvements in OHS.<sup>86</sup> The relative expenditure on OHS research is 0.1 per cent of Australia's total health expenditure of about \$30 billion, compared with 1.4 per cent on other health related research.<sup>87</sup>

### *Concluding Comments*

6.50 Organisational changes to working conditions have been slow in some areas because of the need for long term financial commitment, the inappropriateness of some existing hierarchical systems in relation to workplace reforms, and existing institutional arrangements which inhibit innovation.

6.51 Although the annual growth rate of the labour force will decline, the size of the labour force will increase and the growth of part-time and other flexible forms of employment will continue to increase.<sup>88</sup> The ACTU told

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<sup>82</sup> Pixley J, Transcript, p.105.

<sup>83</sup> Emmett E, Transcript, p.83.

<sup>84</sup> Australian Council of Trade Unions, Submission 26, p.13.

<sup>85</sup> Worksafe Australia, Submission 31, p.23.

<sup>86</sup> *ibid.*, p.24.

<sup>87</sup> *ibid.*, p.37.

<sup>88</sup> Tacy L, Transcript, p.38.

the Committee that compared to other OECD countries, Australians work very long hours.<sup>89</sup>

6.52 The Australian Chamber of Commerce and Industry emphasised the need for governments, unions and employers to work together to present mutually agreed programs as a unified approach to issues in relation to workplace change, participative management, and new work processes.<sup>90</sup>

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<sup>89</sup> Ogden M, Transcript, p.39.

<sup>90</sup> Nolan D, Transcript, p.33.

## CHAPTER 7

### ADAPTING TO CHANGING SOCIAL EXPECTATIONS

7.1 This Chapter focuses on issues relating to employees with family responsibilities and other issues relating to the changes in workforce participation rates by women.

7.2 In 1990 Australia ratified the International Labour Organisation Convention 156 which came into effect in March 1991. The ratification obligates Australia to implement a national policy which enables people to minimise the conflict between employment and family responsibilities. The ILO Convention 156 principles have been affirmed in the *Australian Industrial Relations Reform Act, 1994*.

#### Women in the Workforce

7.3 In Australia the workforce participation rates are different for males and females overall as well as between industries. For example, the Clerical-administrative occupational group employs 15 per cent of the total workforce in all industries and 77.6 per cent of these are women.<sup>1</sup>

7.4 A recent study in New South Wales has found that growth in the service industries has enhanced the employment opportunities for women particularly as managers, professionals, para-professionals, salespersons and personal workers.<sup>2</sup>

7.5 Part-time participation in the work force is at present dominated by females because of their social roles and responsibilities (although these continue to undergo a process of change and development). Taxation, child care and other arrangements as well as social attitudes are quite important in determining participation rates.<sup>3</sup>

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<sup>1</sup> National Office Skills Formation Advisory Body Ltd, Submission 42, p.2.

<sup>2</sup> Department of Industrial relations, Employment, Training and Further Education (1993) *Trends in Women's Employment New South Wales 1982-1993*, Labour Market Policy Branch, July 1993, p.8.

<sup>3</sup> Clare R, Transcript, p.156.

7.6 The workforce participation rate of women between the ages of 20 and 24 years has risen from 17-21 per cent in 1961 to 61-77 per cent in 1994. The introduction of more family friendly award conditions by industry is partly due to the recognition of the potential benefits in retaining skilled women employees.<sup>4</sup>

7.7 Married women between 20 and 40 years of age have increased their participation rates substantially.<sup>5</sup> The increase in the participation rate of married women in the workforce reflects a fundamental social change and is not simply due to economic factors.<sup>6</sup> This increase has been attributed to smaller families, increased rates of pay for women, provision of more child care facilities, industrial restructuring favouring female jobs, changes in attitudes within society and to women in the workforce, higher education for women, increased availability of part-time jobs and the reduction in real wages during the 1980s.<sup>7</sup> Almost two thirds of the expected increase in the workforce between 1992 and 2005 will be due to increased participation by women.<sup>8</sup>

7.8 Participation rates for Australian women aged 25 to 54 years is lower than in countries such as Canada, the United States and the United Kingdom.<sup>9</sup> The largest increases in the female labour force have been in Scandinavian countries, followed by the English speaking nations although Australia was not the highest of these.<sup>10</sup>

7.9 The increase in female participation rates in Australia does not necessarily reflect a global trend. In some other OECD countries the participation rates of females have increased only slightly and in others it

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<sup>4</sup> McGurk H (1994) Australian family and workforce demographics: the continuous improvement and productivity aspects of work and family issues'. *Do Managers Care ? Work, Family and the APS*. APS Conference for the International Year of the Family, Canberra, 5 September 1994, pp.,17,18.

<sup>5</sup> Withers G, Transcript, p.56.

<sup>6</sup> Tacy L, Transcript, p.34.

<sup>7</sup> Kenyon P and Wooden M, op.cit., p.10.

<sup>8</sup> Tacy L, Transcript, p.6.

<sup>9</sup> Kenyon P and Wooden M, op.cit., p.11.

