

**REPORT BY THE HOUSE OF REPRESENTATIVES  
STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE RELATIONS  
AND WORKFORCE PARTICIPATION:**

***'Working for Australia's Future:  
Increasing Participation in the Workforce'***

**THE GOVERNMENT RESPONSE TO THE REPORT**

## PREAMBLE

The Australian Government welcomes the opportunity to respond to the report of the House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation: *Working for Australia's Future - Increasing Participation in the Workforce*.

The terms of reference asked the Committee to inquire into and report on employment issues in both rural/regional and urban/outer suburban areas with particular reference to:

- measures that can be implemented to increase the level of participation in paid work in Australia; and
- how a balance of assistance, incentives and obligations can increase participation for income support recipients.

With a focus on employment, there were also links to the working age payment reform process initiated with the joint release of the *Building a simpler system to help jobless families and individuals* consultation paper by the Minister for Family and Community Services and the Minister for Employment and Workplace Relations, and also to the demographic change process which is addressing the issues raised in the Treasurer's *Intergenerational Report 2002-03*.

The Committee consulted widely with jurisdictions, individuals and organisations within the Australian community who have an interest in this very important area of public policy.

The primary focus of the report's recommendations is to increase the range of incentives to jobseekers and employers and encourage more holistic approaches to training and assistance programs. Key features include:

- reforming industrial awards to remove barriers to part-time and casual employment;
- providing new funding for programmes addressing skill shortages, particularly in rural and regional areas;
- expanding programmes to maximise uptake of apprenticeships in areas with skills in demand;
- standardising recognition of prior learning for youth and mature age apprenticeship schemes;
- reviewing participation requirements for Parenting Payment recipients;
- expanding after school care and holiday programmes, and exempting childcare services from Fringe Benefits Tax;
- increasing the support for those people with disability or chronic illness to find work and stay in work through expanding the Workplace Modifications Scheme and increasing employer awareness of the assistance available;
- tightening the work capacity eligibility requirements for the Disability Support Pension;
- expanding assistance for mature age workers seeking employment; and
- reviewing tax free thresholds, effective marginal tax rates, taper rates and income test stacking to remove potential financial disincentives to paid work.

Since the Committee delivered its report in March 2005, many of the Committee's recommendations have either been fully or partially addressed by changes in Government policy. In particular, the Welfare to Work reforms have addressed over half of the recommendations.

The Government supports 19 of the 23 recommendations. There are some areas of disagreement concerning recommendations 8, 10, 12 and 19.

The Australian Government's response to the recommendations made by the Committee follows.

## RESPONSE TO RECOMMENDATIONS

### Recommendation 1

The Committee recommends that the Australian Government pursue strategies for further award simplification by reducing the number of allowable matters and encouraging greater workplace customisation to suit industry and regional conditions.

Supported

#### Reasons:

The *Workplace Relations Act 1996*, as amended by the *Workplace Relations Amendment (Work Choices) Act 2005* provides that awards will be further simplified to reduce complexity and ensure a greater focus at the workplace level. A number of previously allowable award matters have ceased to be allowable, and other allowable matters may have changed in scope. The changes are directed at ensuring that awards operate as a modern and simple safety net, providing minimum safety net entitlements for award-reliant employees, and encouraging the making of agreements at the workplace level.

Awards will also be rationalised to reduce duplication and minimise the number of awards that apply to employers – an Award Review Taskforce will recommend to the Government an approach to rationalising awards, which will then be undertaken by the Australian Industrial Relations Commission (AIRC).

### Recommendation 2

The Committee recommends that the Australian Government in cooperation with the State and Territory governments, industry, unions and educational bodies expand programs to maximise the uptake of apprenticeships in areas of skills shortages and ensure that the training is relevant to the apprentices, the businesses and the industry.

Supported

#### Reasons:

The Australian Government has programmes and initiatives in place to maximise Australian Apprenticeships in areas of skills demand, particularly the Australian Apprenticeships Access Programme (the Access programme) and the Australian Apprenticeships Incentives Programme (AAIP), both managed by the Department of Education, Science and Training (DEST).

The Access programme has been recently expanded to increase the uptake of Australian Apprenticeships and pre-vocational training in areas where skills are in demand. This programme provides job seekers, who are experiencing barriers to skilled employment, with pre-vocational training, support and assistance to obtain and maintain an Australian Apprenticeship.

New initiatives under the AAIP which assist to increase Australian Apprenticeships in areas of skills in demand began on 1 July 2005. These include the Tools For Your Trade initiative; the

Commonwealth Trade Learning Scholarship; changing the completion incentive structure to eliminate 'poaching' of traditional trade Australian Apprentices, whereby the employer's completion incentive has to be shared with other businesses that have made a major contribution to an Australian Apprentice's training; opening up eligibility for Australian Apprenticeships by providing incentives to employers who take on an Australian Apprentice who has already obtained a Certificate II – IV qualification, which was commenced within two years of leaving school through a pathway other than an Australian Apprenticeship; extending the Living Away From Home Allowance to eligible Australian Apprentices in their third year; and extending the eligibility for Centrelink payments of Youth Allowance, ABSTUDY and Austudy to Australian Apprentices.

Each year around 73,500 Australians enter an Australian Apprenticeship in a skills needs trade such as plumber, carpenter, electrician, chef, hairdresser, metal worker and auto mechanic. In order to encourage more people to enter skills-needs trades, a Commonwealth Trade Learning Scholarship is now available to all those entering an apprenticeship in a traditional trade or related area identified as a priority area at the Certificate III or IV level who are employed in small or medium sized businesses (of 500 or less employees) or a group training company.