<sup>10</sup> Castles S, Transcript, p.29.

has actually fallen.<sup>11</sup> Professor Castles told the Committee that if Australia increased its productivity then the rate of female participation may decline.<sup>12</sup>

7.10 There is a trend for women to begin child bearing at a later age after they have established a career, and this will impact on female participation patterns.<sup>13</sup> Women marry later and have fewer children which means that the child rearing period is shorter and there is less restriction of career opportunities.<sup>14</sup> Women are better educated, are more career oriented and demanding more independence.<sup>15</sup> The Australian Bureau of Statistics has predicted a continued increase in the proportion of women with children remaining in the workforce.<sup>16</sup> Professor Castles cautioned however, that the assumptions relating to the causes of changes in female participation rates may lead to errors by simply extrapolating figures from trends over the last decade.<sup>17</sup>

7.11 One of the factors determining female participation in the workforce is the availability of adequate child care facilities. EPAC were critical of the Commonwealth Government's performance in this area stating that:

you could count the number of Commonwealth provided child care centres to its employees on the fingers of a hand that has had a few industrial accidents. I think I can now identify about three, and most of those happened quite recently and normally after a great deal of unpleasantness.<sup>18</sup>

7.12 The Australian Federation of Business and Professional Women stress the need for child care, community services and facilities that are compatible

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<sup>11</sup> Castles F, Transcript, p.28.

<sup>12</sup> *ibid.*

<sup>13</sup> Tacy L, Transcript, p.6.

<sup>14</sup> Edgar D, Transcript, p.91.

<sup>15</sup> *ibid.*

<sup>16</sup> Tacy L, Transcript, p.6.

<sup>17</sup> Castles F, Transcript, p.28.

<sup>18</sup> Clare R, Transcript, p.157.

with work opportunities. It was argued that increasingly women are providing economic security for families.<sup>19</sup>

7.13 In a submission to the Committee the National Office Skills Formation Advisory body noted that in the clerical-administrative occupation group which employs a significant proportion of women, workers learn their skills from workplace training and these skills are not formally recognised and credentialled.<sup>20</sup>

7.14 There are more women in the 'marginally attached' and 'discouraged worker' labour force categories. Those 'marginally attached' to but not included in the workforce include those who would take a job if offered one and who may be looking for work but do not meet the precise criteria necessary to be classified as unemployed for statistical classification purposes. Discouraged workers are a subset of these.<sup>21</sup>

7.15 Dr Don Edgar suggested that the economy needed to keep women in the workforce.<sup>22</sup> The feminisation of the workforce is not simply a question of female participation but also one of the requirements of families.<sup>23</sup> Dr Edgar was also of the opinion that most child care is still undertaken by women in the home and there is a need to pay attention to quality child care in the home as well as to standards in child care centres.<sup>24</sup>

### **Workers with Family Responsibilities**

7.16 There are significant differences between the participation patterns of men and women in the labour force. An Australian Bureau of Statistics survey in 1993 found that men with children under the age of 15, spent 73 per cent of their total working time (defined as paid work, household duties,

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<sup>19</sup> Australian Federation of Business and Professional Women, Submission 33, p.3.

<sup>20</sup> National Office Skills Formation Advisory Body Ltd, Submission 42, p.2

<sup>21</sup> Kenyon P and Wooden M, *op.cit.*, pp.19-20.

<sup>22</sup> Edgar D, Transcript, p.91.

<sup>23</sup> Lansbury R, Transcript, p.44.

<sup>24</sup> Edgar D, Transcript, p.93.

and child minding), in paid work, while women spent 48 per cent in paid work and the remainder on household duties and child minding. Another difference was that 41 per cent of women marginally attached to the workforce gave family reasons for their not actively looking for work while only 3 per cent of men offered these reasons.<sup>25</sup>

7.17 In July 1993, 41 per cent of the workforce had dependent children under the age of 14 which included 60 per cent of employed married women and 40 and 42 per cent respectively of women and men in the workforce.<sup>26</sup> The majority of adults with dependent children are employed; that is 86 per cent of fathers and 56 per cent of mothers in two-parent families and 65 per cent of males and 43 per cent of female sole parents, 53 per cent of couples with dependent children were both employed and 42 per cent of these were both full-time workers.<sup>27</sup> Forty-five per cent of all married women with children aged four years or under are in the workforce.<sup>28</sup>

7.18 Over the last 20 years there has been a gradual increase in the proportion of one parent families reflecting the increased rate of marriage breakdown and increased numbers of births to single women. In 1991 16.6 per cent of families with dependent children were one parent families compared to 13.2 per cent in 1981.<sup>29</sup> Dr Don Edgar expressed the need for an integrated social policy which looks at the economic needs of families and determines the targets for social assistance.<sup>30</sup>

7.19 The Australian Chamber of Commerce and Industry told the Committee that employers were concerned with the costs involved in time off to attend to other responsibilities and its impact on productivity but did not object to the principle of taking time off to meet family commitments.

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<sup>25</sup> McGurk H, op.cit., p.17.

<sup>26</sup> Tacy L, Transcript, p.4.

<sup>27</sup> Edgar D, Transcript, p.90.

<sup>28</sup> Tacy L, Transcript, p.4.

<sup>29</sup> McDonald P (1993) *Family Trends and Structure in Australia*. Australian Family Briefings No.3, p.2. It is an interesting point of comparison that in 1891 in Victoria, 16.7 per cent of families had one parent. *ibid.*, p.2.

<sup>30</sup> Edgar D, Transcript, p.90.



Existing awards also restricted employees' entitlements to sick leave, bereavement leave, annual leave and public holidays. Additional leave must be considered with respect to the additional costs in the current economic and employment circumstances to ensure that it is not a greater impediment than a benefit.<sup>31</sup>

7.20 While attitudes to workers with family responsibilities vary throughout sectors of industry, best practice companies are generally committed to better morale, more teamwork, more participation and so on, and therefore tend to treat the worker as a whole person.<sup>32</sup> The Australian Taxation Office is trialing a system of pooled leave which is available to carers while the Department of Social Security enables employees to accumulate special leave for 5 years which can be used for family leave.<sup>33</sup> The Crossroads Project in Victoria focuses on the commercial productive component as well as factors such as the personal sense of identity and the capacity of participants to work co-operatively.<sup>34</sup> It is important to recognise the collective nature of such projects rather than to assess productivity in individual terms.<sup>35</sup>

7.21 The Family Formation Study found that 30 per cent of male and female workers felt that they did not have enough energy to be a good parent after getting home, 20 per cent were occasionally absent or late because of family concerns and 29 per cent of working women and 70 per cent of men had taken a less demanding job to increase family time.<sup>36</sup> The extent of the problem may not be known as people may take off a day as sick leave when they merely needed a couple of hours to take a child to the doctor. Statistical data would not reflect absence taken on some other award entitlement (such as sick or recreation leave) which may mean that more time was taken off than was needed.

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<sup>31</sup> Nolan D, Transcript, p.24.

<sup>32</sup> Edgar D, Transcript, p.105.

<sup>33</sup> Caird W (1994) 'Best Practice in the Public Sector' *Do Managers Care? Work, family and the APS*. APS Conference on the International Year of the Family, Canberra, 5 September 1994, p.41.

<sup>34</sup> Trowbridge R, Transcript, p.108.

<sup>35</sup> *ibid.*, p.109.

<sup>36</sup> Edgar D, Transcript, p.92.

7.22 Labour market flexibility may also be affected to some extent by the increase in the number of women entering the labour force if this restricts the geographic mobility of families to take up distant employment opportunities which disrupt the spouse's employment.<sup>37</sup> A recent Family Formation Study found that a lot workers had refused a job promotion or transfer because of family needs and 25 per cent said they wanted more understanding from the employers and greater workforce flexibility.<sup>38</sup> Fifty nine per cent of two-parent families with dependent children have both parents in the workforce.<sup>39</sup> Dr Edgar found that 50 per cent of all absenteeism was related to family responsibilities.<sup>40</sup> Nine per cent of all families are sole parent families and of these, 45 per cent are employed.<sup>41</sup>

7.23 Workers who care for elderly, disabled or ill spouses have family responsibilities other than children.<sup>42</sup> While mothers tended to take time off to care for children, about the same amount of time was taken off by spouses to attend to elder or spousal care.<sup>43</sup> There is a need to coordinate flexible working arrangements together with a comprehensive range of community services to support the elderly and their carers.<sup>44</sup>

7.24 There is a growing appreciation of the social and economic value of carers of families, people with disabilities, the sick or the elderly which is changing the expectations of the roles of men and women.<sup>45</sup> The training and recruitment costs of replacing a skilled worker may be as high as 70 to

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<sup>37</sup> *Australia's Workforce in the Year 2001*, op.cit., p.48.

<sup>38</sup> Edgar D, Transcript, p.92.

<sup>39</sup> Tacy L, Transcript, p.4.

<sup>40</sup> Edgar D, Transcript, p.93.

<sup>41</sup> Tacy L, transcript, p.4.

<sup>42</sup> *ibid.*

<sup>43</sup> McGurk H, op.cit., p.18.

<sup>44</sup> Tacy L, Transcript, p.6.

<sup>45</sup> Department of Industrial Relations (1992) *Workers with family responsibilities*. Strategy for implementing International Labour Organisation Convention 156 across Commonwealth policies and programs, Work and Family Unit, November 1992, p.5.

150 per cent of the employee's salary.<sup>46</sup> This has brought about a number of changes designed to assist in the retention of skilled workers.

7.25 Young people remain financially dependent on the family longer because of the trend to continue their education and the limited job opportunities available to young people.<sup>47</sup>

7.26 The ageing of the population means that there will be a trend to elder care and in 1992, 11 per cent of Australian adults cared for at least one elder family member in the previous six months.<sup>48</sup>

7.27 Many women are employed on a temporary or casual basis in a peripheral workforce and this does not always provide the same job security and equal opportunities for training development as those in full-time positions.<sup>49</sup> This type of stratification can also be an issue in relation to family responsibilities.<sup>50</sup> Those that have stable and predictable employment and usually higher financial resources have access to the range of family support mechanisms which are not necessarily available to those in the part-time and casual workforce.<sup>51</sup> On the other hand, those in full-time employment are more likely to need them.

7.28 The Australian Association of Social Workers commented that the two income households could afford to pay for items such as home maintenance and child care while other couples and sole parents find the cost of such services almost greater than their earnings. The contribution of those not going out to work should also be acknowledged.<sup>52</sup>

7.29 Recent industrial relations reforms have significant implications for worker with family responsibilities. Enterprise bargaining arrangements have

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<sup>46</sup> McGurk H, op.cit., p.18.

<sup>47</sup> Edgar D, Transcript, p.91.

<sup>48</sup> *ibid.*, p.92.

<sup>49</sup> Tacy L, Transcript, p.8.