This initiative will help ease the financial burden faced by Australian Apprentices in the first few years of their trade training where they face the expense of setting up in their new job, moving out of home, and acquiring the tools of their trade – all on a training wage.

The Commonwealth Trade Learning Scholarship applies to those Australian Apprentices undertaking an Australian Apprenticeship qualification leading to an eligible trade. An eligible trade is one listed in the Trades Persons Section of the Migration Occupations in Demand List (MODL).

On 12 October 2006, the Government announced a major package of skills incentives worth \$837 million over five years. From 1 July 2007, *Skills for the Future* will deliver financial support for mid-career workers aged 30 or more to upgrade their skills through an apprenticeship in a trade occupation in high demand. The amount payable to either an employer or apprentice will be set at \$150 per week (\$7,800 per annum) in the first year and \$100 per week (\$5,200 per annum) in the second year. As an apprentice becomes more skilled in their second year, their award wage will increase. Therefore, the wage subsidy and apprentice payment can be reduced.

*Skills for the Future* will also deliver vouchers of up to \$500 to apprentices to contribute towards the costs of accredited business skills training. This will assist these people to operate effectively in the business economy, to become self-employed or to run their own small businesses. Up to 6,300 vouchers will be available each year from 1 January 2007. These will be redeemable at public, private or community training providers.

In addition, under *Skills for the Future*, the existing AAIP will be expanded to encourage growth in Diploma and Advanced Diploma qualifications, particularly in engineering. For the first time the programme will be open to an employer's existing workforce and to workers with prior qualifications. The new arrangements will help 24,800 workers over five years to attain a Diploma or Advanced Diploma. Employers will receive incentives of \$1,500 for each worker who commences and \$2,500 when they complete their training.

Youth Allowance is now available to those aged 16-24 (or 15 if considered independent) who are studying or undertaking an Australian Apprenticeship full time. ABSTUDY is now available to

Indigenous persons undertaking a full-time Australian Apprenticeship. Austudy is now available to those aged over 25 and undertaking a full-time Australian Apprenticeship.

There are also group training arrangements which create additional Australian Apprenticeship places. The Group Training in the Trades programme is an Australian Government initiative to provide more pre-vocational training and Australian School-based Apprenticeship opportunities through group training arrangements to address current skills in demand in the traditional trades.

Decisions taken by the Council of Australian Governments (COAG) in February 2006 will help address our nation's skills needs by remedying many long-standing barriers to the efficiency of training in Australia. COAG has agreed to initiatives that will ensure a more mobile workforce, promote more rapid skilling, strengthen region, provide better skills information and examine what else can be done to make the training system more responsive and effective.

COAG also agreed that further work on reforms would be undertaken to examine ways in which the vocational and technical education system will continue to enhance its contribution to the Australian economy.

To assure the quality of outcomes from the national vocational and technical education system, COAG also agreed to accelerate the introduction of a national outcomes-based auditing model and stronger outcomes-based quality standards for registered training organisations. This will be in consultation with key parties, including employers, regulators and unions.

All Training Packages will include skill sets where the need has been identified by the industry. DEST will consult with industry stakeholders on progressing this through 2006. The COAG work is scheduled to be completed by 2008. To ensure that certification of skill sets are meaningful for industry and workers, COAG recommended that a new look Statement of Attainment be in place by December 2006 so that skill sets certification can be more effectively recognised nationally. This work is being taken forward through the National Quality Council.

The COAG decisions will also facilitate the growth of Australian School-based Apprenticeships. To achieve this goal, legislative, regulatory and education barriers to school based apprenticeships will be removed by all jurisdictions by 31 December 2006. Existing industrial barriers are to be removed, in collaboration with industry, by 31 December 2006, for school-based apprenticeships in metals and engineering; automotive; building and construction; electrotechnology; and commercial cookery.

In addition, the Australian Apprenticeships Action Plan (the plan) was launched by the Department of Employment and Workplace Relations (DEWR) in July 2004. The plan aims to increase sustainable employment outcomes for job seekers and increase participation for those groups not engaged in the labour market or at risk of disengaging from the labour market, through providing greater access to outcomes offered by New Apprenticeships. The plan has the following key objectives:

*Increase the number of Australian Apprenticeship outcomes achieved by Job Network members*

- Increase the number of Australian Apprenticeship vacancies on Australian JobSearch by working closely with employers, Group Training Organisations, State training bodies and the DEST services and programmes.
- Promote the use of Job Network as a source of Australian Apprenticeships to employers and job seekers.

- Collaborate with peak industry bodies at national and local levels.
- Improve knowledge of Australian Apprenticeships within Job Network and its capacity to promote Australian Apprenticeships.
- Develop specific initiatives to target specific priority groups including the long term unemployed, sole parents, people with disability and mature age Australians, leading to Australian Apprenticeships.

*Increase Job Network members' awareness of industry skill requirements*

- Target industries with skills in demand and industries with potential job growth for the take up of Australian Apprenticeships.
- Link industry strategies to areas of skills in demand and to industry areas with potential growth through the use of Australian Apprenticeships.
- Align the Job Network Information and Communication Technology (ICT) system to provide greater access to pre-vocational employment programmes including the Access programme and State-based programmes.
- Encourage Job Network members to identify gaps in job seekers' employability skills to ensure they meet industry requirements.
- Establish good working relationships with the respective State Training Authorities with each State Government, as a way to enable Job Network members to better match skill needs with demand, in current, new and emerging industries.