<sup>50</sup> *ibid.*

<sup>51</sup> *ibid.*

<sup>52</sup> Australian Association of Social Workers Ltd, Submission 36, p.6.

the potential to foster the development of family friendly policies and practices in relation to flexible working arrangements.<sup>53</sup>

7.30 There is a need to monitor the impact of the 12-hour shift arrangements on families.<sup>54</sup> It enables workers to be with their families more and some may use the time to set up businesses.<sup>55</sup>

7.31 Another issue brought to the attention of the Committee concerned the diminishing leisure time available to two income families.<sup>56</sup> The proportion of domestic and paid work, and leisure in people's lives change substantially depending on the structure of the economy.<sup>57</sup> At both ends of the economic spectrum, people are working longer and having less leisure time.<sup>58</sup> There is some concern about the culture in the public sectors particularly at the managerial level for working long hours which make the balancing of family responsibilities very difficult.<sup>59</sup>

### Participation by Young People

7.32 Teenage labour force participation rates in Australia are similar to those in Canada and the United Kingdom and are higher than those in other OECD countries. Kenyon and Wooden argue that there is limited scope for further reductions in the participation rates of young people during this decade.<sup>60</sup>

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<sup>53</sup> Tacy L, Transcript, p.9.

<sup>54</sup> Edgar D, Transcript, p.105.

<sup>55</sup> *ibid.*

<sup>56</sup> Withers G, Transcript, p.65.

<sup>57</sup> *ibid.*

<sup>58</sup> Lansbury R, Transcript, p.65.

<sup>59</sup> Carmody H (1994) *Do Managers Care? Work, Family and the APS*, APS Conference for the International Year of the Family, Canberra, 5 September 1994, p.12.

<sup>60</sup> Kenyon P and Wooden M, *op.cit.*, p.14.

7.33 The Department of Employment, Education and Training found that there have been large increases in part-time participation among young persons which was largely associated with their continuation in full-time education. The increase in the retention rate for students to Year 12 means that school leavers will be older and better educated. Almost one third of young people in full-time education now work part-time.

7.34 Unemployment levels for teenagers are higher than that of the general workforce but this is usually for shorter periods. The high unemployment and job turnover rates for teenagers reflect the nature of the jobs, and young people's testing of job opportunities before they settle in a career.<sup>61</sup>

7.35 The decrease in participation rates of young people may reflect discouraged-worker effects as well as the expansion of the education system.<sup>62</sup> Research in the United States has indicated that a person will on average now have 10 to 12 jobs in perhaps two career streams compared with 4 to 6 jobs per lifetime in previous generations.<sup>63</sup>

7.36 It was suggested to the Committee that the introduction of a conservation corps as a voluntary option to welfare payments for unemployed young people would benefit individuals in terms of social interaction.<sup>64</sup> Case managers will encourage the use of voluntary work placements in job seekers Newstart agreements. The Community Activity Program provides voluntary work placements in welfare organisations.<sup>65</sup>

7.37 The concept of the youth training wage is based on the use of skills and experience as criteria rather than age but the Australian Chamber of Commerce and Industry expressed concern about the implementation of this

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<sup>61</sup> *Australia's Workforce in the Year 2001*, op.cit., pp.37,77,79.

<sup>62</sup> Kenyon P and Wooden M, op.cit., p.12.

<sup>63</sup> Australian Council of Trade Unions, Submission 26, p.17.

<sup>64</sup> Hamilton, Submission No.1, p.1.

<sup>65</sup> *Working Nation*, op.cit., p.114.

concept.<sup>66</sup> The Chamber also questions the validity of using this concept for youth wages if it does not also apply to adults.<sup>67</sup>

### Participation by Older Workers

7.38 Labour force participation by older workers in Australia is low by international standards.<sup>68</sup> This issue was noted as a matter of concern in a number of submissions.<sup>69</sup> The low level of participation by older males may reflect discouraged worker effects and therefore may improve with expected higher economic growth, the decreased availability of service pensions and the legislative removal of compulsory retirement. It is also anticipated that there will be an increase in participation rates of older women during the 1990s.<sup>70</sup>

7.39 The Public Transport Union (SA & NT Branch) and the Automotive Metals and Engineering Union (Vehicle Division) contend that older workers will be forced into part-time positions because of early retirement or redundancy activity and major structural changes in the industry.<sup>71</sup> The Committee was also told that many older workers were unemployed after participating in Labour Adjustment Packages and were 'sceptical and cynical' at retraining processes and assistance.<sup>72</sup> On the other hand, this may reflect the situation where older workers have 'missed the bus' because their skills are obsolete and they resist/resent the idea of retraining for a short period only.

7.40 The tendency of workers to retire at an earlier age reflects the degree of change in the workplace resulting from technological factors and market

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<sup>66</sup> Nolan D, Transcript, p.23.

<sup>67</sup> *ibid.*

<sup>68</sup> Kenyon P and Wooden M, *op.cit.*, p.26.

<sup>69</sup> McCormack J, Submission No.9, p.1.

<sup>70</sup> Kenyon P and Wooden M, *op.cit.*, pp.16,18.

<sup>71</sup> Public Transport Union (SA & NT Branch) and the Automotive Metals and Engineering Union (Vehicle Division), Submission 21, p.8.

<sup>72</sup> Public Transport Union (SA & NT Branch), Submission 21, p.7.

forces and the introduction of superannuation and better redundancy and retirement packages.<sup>73</sup> The Committee was told that companies appear to encourage voluntary retirements rather than retrain older workers.<sup>74</sup>

7.41 The Committee was told that the abolition of workforce conditions which required workers to retire at the age of 65 would enable more flexibility in the system to meet the needs of both employees and employers. This would also help address the problem of growth of dependency amongst the aged.<sup>75</sup> The dependency ratio in Australia was 17 per cent in 1992 and is predicted to be 32 per cent by the year 2031.<sup>76</sup>

7.42 In its report *Expectations of Life: Increasing the Options for the 21st Century*, 1992, this Committee emphasised the social and economic implications of a significant increase in longevity and the likely contraction of traditional forms of work, especially those involving physical effort. If people were living longer but working less, this could be regarded as threat or opportunity. It has been estimated that 2 million Australians fall into the category of the 'third aged' (sometimes called the well-aged). They constitute a distinct market in education, tourism, entertainment, fitness and health support. In addition, many 'third age' people make a contribution as volunteers to maintaining community welfare organisations and in providing support for younger members of their own families (contrary to the popular stereotype of increased dependency).

### Recommendation

The Committee recommends that policies be developed to recognise the significance of the 'third aged', to assist them to maintain their independence outside institutions as long as possible, and to promote the contribution of volunteers.

<sup>73</sup> Mansfield W, Transcript, p.266.

<sup>74</sup> Public Transport Union (SA & NT Branch) and the Automotive Metals and Engineering Union (Vehicle Branch), Submission 21, p.6.

<sup>75</sup> Langmore J, Transcript, p.250.

<sup>76</sup> Earle L (1992) *Social Network Needs Among Older People*, p.4.

### Participation by Aboriginal and Torres Strait Islander People

7.43 The ABS Labour Force Surveys do not have a separate classification for Aboriginal and Torres Strait Islander people,<sup>77</sup> however the 1991 Census showed that they are still almost three times as likely to be unemployed as other Australians.<sup>78</sup> Only 31 per cent of Aboriginals are of working age compared to 57 per cent for all Australians but the unemployment rate in 1986 was 35 per cent when the national level was 7 per cent.

7.44 During the next decade, however, it is predicted that the number of young Aboriginals joining the workforce will expand at a faster rate than that for other Australians.<sup>79</sup> During the first quarter of the 1994-95 financial year there was a 26.6 per cent increase in the number of job placements for Aboriginal and Torres Strait Islanders compared to the same period last year.<sup>80</sup>

7.45 The geographic concentration of Aboriginals, in some cases in remote areas, makes employment dependent on regional projects and may not be indicative of national trends. As with other groups, the nature of their skills and experience will influence their potential to gain employment and their concentration in unskilled occupations reflects the low proportion with post-secondary qualifications. Recently, this situation has shown some improvement with 12-13 per cent now possessing higher qualifications but this trend must keep pace with the trend to increase the minimum qualifications required by the labour market.<sup>81</sup> The Australian Vocational Certificate Training System aims to improve remote learning options.<sup>82</sup>

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<sup>77</sup> *The Shape of Things to Come*, op.cit., p.47.

<sup>78</sup> *Working Nation*, op.cit., p.136.

<sup>79</sup> *Australia's Workforce in the Year 2001*, op.cit., p.89.

<sup>80</sup> Keating P (1994) Address by the Prime Minister, the Hon PJ Keating MP, ACOSS Annual Congress, 27 October 1994, p.8.

<sup>81</sup> *Australia's Workforce in the Year 2001*, op.cit., p.89-90.

<sup>82</sup> Employment and Skills Formation Council (1992) *Australian Vocational Certificate training System*, National Board for Employment, Education and Training, AGPS, Canberra, p.15.



7.46 The number of positions for labourers will grow at half the national rate while farm labourers' positions may decline; these occupations have been traditionally a source of employment for Aboriginals. On the other hand the high proportion of school age Aboriginal people offers the potential to provide improved education opportunities which will enhance their employment prospects.<sup>83</sup>

7.47 A number of enterprise programs are available to assist the establishment of new businesses for Aboriginal and Torres Strait Islander people. The programs administered by the Aboriginal and Torres Strait Islander Commission are the Business Funding Scheme, the Community Economic Initiatives Scheme and the Enterprise Employment Assistance Program. In 1991, six per cent of the Aboriginal population were self employed although the ESFC believed that this may be an under estimation. There are however, in many cases locational constraints such as the remote areas, low levels of local demand and transport costs.<sup>84</sup>

### Participation by Migrants

7.48 Historically the change in labour force growth rate in Australia reflected changing immigration rates although more recently the influence of increased participation is evident.<sup>85</sup> Approximately 25 per cent of the workforce of the last five years has been born overseas.<sup>86</sup> Economic research in Australia has showed that immigration levels under normal circumstances had very little average effect on unemployment, although in times of high unemployment a higher than average proportion of those unemployed are recent arrivals.<sup>87</sup>

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<sup>83</sup> *Australia's Workforce in the Year 2001*, op.cit., p.90.

<sup>84</sup> *The Shape of Things to Come*, op.cit., pp.44,47,48.

<sup>85</sup> *Australia's Workforce in the Year 2001*, op.cit., p.34.

<sup>86</sup> Department of Immigration and Ethnic Affairs, Submission 30, p.2.

<sup>87</sup> Hanratty P (1993) *Immigration and Unemployment: A Symposium Report*. Parliamentary Research Service, Issues Brief Number 16, 10 November 1993, p.2.