*Encourage a focus on providing training and skilling for Indigenous Australians, particularly youth, which lead to sustainable employment outcomes through Australian Apprenticeships*

- Consistent with the Indigenous Employment Policy, encourage training providers and Job Network members to focus on better linkages that secure sustainable employment opportunities.
- For young Indigenous people, Job Network members are to be encouraged to link up with local education and training providers and use vocational education and training options where appropriate to improve transitions to employment.

### **Recommendation 3**

The Committee recommends the Australian Government establish, as a priority, a dedicated cross-portfolio approach to develop a coordinated long-term strategy, including a series of newly funded programs and defined outcomes, to address national skills shortages.

Supported

#### **Reasons:**

The Australian Government has implemented initiatives to address skills in demand including: freeing-up workplaces to reward skills; enhancing the responsiveness of education and training to future skill needs; encouraging vocational education in schools; reducing the legislative and regulatory barriers and industrial relations barriers to the uptake of Australian Apprenticeships; and facilitating the entry of skilled migrants.

The Government is implementing a cross-portfolio strategy to address national skills in demand under three streams of activity:

- the Council of Australian Governments (COAG);
- arrangements for implementing the new national training system; and
- the 2005-08 Commonwealth-State Agreement for *Skilling Australia's Workforce*.

These three streams connect the extensive work of the Australian Government with the States and Territories, the new framework for the national training system, and funding agreements between the Australian and the State and Territory Governments.

#### Work with Council of Australian Governments

While there has been significant reform of the Vocational and Technical Education (VTE) system in recent years, COAG agreed there is scope for further whole-of government action to achieve a national approach. A genuinely national approach to apprenticeships and training will help Australia respond to its skills needs and provide more opportunities for young Australians.

The Commonwealth-State Working Group established by COAG to address the barriers across the VTE system to achieving the national approach examined:

- effective implementation of full mutual recognition of skills qualifications across Australia;
- an appropriate system for recognition of overseas qualifications;
- the shortening of the duration of apprenticeships where competencies are demonstrated and enabling school-based apprenticeships through reducing the legislative, regulatory and industrial relations barriers to implementation;
- the delivery of maximum flexibility in training for employers and apprentices;
- effective competition between training providers;
- the allowance of intermediate or specialised qualifications as well as full apprenticeships;
- the impact of skills in demand on particular industries and regions; and
- the merits of a purchaser/provider split for apprenticeship funding.

COAG met on 10 February 2006 and agreed on the following reforms to help address Australia's skills needs by remedying many long-standing barriers to the efficiency of training in Australia. The initiatives agreed by COAG aim to ensure a more mobile workforce; promote more rapid skilling; strengthen regions; provide better skills needs information; and to see what else can be done to make the training system more responsive and effective.

Foremost under these initiatives are reforms to enable people working in six key licensed trades to move between States and Territories more easily without the need to meet additional occupational testing and registration processes. These reforms will be introduced for the six trade areas by 30 June 2007, and for all licensed occupations by the end of 2008.

The reforms will also make it easier for skilled migrants to commence work on arrival in Australia without the need to undergo additional skills assessment. An initial focus will be the six key licensed trades referred to above, and applicants from the five priority countries from which Australia draws skilled migrants. In addition, to enable apprentices and trainees to gain qualifications more rapidly, all governments have agreed to allow trade qualifications to be awarded as soon as competency is demonstrated to industry standards rather than on a time-served basis. This reform will be achieved by 31 December 2006. These and a range of other



specific initiatives will enable the training system to produce the skills required to increase productivity and ensure Australia's international competitiveness.

COAG also agreed that further work on reforms would be undertaken to examine ways in which the vocational and technical education system will continue to enhance its contribution to the Australian economy.

These data needs are also being responded to by a Skills Outlook Working Group convened by DEWR. The report from the Senate inquiry November 2003, into current and future skills needs, *Bridging the skills divide*, recommended that availability of nationally consistent, high quality skills needs and labour market data be a priority. A number of Australian Government agencies and industry representatives are participating in the Working Group, established to consider the best arrangements under which improved national data can be comprehensively delivered. The Working Group oversees the development of the *Skills Australia* website, the first phase of which is expected to be released in the second half of 2006. The site will provide information on skills in demand, industry and regional skills needs, future employment growth and education and training development.

In addition, at the February 2006 COAG meeting, it was agreed that better skills data sharing arrangements between the Commonwealth and State Governments should be implemented. As part of the Commonwealth Government's contribution to this initiative, DEWR will increase the number of occupations surveyed as part of its Skills in Demand research programme from 2006-07. A further 40 occupations, mostly in the manager and associate professional groups, will be surveyed and reports on each of the occupations will be published on the Department's website progressively throughout 2006-07.

- As a result of the COAG agreement, the ABS has undertaken three tasks. It has: reviewed the DEWR methodology used in this research and identified possible options for improvement; developed a common survey instrument for use by stakeholders for measuring skill and labour needs in particular regions or industries; and prepared a report on the feasibility of a large scale survey to quantify skills in demand by occupation at the national and state/territory level. This work is being progressed through meetings with state and territory governments and reported back to COAG.

#### Inter-Departmental Committee on Skills Needs

An inter-departmental committee (IDC) on skills needs was established by DEST to review the current progress in labour supply and skill development initiatives. The IDC on Skills Needs provided a whole-of-government perspective on ways to tackle the issues involved in developing a sustainable skilled workforce to meet the needs of industry and support the nation's economic growth. The IDC brings together relevant Australian Government Departments who:

- identified barriers to skill formation by employers and employees;
- developed whole-of-government policies that drive mutually supportive outcomes, industry investment and action strategies; and
- recommended directions to support Australia's labour supply needs and to be responsive to industry needs.

The scope of the IDC was to ensure that initiatives developed to address emerging and future skills needs, in critical Australian industries, were delivered on a whole-of-government basis through:

- collaborating on activities related to skills needs across portfolios;

- bringing together information regarding current initiatives and activities;
- raising awareness of the range and quality of reports, data analysis and research;
- examining the extent to which there are skills in demand, determining to what extent they are a part of the normal functioning of the labour market and to what extent they reflect impediments to the effective functioning of the labour market;
- analysing current labour market skills needs assessments and examining the desirability of improving the capacity to forecast labour market trends;
- considering measures to increase workforce participation, including the role of training and employment programmes and services;
- examining the role of current workplace relations arrangements in providing the flexibility needed to address skill needs;
- analysing the operation of the skilled migration programme including the recognition of overseas qualifications, settlement services and the distribution of skilled migrants through metropolitan and regional Australia; and
- identifying and remedying obstacles to greater direct employer investment in training infrastructure and in the training and re-training of mature age employees, particularly in regional Australia.

The report of the IDC on Skills Needs was provided to the Prime Minister on 12 April 2006.

#### New national training system

The Australian Government is taking steps towards ensuring that Australia's national training system is industry-led, competency-based, nationally consistent and quality assured.

Australian and State and Territory Governments are committed to building the national training system on five guiding principals:

1. Industry and business needs, both now and for the future drive training policies, priorities and delivery;
2. Better quality training and outcomes for clients through more flexible and accelerated pathways;
3. Processes are simplified and streamlined to enhance national consistency;
4. Young people have opportunities to gain a wide range of lasting skills that provide a strong foundation for their working lives;
5. Training opportunities are expanded in areas of current and expected skills shortage.

The national training system consists of two frameworks that support industry engagement at all levels of the system – strategic, planning and operational:

- The National Governance and Accountability Framework; and
- The National Skills Framework.

The National Governance and Accountability Framework establishes the decision making processes and bodies responsible for training as well as the planning and performance monitoring arrangements. This Framework is governed by the Ministerial Council for Vocational and Technical Education. It is supported by the National Senior Officials Committee, the National Quality Council and it receives high level industry advice from the National Industry Skills Committee. Specific purpose action groups and the National Centre for Vocational Education Research provide further support under the direction of the Ministerial Council.

The National Skills Framework sets out the system's requirements for quality and national consistency in terms of qualifications and the delivery of training. The framework consists of the Australian Quality Training Framework and nationally endorsed, industry developed training packages. The National Skills Framework includes a Ministerial Company to provide clients with better access to quality assurance training support materials and information.

The *Skilling Australia's Workforce Act 2005* and the associated *Skilling Australia's Workforce (Repeal and Transitional Provisions) Act 2005* received Royal Assent on 24 August 2005. The first Act appropriates and sets out the conditions for the Australian Government's funding contribution to the States and Territories for vocational education and training from July 2005 to December 2008. The second Act repeals *the Australian National Training Authority Act 1992* and *the Vocational Education and Training Funding Act 1992*, also providing for the transfer of functions and responsibilities from the Australian National Training Authority to DEST. The legislation includes key reforms to vocational and technical education by:

- maximising choice for employers and Australian Apprentices, to enable them to select the most suitable training provider for their needs;
- implementing workplace reform in Technical and Further Education (TAFE) (which delivers 85 per cent of training in the sector), with more flexible arrangements such as Australian Workplace Agreements and performance pay, so that TAFE is more responsive to local employer and industry needs;
- removing impediments in State awards so that training qualifications are based on competence, rather than on length of time taken for training; and,
- increasing the utilisation of fully publicly-funded training infrastructure, by providing third party access to that infrastructure on a commercial basis.

#### Commonwealth-State Funding Agreement and Bilateral Funding Agreements

The multilateral and bilateral agreements set the framework for funding to the States and Territories for the new national training system, along with the terms and conditions that they must meet for receipt of funding. All jurisdictions have signed the multilateral Commonwealth-State Agreement.

The Australian Government is strongly committed to supporting education and training opportunities for all Australians. This commitment is supported by the Australian Government's contribution to the States and Territories of almost \$5 billion to support their training systems over the years 2005 to 2008 under the Commonwealth-State Agreement for Skilling Australia's Workforce. This includes \$215 million of additional funding and represents an annual average real increase in funding of 4.1 percent compared to 2004. This additional funding, if matched by the States and Territories and used for training places, will provide up to 128,000 additional training places across Australia.

#### The National Skills Shortages Strategy

The National Skills Shortages Strategy is a partnership between the Australian Government and key industry groups through DEST to work together to develop solutions and models to address current and future industry skill needs. The Strategy supports innovative and strategic industry-led projects to address workforce skills development needs, including training for new entrants and upskilling existing workers.