7.49 During a recession however, immigration may slightly increase the unemployment levels as it has done in the early 1980s and 1990s.<sup>88</sup> Although the level of economic growth is expected to rise during the next decade, the level of unemployment is also expected to be high which may dampen the demand for immigration places.<sup>89</sup>

7.50 Kenyon and Wooden (1994) point out that immigrants increase both the demand and supply for labour. There is generally a positive correlation between immigration levels and economic growth around the world. In typical circumstances, immigration has provided an increase in the demand for goods and services which has balanced the increase in labour supply and improved the productive capacity of the economy.<sup>90</sup>

7.51 The skill characteristics and resources immigrants bring with them will determine the impact of migration on the labour market and CEDA suggest that skill requirements should be attuned carefully to the needs of the Australian economy.<sup>91</sup> The ACTU also suggests that Australia should not encourage low skilled migrants because jobs will not be available.<sup>92</sup>

7.52 The relatively high unemployment levels of migrants over the last fifteen years is a matter of concern as it is consistently above that of Australian-born persons. Migrants with sufficient English communication skills may benefit from the trend to skilled occupations but those seeking lowly skilled occupations may have some difficulties.<sup>93</sup> The highest job losses have occurred in industries where migrants have been traditionally employed.<sup>94</sup> The Commonwealth Government has already introduced a

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<sup>88</sup> op.cit., p.3.

<sup>89</sup> Kenyon P and Wooden M, op.cit., p.4-5.

<sup>90</sup> Hanratty P, op.cit., p.3.

<sup>91</sup> Committee for Economic Development of Australia (1994) *The CEDA Road Back to Full Employment*. A Policy Statement by the Committee for Economic Development of Australia, February 1994, p.17.

<sup>92</sup> Australian Council of Trade Unions, Submission 26, p.17.

<sup>93</sup> *Australia's Workforce in the Year 2001*, op.cit., pp.7,90.

<sup>94</sup> Ackland R, Williams L and Marshall A (1992) *Immigrants and the Australian Labour Market: The Experience of Three Recessions*, AGPS, Canberra.

number of strategies to raise the level of English competency among immigrants.<sup>95</sup>

7.53 The labour force participation of NESB people has declined from levels higher than Australian born people to rates below them and have further decreased since the start of the recession.<sup>96</sup> Unemployment rates are highest among the NESB people who tend to be part of the family reunion component of the Migration Program or the Humanitarian Program.<sup>97</sup>

7.54 The Employment and Skills Formation Council (ESFC) is of the opinion that English language training programs are frequently too short and migrants may lose their eligibility once they become employed. It is argued that the Workplace English Language and Literacy program partially addressed the problem, it does not meet the needs of those with changed employment status.<sup>98</sup>

7.55 The ESFC recommended that there is also a need to establish better English language planning, coordination and dialogue across portfolios to ensure individual needs are met. The Employment and Skills Formation Council pointed out that very little attention has been given to NESB small business ownership and self-employment.<sup>99</sup>

### Participation by People with Disabilities

7.56 In 1993, the ABS conducted a *Survey of Disability, Aging and Carers* which found that there were 496 000 persons with a disability in the workforce, more than 50 per cent of them had post school qualifications and 20 per cent of these were migrants.<sup>100</sup> The survey also found that 21 per

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<sup>95</sup> Department of Immigration and Ethnic Affairs, Submission 30, p.3.

<sup>96</sup> *The Shape of Things to Come*, op.cit., p.45.

<sup>97</sup> Department of Immigration and Ethnic Affairs, Submission 30, p.2.

<sup>98</sup> *The Shape of Things to Come*, ibid., p.47.

<sup>99</sup> *The Shape of Things to Come*, ibid., pp.45-47.

<sup>100</sup> Australian Bureau of Statistics (1993) *Survey of Disability, Ageing and Carers*, 1993, Canberra.

cent of males had their own business compared to 15 per cent of females; 81 per cent of males and 51 per cent of females worked full-time.

7.57 Small business has clearly been leaders in the employment of people with disabilities and it was predicted that small business will make an increasing contribution to the emerging employment opportunities. The Employment and Skills Formation Council are preparing a supplementary paper on small business and people with disabilities.<sup>101</sup>

7.58 The Disabled Peoples' International Australia list the following factors as important in limiting access to employment opportunities for the disabled:

- . inappropriateness of educational services for some groups;
- . limited access to and support during tertiary education;
- . restrictive and narrow concepts in employment training options;
- . Commonwealth funding options do not always give a fair go and assume that all people learn in the same way;
- . Public Service employment practices discriminate against people with disabilities;
- . Commonwealth Government's lack of preparedness to seek or create meaningful employment opportunities;
- . workplace restructuring and multiskilling can disadvantage disabled people; and
- . lack of consultation with disabled people about their needs.<sup>102</sup>

7.59 The *Disability Service Act 1986* and the *Disability Discrimination Act 1992* have provided the legal basis for social change within the community. The DPI(A) believe that more consultation with disabled people is necessary and more research is needed into the number and of disabled people who are unemployed before this group can look forward to the same opportunities afforded to people without disabilities.<sup>103</sup> The ACTU

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<sup>101</sup> *The Shape of Things to Come*, op.cit., p.50.

<sup>102</sup> Disabled Peoples' International (Australia), Submission 14, p.2.

<sup>103</sup> Disabled Peoples' International (Australia), Submission 14, p.3.

support the negotiation of wage rates for disabled persons that reflect their productive capacity.<sup>104</sup>

### Superannuation

7.60 The Committee was told that some aspects of current superannuation packages needed urgent attention. The Committee was told that workers who were forced into early retirement by workforce changes found their savings to be 'disenfranchised by inequitable commissions, fees and early withdrawal penalties.'<sup>105</sup>

7.61 Currently some packages are calculated on the average wage for the three years before retirement. This prevents older workers from going part-time to phase down their working hours.