Since 2004, the Australian Government has funded 36 innovative, practical projects targeting alternative entry and piloting of shorter Australian Apprenticeships in over 14 industries. This has included at least 9 regional skills projects to assess skills and training needs across a range of industries. Projects under the Strategy include:

- innovative, practical projects targeting alternative entrants to the skilled workforce in the automotive industry and reviewing training pathways in the construction industry;
- regional skills projects to look at common skills and training needs on a regional basis across a range of industries;
- providing support to industries experiencing skills needs to investigate and develop strategies to address their needs;
- supporting development of materials on science careers and industries using emerging technologies;
- improving labour market forecasting and accessibility of data; and
- conducting an Australian Apprentices' Roundtable to ensure direct communication between the Australian Government and people currently involved in training.

In support of the National Skills Shortages Strategy, the Australian Government announced an additional commitment of \$6 million to fund the Strategy in the May 2006 Budget.

#### New requirement for Work for the Dole activities to meet local Skills in Demand

The *Employment Services Contract 2006-2006* (Part E: Community Work Coordinator (CWC) Services) requires Work for the Dole (WfD) activities to address local Skills in Demand. Skills in Demand are collected in order to make Work for the Dole activities more relevant to the needs of the local labour market and provide a greater employment focus for participants. Skills in Demand are based on occupations in demand which are the most frequently available occupations in each specific Employment Service Area. Every six months, Job Network members provide DEWR with a list of occupations in demand (for example carpentry) for their local Employment Service Area. DEWR reviews this list to derive Skills in Demand that CWCs will need to address in WfD activities. When CWCs establish a WfD activity, they are required to select at least one identified Skills in Demand from their Employment Service Area to be included in that activity. A minimum of 20 percent of each activity's total time must cover one or more of the identified Skills in Demand, with activities being monitored in each contractual performance period to ensure they meet the required 20 percent requirement.

#### Skills for the Future Package

The *Skills for the Future* Package announced in October 2006 will deliver more opportunities for Australians to gain new skills and help develop a more entrepreneurial workforce. It also focuses on the need for continuous upgrading of skills over the course of an individual's working life. The package includes a major investment in improving the basic skills of Australia's workforce. It will especially assist adults to gain literacy and numeracy skills that are basic requirements in the workplace. The package makes a substantial new investment in Australia's future engineering skills. As well as funding more university engineering places, it offers additional employer incentives so that more Australians gain higher level technical skills at Diploma and Advances Diploma levels.

Under *Skills for the Future*, people aged 25 years or over who do not have Year 12 or equivalent qualifications will be eligible for vouchers valued up to \$3,000. This will assist them with the costs of studying Year 12 or equivalent courses or vocational and technical education courses at

Certificate II level. Up to 30,000 vouchers will be provided each year. The vouchers will be redeemable at public, private or community training providers.

In addition, to address the potential shortfall of skilled engineers, the Government has announced that from 1 January 2008, the Government will provide 500 more Commonwealth-supported engineering places at university. Universities will be able to utilise the places in particular areas of engineering which are most in demand.

#### DEWR 2005-06 Skills in Demand Research Programme and MODL

DEWR has primary responsibility for monitoring and assessing skills in demand. DEWR assesses skills in demand by a number of means including contact with employers, industry, employer and employee organisations and education and training providers. The assessment of skills in-demand focuses on ICT skills and professional and trade occupations.

The DEWR 2006-07 skills in demand research programme continues to focus on supporting skilled migration, with the Migration Occupations in Demand List (MODL) updated on a six monthly basis, but in addition, includes occupations identified by industry and state and territory governments as being priority areas for skill needs. Over 170 occupations are being covered, including key trade areas such as Construction; Metal/Engineering; Automotive; Electrical/Electronics and Food; professions in the Health, Nursing, Teaching, Science, Finance and Engineering groups, as well as a range of ICT skills and selected associate professional and management occupations. The results of skills in demand research conducted by DEWR are published on the DEWR Workplace website: [www.workplace.gov.au/skillsindemand](http://www.workplace.gov.au/skillsindemand).

- The MODL identifies occupations and specialisations identified by DEWR as in national demand and for which there are good employment prospects. The MODL is updated by DEWR on a six monthly basis to ensure it reflects the existing and emerging skill needs of the labour market and industry;
- In addition, the Australian Skilled Migrant website, released to employers on 3 April 2006, provides a skill matching service in addition to the Department of Immigration and Multicultural Affairs' Skills Matching Database. The Australian Skilled Migrant website available at <http://www.skilledmigrant.gov.au> allows primary migrants in selected General Skilled Migration categories to register a migrant vocational profile and be matched to MODL vacancies lodged on Australian JobSearch by Australian employers that cannot be filled from the domestic labour market.

As many skills in demand are those related to the traditional trades, the Australian Government has recently introduced incentives that make Australian Apprenticeships a better option and more attractive to employers and job seekers. Also, DEWR is continuing to investigate ways to strengthen the role of Job Network in supporting Australian Apprenticeships and encourage job seekers to take up Australian Apprenticeship opportunities.

#### Employer Demand and Workplace Flexibility Strategy

The 2005-06 Budget provides funding of \$50 million over four years for an Employer Demand and Workplace Flexibility Strategy to improve employer awareness of the benefits of hiring people with disability, parents, mature age job seekers and the very long-term unemployed.

The Strategy has three parts:

- targeted and improved industry and workplace engagement strategies;
- training for employers to effectively manage an ageing workforce; and

- strategies to increase employment of workers with disability.

The first component – targeted and improved industry and workplace engagement strategies – includes working with industry bodies and individual employers to develop, with small grant funding, innovative recruitment, employment and retention strategies that can be show-cased nationally.

Growth industries with strong job prospects are being targeted, including:

- Accommodation, cafes and restaurants
- Retail
- Health and community services
- Property and business services
- Manufacturing
- Mining, and
- Building and construction.

In addition, a Web portal has been developed and a series of ‘Better Connections’ workshops are being run to provide a range of information about labour market demand and supply to help employment service providers and others better service industry, employers and job seekers in order to address regional labour and skill needs.

DEWR currently conducts a range of Regional Skills in Demand Surveys that collect information on the recruitment experiences of employers at a regional level. To date, mail or phone surveys have been conducted in 41 regions across Australia. In addition, DEWR has been working with the Department for Victorian Communities to identify skills in demand in 11 areas across regional Victoria.

The information collected as part of these surveys contributes to the understanding of regional labour market issues and is used to inform departmental strategies to improve employment programmes and outcomes at a regional level. The results also complement the skills in demand research undertaken at the national and state level. The survey results are usually presented at the Better Connections Workshops being conducted by DEWR and assist participants with their deliberations on developing solutions to meet the needs of the local labour market.

This component also includes working with employers to help them develop more flexible working arrangements to address the needs of a more diverse workforce.

The second component of the strategy includes the provision of training courses to help managers and supervisors better manage their ageing workforces.

The third component focuses on strategies to increase employment of workers with disability and includes:

- the development of an Australian online information and advice service comprising a website and advice from experts in workplace modifications to help employers seeking to employ people with disability;
- an increase in the funding for the Workplace Modification Scheme and Wage Subsidy Scheme being made available; and

- the development and provision of practical advice through JobAccess, the new Australian Government online information and advice service to assist employers in addressing barriers facing people in the workplace with mental health problems.

#### **Recommendation 4**

The Committee recommends that the Australian Government review the tax free threshold, taper rates, effective marginal tax rates and income test stacking to maximise incentives to move from income support payments to increased participation in paid work.

Supported

#### **Reasons:**

The Australian Government routinely reviews the tax-transfer system to ensure that incentives to support increased workforce participation are maintained. Since the Committee's report was released, the Government announced comprehensive reforms in both the 2005-06 and 2006-07 Budgets that will improve the financial gains of people who increase their participation in paid work.

#### Marginal Tax Rates

The following changes announced in the 2006-07 Budget came into effect on 1 July 2006:

- The 30 per cent threshold was raised to \$25,001
- The 42 per cent marginal tax rate was cut to 40 per cent and the threshold was raised to \$75,001
- The 47 per cent marginal tax rate was cut to 45 per cent and the threshold was raised to \$150,001

These changes are in addition to changes that the government announced in the 2005-06 Budget which included reducing the 17 per cent marginal tax rate to 15 per cent, which took effect from 1 July 2005.

#### Taper Rates

To increase incentives to move from welfare to work, from 1 July 2006 the income test for a range of social security benefits (eg, Newstart Allowance) was made more generous. The 50 per cent taper rate has been extended to incomes up to \$250 a fortnight (currently \$142 for Newstart Allowance), and incomes above this are now subject to a 60 per cent taper, rather than 70 per cent previously. The 70 per cent taper rate on partner income has also been reduced to 60 per cent. As part of 2006-07 Budget the Government reduced the Medicare Levy phase-in rate for low income earners from 20 per cent to 10 per cent. These changes improve rewards from part-time work and help people move from welfare into work.

#### Tax free threshold

The tax free threshold was last increased in July 2000, from \$5,400 to \$6,000. Raising the tax free threshold is not a targeted way of benefiting low income earners, as it would benefit all Australian taxpayers, not just those who are seeking to move from income support payments to increased participation in paid work.

#### Tax Offsets

Many Australians who receive income support do not currently pay tax because they benefit from a range of tax offsets. For example:

- The Beneficiary Tax Offset allows no tax to be paid on a range of Government payments and allowances, for example Newstart Allowance.
- The Pensioner Tax Offset allows individuals on Government pensions, for example Carer Payment and Parenting Payment (Single), to pay no tax on their pension and, in some cases, a small amount of non-pension income.
- The Low Income Tax Offset. All taxpayers who earn less than \$40,000 are eligible for the low income tax offset. The maximum rebate is \$600, reduced by four cents in every dollar by which the taxpayer's taxable income exceeds \$25,000. Taxpayers who are eligible for the full Low Income Tax Offset do not pay tax until their annual income exceeds \$10,000. This change came into effect on 1 July 2006.

#### Family Tax Benefit

In the report, both paragraph 4.72 and footnote 100 refer to the reduction in income test taper rates when Family Tax Benefit was introduced in 2000 from 50 cents to 30 cents in the dollar. In the 2004-05 Budget, the Government again reduced the first income test taper rate for the maximum rate of FTB (A) from 30 cents in the dollar to 20 cents and the FTB (B) income test taper rate from 30 cents in the dollar to 20 cents from 1 July 2004, allowing more families to retain more family assistance as their income increases.

Commencing 1 July 2006, families have been able to earn \$40,000 a year (up from \$33,361 in 2005-06) without having their FTB (A) entitlement reduced. This measure has assisted lower and middle income families, particularly those with family members returning to work, by increasing the amount of earnings they can have before their family assistance is reduced.