#### Recommendation

**The Committee recommends that the Government investigate ways to enable workers to be able to phase down working hours before retirement without loss of superannuation benefits.**

7.62 A survey of the manufacturing industry found that 64 per cent of the respondents considered that the superannuation guarantee levy was an impediment to the business environment.<sup>106</sup>

7.63 The Public Transport Union (SA & NT Branch) suggested that training under award restructuring include information on superannuation and post retirement environments.<sup>107</sup>

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<sup>104</sup> Nolan D, Transcript, p.31.

<sup>105</sup> Public Transport Union (SA & NT Branch) and the Automotive Metals and Engineering Union (Vehicle Division), Submission 21, p.16.

<sup>106</sup> Nolan D, Transcript, p.21.

<sup>107</sup> Public Transport Union (SA & NT Branch) and the Automotive Metals and Engineering Union (Vehicle Division), Submission 21, p.3.

## Concluding Comments

7.64 The Committee for Economic Development in Australia stress that Government changes designed to strengthen economic growth and lower unemployment should not be at the cost of lower living standards for low paid workers. They point out that low wage workers are already affected by financial deregulation, increased international mobility, faster and more skill-intensive technological change and enterprise bargaining.<sup>108</sup>

7.65 There are a variety of complex factors which impact on the labour market disadvantage and relatively high unemployment rates in particular groups which are only indirectly dependent on long term economic, educational and demographic trends. Cyclical economic factors will have a major impact on the level of unemployment in these groups over the next decade.<sup>109</sup>

7.66 The future of the workforce will depend on the social realities prevailing during the next 50 years and not merely on economic demands and theories. Meanwhile the impact of individual and family needs and responsibilities on the morale, performance and productivity of the workforce must be considered. There have been no comprehensive studies in Australia to demonstrate the cost and benefits of recent social change on the workforce, and to work place productivity.<sup>110</sup>

7.67 In its submission to the Committee the Brotherhood of St Laurence warned against the already apparent tendency for Australia to develop dual labour markets and the social consequences of this development:

We are confronted with the very real prospect that there will not be enough employment for all those who want and need it and that the income obtained from employment will, for many Australians, be insufficient to ensure an adequate standard of living.

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<sup>108</sup> Committee for Economic Development of Australia (1994) *The CEDA Road Back to Full Employment*. A Policy Statement by the Committee for Economic Development of Australia, February 1994, p.17.

<sup>109</sup> *Australia's Workforce in the Year 2001*, p.96.

<sup>110</sup> Edgar D, Transcript, p.99.

Australia must seek to avoid a situation where:

a significant portion of the population is locked out of meaningful participation; in which the benefits of economic growth are confined to those who own capital and to those fortunate enough to find employment in a shrinking primary labour market while others are confined to an increasingly marginal and insecure secondary labour market.<sup>111</sup>

7.68 The term 'industrial relations' has given way in some literature to 'employee relations'. Some companies are looking at better personal communication and home management skills which might transfer productivity to workplace relations and systems. Many big companies are adopting an understanding of work-family issues. Companies exist in the context of the community and in some a corporate culture change is required. There needs to be a paradigm shift in the approach to work-family issues. The future of work needs to be a socially conscious approach which is built on economic policies which are not separate from social policies.<sup>112</sup>

7.69 Supporters of the concept of Guaranteed Income (or Guaranteed Minimum Income)<sup>113</sup> see it as providing:

some security in a fast changing, demanding and unpredictable world ...  
less disaffected and fragile

and this would ease some pressure on the labour force.

7.70 The Humanist Society of Victoria proposes that a special task force advise on the:

prevention of alienation and desperation of the 'structurally' unemployed ... and on measures that would prevent the emergence of ... permanent underclasses.<sup>114</sup>

In a robust world dominated by market forces, this goal is likely to prove elusive.

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<sup>111</sup> Brotherhood of St Laurence, submission No. 59, p.23.

<sup>112</sup> Edgar D, Transcript, pp.96,99,100.

<sup>113</sup> Humanist Society of Victoria Inc., Submission 60, p.828.

<sup>114</sup> *ibid.*, p.830.





APPENDIX I

LIST OF PARTICIPANTS AND WITNESSES  
AT WORKSHOPS AND PUBLIC HEARINGS

**WORKSHOP - Tuesday, 15 March 1994**  
**Parliament House, Canberra**

**Participants**

Mr Fred Argy, CEDA

Professor Frank Castles, Public Policy Program, The Australian  
National University

Dr Don Edgar, National Key Centre for Industrial Relations,  
Monash University

Dr Ted Emmett, Chief Executive, Worksafe Australia, National  
Occupational Health and Safety Commission

Professor Stephen Hill, Director, Centre for Research Policy,  
University of Wollongong

Professor Russell Lansbury, Department of Industrial Relations,  
University of Sydney

Mrs Jill Lord, Macarthur, ACT

Ms Di Luke, Commonwealth Employment, Broken Hill

Mr David Nolan, Australian Chamber of Commerce and  
Industry

Mr Max Ogden, Industrial Officer, Australian Council of Trade  
Unions

Dr Jocelyn Pixley, Department of Sociology, University of New South  
Wales

*Appendix I - List of Witnesses*

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Mr Mark Quirk, Victorian Employers' Chamber of Commerce and Industry

Mr Robert Skeffington, National Farmers Federation

Ms Lynne Tacy, First Assistant Secretary, Labour Relations Policy Branch, Department of Industrial Relations

Professor Barry Thornton, University of Technology, Sydney

Dr John Toohey, Worksafe Australia

Dr Roger Trowbridge, Department of Leisure and Tourism, RMIT

Ms Viv Waller, Office of the Status of Women, Department of Prime Minister and Cabinet