#### **Recommendation 5**

The Committee recommends that the Australian Government undertake additional data collection to address deficiencies in definitions, which will provide a more comprehensive overview of current labour market and workforce participation characteristics.

Supported in principle

#### **Reasons:**

The Australian Government supports in principle any changes that will increase the availability and frequency of information on the labour force status of groups such as people with disability and Indigenous Australians.

The definitions that were regarded by the Committee as deficient were:

- the exclusion of mature aged from the definition of those attending school; and
- the exclusions of those aged 65 years and over from the definition of mature age workers.

Data sets now exist that do not have these deficiencies. For analytical purposes, some ABS publications define mature aged people as those aged between 45 and 64 years. Those aged 65 years and over are defined as 'older persons'. In ABS collections, all of these groups can be classified as workers, depending on their labour force status.



ABS publishes data in respect of all persons attending school in the annual publication *Schools, Australia* (ABS cat. No. 4221.0). The data is sourced from administrative records kept by State and Territory Education Departments and include people of all ages. Another annual ABS publication, *Education and Work, Australia* (ABS cat. no. 6227.0), which presents results from the annual Survey of Education and Work, provides educational information for people aged 15-64 years. ABS is currently implementing plans to remove the upper cut-off from this survey.

The ABS Monthly Labour Force Survey is the main source of information about Australia's workforce. This survey collects information from people aged 15 years and over and there is no upper age cut-off. The ABS supplements this information with information from a number of other surveys, some of which currently contain upper age cut-offs. The ABS is progressively lifting the age cut-off of these supplementary surveys.

The ABS reviews its household survey programme annually, taking into account a range of issues to do with the value and relevance of the survey topics. In addition, in 2006 the ABS is also undertaking a major review focussing on the ability of the household survey program to meet current needs for statistics in a range of priority areas, including older workers, retirement, Indigenous workers and job seekers, disability and skill shortages.

#### Recommendation 6

The Committee recommends that the Australian Government work with local, State and Territory governments, business, union and community organisations to invest in more holistic pilot projects which combine personal support, paid work experience, pre-vocational training, employment assistance, traineeships and post-placement support for the long-term unemployed.

Supported

#### Reasons:

This Australian Government provides services, and invests in holistic pilot projects to assist the long term unemployed find a job. This is primarily through:

- Job Network
- Australian Apprenticeships Access Programme (the Access Programme);
- National Skills Shortages Strategy;
- Employer Demand and Workplace Flexibility Strategy; and
- Personal Support Programme.

#### Job Network

The Government has invested heavily in the Job Network and related employment services to deliver an effective range of assistance to help long-term unemployed job seekers. It has consulted widely on how best to design welfare to work policies and utilises the skills and experiences of public, private and non-profit organisations to deliver services to those in need.

The level of assistance has been designed to progressively increase with the duration of the job seekers' unemployment. For example, under the *Active Participation Model*, long term unemployed job seekers receive increased assistance to help them find a job. All job seekers either registered as unemployed for 12 months or assessed as highly disadvantaged have access to Intensive Support customised assistance (ISca).

ISca provides intensive, individually tailored assistance to overcome barriers to employment. This involves more face-to-face contact and advice, increased access to services and additional resources to help address needs. Job Network members have considerable flexibility to design interventions that best meet the employment needs of individual job seekers. While in customised assistance, job seekers benefit from a Job Seeker Account that can be used to help the job seeker find work by paying for assistance needed. For example, this may include accredited training, work experience, help with employment related transport assistance and interpreting services. In addition, Job Network members may refer job seekers to complementary programmes operated by State and Territory Governments if these better address the needs of job seekers. Job seekers unemployed after 24 months receive an additional round of Intensive Support customised assistance.

In the 2005-06 Budget, the Australian Government announced that it would provide extra assistance for very long-term unemployed (VLTU) jobs seekers to help them find work. VLTU job seekers may be eligible for a new wage subsidy initiative called Wage Assist. Under Wage Assist an amount equivalent to the average rate of Newstart Allowance is paid as a wage subsidy to employers for a maximum of 26 weeks. Wage Assist provides employers with an added incentive to place very long term unemployed job seekers into ongoing, full-time jobs.

#### Australian Apprenticeships Access Programme

The Access Programme is one of a number of Australian Government complementary programmes that are available to Centrelink and Job Network members to assist the long term unemployed. See Recommendation 2 for further detail.

DEWR, DEST, the Department of Family, Community Services and Indigenous Affairs (FaCSIA) and the Department of Human Services work collaboratively to ensure that the long term unemployed are not disadvantaged by bureaucratic boundaries.

#### National Skills Shortages Strategy

The Australian Government, through the National Skills Shortages Strategy, has worked with industry to address regional skills needs, consequently increasing employment opportunities in the regions. A number of skills pilots have been funded through the Strategy to develop practical solutions to current and future skills needs in regions. Pilots have taken place in the Townsville, Illawarra and the Hunter regions (see also reference in Recommendation 7).

Under the National Skills Shortages Strategy, the Australian Government is funding a number of regional skills pilots to identify and develop practical strategies to address regions' current and future skills needs. Pilots are already under way in Townsville, Illawarra and the Hunter (see Recommendation 7 for more details).