Professor Glenn Withers, AO, Director of the Office of Economic Planning Advisory Council (EPAC)

**WORKSHOP - Friday, 3 March 1995  
Parliament House Canberra**

**Participants**

Mr Les Andrews, Education Training Analysis Section, Evaluation and Monitoring Branch, Department of Employment, Education and Training

Mr Ross Clare, Social Policy and Government Branch, Economic Planning and Advisory Commission (EPAC)

Mr Chris Evans, Client Strategies and Training Branch, Employment Programs Delivery Division, Department of Employment, Education and Training

Mr Adam Farrar, The Australian Council of Social Service Inc (ACOSS)

Professor Ann Harding, NATSEM, University of Canberra

Ms Catherine Harris, Affirmative Action Agency

Dr Cezary Kapuscinski, NATSEM, University of Canberra

Ms Kate MacNeill, Brotherhood of St Laurence

Dr John Mathews, Industrial Relations Research Centre,  
University of New South Wales

Mr Vernon Winley, Business Council of Australia

**PUBLIC HEARING - Tuesday, 28 March 1995  
Parliament House, Canberra**

Mr John Langmore, MP

Mr Bill Mansfield, Assistant Secretary, Australian Council of  
Trade Unions

Mr Hugh Armstrong, Joint National Secretary, Australian  
Council of Trade Unions/Australian Services Union

**APPENDIX II**

**LIST OF SUBMISSIONS**

- 1 Mr Bruce W Hamilton, NSW
- 2 Mr Erwin Sauerwein, VIC
- 3 Mr Peter Bibic, VIC
- 4 Mr Robert Deathridge, NSW
- 5 Mr Malcolm Taylor, WA
- 6 Mr Anthony Ablong, QLD
- 7 Mr M Strinic, NSW
- 8 Mr Harry Johnson, QLD
- 9 Mr John McCormack, VIC
- 10 Dr P Satchell, Sattress Pty Ltd, NSW
- Supplementary Submission 1995**
- 11 Construction Industry Development Agency, VIC
- 12 Mr Gary Dilly, NSW
- 13 Dr Richard A Slaughter, VIC
- 14 Disabled Peoples' International (Australia), ACT
- 15 Ms Belinda Lamb, ACT
- 16 Mr Wayne M Hodges, NSW
- Supplementary Submission 1995**
- 17 Mr Stuart Carter, NSW
- 18 Australian Labor Party Grafton Branch, NSW
- 19 Australian Customs Service, ACT
- 20 Chambers of Manufactures of New South Wales, NSW
- 21 The Public Transport Union (SA & NT Branch)  
and  
The Automotive Metals and Engineering Union  
(Vehicle Division - SA Branch)
- 22 Mr PJ Bruinstroop, VIC
- 23 Department of Industry, Technology and Regional  
Development, ACT
- Supplementary Submission 1995**
- 24 Dr Robin Archer, Oxford
- 25 Students from the Canberra Institute of  
Technology, ACT
- 26 Australian Council of Trade Unions, VIC

- 27 Future of Work Foundation, VIC  
**Supplementary Submission 1995**
- 28 The Australian Society for Work Options, VIC
- 29 Mr Duncan MacMartin, QLD
- 30 Senator Nick Bolkus  
Minister for Immigration and Ethnic Affairs and  
Minister Assisting the Prime Minister for  
Multicultural Affairs  
Parliament House, Canberra, ACT
- 31 Worksafe Australia  
National Occupational Health and Safety Committee  
Sydney, NSW
- 32 Dr Ian Cornford, NSW  
**Supplementary Submission 1995**
- 33 BPW Australia (Australian Federation of Business  
and  
Professional Women Incorporated) ACT
- 34 Mr Geoff Fenwick, ACT
- 35 The Institution of Engineers, Australia,  
National Office, ACT
- 36 The Australian Association of Social Workers Ltd,  
ACT
- 37 Greening Australia Limited, ACT
- 38 Mr Roger Trowbridge, RMIT
- 39 Humanist Society of Victoria Inc
- 40 Open Access Cable Pty Ltd, NSW
- 41 Australian Human Resources Institute, NSW
- 42 National Office Skills Formation Advisory Body Ltd  
(NOSFAB), VIC
- 43 Work and Family Unit - The Department of  
Industrial Relations
- 44 Department of Tourism  
**Supplementary Submission 1995**
- 45 Affirmative Action Agency, NSW
- 46 Australian Council of Libraries and Information  
Services (ACLIS), ACT
- 47 National Library of Australia

*Appendix II - List of Submissions*

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- 48 Office of The Cabinet - Queensland
- 49 Australian Chamber of Commerce and Industry  
(ACC), VIC
- 50 National Council of Women of Australia Inc Ltd  
(NCWA), QLD
- 51 Western Australian Government  
**Supplementary Submission 1995**
- 52 Office of Sport and Recreation, Department of the  
Environment Sport and Territories, Canberra  
**Supplementary Submission 1995**
- 53 Victorian Employers' Chamber of Commerce and  
Industry (VECCI)
- 54 T Collins, VIC
- 55 Professor John Quiggin, Centre for Economic Policy  
Research Australian National University and  
Visiting Associate Professor Department of  
Economics, James Cook University
- 56 The Hon Doug N Everingham MB BS, QLD
- 57 Community Services Committee, Hastings Council, NSW
- 58 Employment and Work Section, Catholic Social Response, QLD
- 59 The Brotherhood of St Laurence, VIC
- 60 Humanist Society of Victoria Inc., VIC