#### Employer Demand and Workplace Flexibility Strategy

DEWR's Employer Demand and Workplace Flexibility Strategy, outlined in the Government's response to Recommendation 3, includes small grant funding for pilot employment projects for mature aged job seekers, parents, people with disability and the very long term unemployed.

The projects typically involve working with employers and industry bodies in key industries to develop pilot projects that include pre-vocational training, work experience and other means of support for people in the four target groups. Successful projects are showcased across the industry to encourage other employers to follow suit.

### Personal Support Programme Pilots

A number of pilots are being undertaken in order to develop new and innovative approaches to servicing participants in the Personal Support Programme (PSP).

Initially, several key areas were identified for innovative pilots. These were:

- pilots to test approaches that might better meet the needs and aspirations of Indigenous people;
- testing models or interventions to better meet specific needs, for example mental health issues or drug and alcohol issues;
- testing innovative service delivery models for particular locations, including rural or remote area service delivery issues.

A total of five pilots have been funded – four targeting Indigenous PSP participants in both urban and rural/remote locations, and one targeting PSP participants with drug and alcohol issues:

- **Urban** - Westgate Community Initiatives Group : “Local Leaders”, Victoria
- **Rural** - Far North Queensland Indigenous Consortium for Social and Emotional Health and Well-being : “Pre-release and Family Connection”, Queensland
- **Remote** - Job Futures Network/ Tangentyere Job Shop: “Mentors”, Alice Springs Northern Territory
- **Remote** - Anglicare “Young Leaders” (Indigenous) Tennant Creek, Northern Territory
- **Urban/Rural** - Odyssey House Drug and Alcohol Pilot: “Linking therapy with participation” Victoria/NSW.

### **Recommendation 7**

The Committee recommends that the Australian Government initiate further cross portfolio coordination to increase the provision of places in holistic type projects (through the Personal Support Program, Green Corps and traineeship programs) which assist the long-term unemployed enter the labour force, and in particular seek to address skills shortages in rural and regional areas.

Supported

#### **Reasons:**

This recommendation is addressed by the Employer Demand and Workplace Flexibility Strategy and the Personal Support Programme, which is managed by DEWR.

#### Employer Demand and Workplace Flexibility Strategy

DEWR’s Employer Demand and Workplace Flexibility Strategy, outlined in the Government’s response to Recommendation 3, includes the development of a web portal and the running of a series of ‘Better Connections’ workshops. A Labour Market Information Portal (LMIP) containing a range of labour market data at the national, state and regional level was launched in 2005. Additionally, as part of the Employer Demand Strategy, a publicly available LMIP ([www.workplace.gov.au/lmip](http://www.workplace.gov.au/lmip)) was launched on 17 May 2006.

In addition, it should be noted that the other elements of Employer Demand and Workplace Flexibility Strategy, including the pilot employment projects referred to in the Government's response to Recommendation 6, apply to both metropolitan and rural and regional Australia.

#### Addressing skills needs in regions

In 2004 and 2005, under the National Skills Shortages Strategy, the Australian Government funded regional skills pilots to develop practical strategies to address current and future skills needs in regions. A key focus of many of the skills pilots was to expand the recruitment pool in the range of industries and regions experiencing skills needs. Mature people returning to work, Indigenous Australians and unemployed people have been included in these recruitment pool targets.

Pilots took place in Townsville, Illawarra and the Hunter regions where the Australian Government worked with regional stakeholders, including industry, education and training providers and the broader community to:

- profile existing and potential industries in a region;
- identify common factors and solutions to skills issues;
- engage relevant national, State and local industry and training bodies;
- identify skills and training needs; and,
- pilot practical strategies that could be used in other regions.

In February 2006 COAG agreed, as part of its wider vocational and technical education decisions, to establish a new Commonwealth regional programme, in collaboration with the States and Territories, to address the supply of skilled labour to industries and regions. The COAG decision requires integrated solutions to labour market needs in regions of strategic economic importance. The Targeting Skills Needs in Regions programme gives effect to the COAG decision.

Project proposals from the States and Territories under this programme are now being considered for funding in 2006-2007.

#### Personal Support Programme

The Personal Support Programme (PSP), including pilots under this programme, seek to assist people to address the personal circumstances (i.e. multiple non-vocational barriers such as homelessness, alcohol/drug abuse, psychiatric condition) that are preventing them from successfully engaging in work, or employment assistance, or study and training, or vocational rehabilitation, and the community. PSP pilots test innovative ways to do this.

PSP providers are expected to link participants to local services to help address non-vocational barriers (e.g. drug/alcohol rehabilitation, accommodation, mental health services). Whilst in PSP, some participants may benefit from concurrent participation in PSP and Work for the Dole or Community Work programmes.

A key objective of PSP is to link participants, when they have overcome their non-vocational barriers and are ready to seek work, to the following employment assistance services:

- Job Network - Intensive Support customised assistance;
- Disability Employment Network (DEN); or
- Vocational Rehabilitation Services.

These employment assistance services aim to assist disadvantaged and long term unemployed people to participate in the labour market.

PSP participants receive assistance from their PSP provider and the employment assistance service provider for up to six months whilst participating in the employment assistance programme. During this time, PSP providers are expected to support the participant under negotiated arrangements between themselves and the employment assistance service provider. These transition support arrangements are focussed on ensuring that both service providers will work together to help the participant make and sustain the move from PSP to the employment assistance service. Continued assistance to participants in the form of transitional support can help them maintain their involvement in an employment related activity and achieve their long term goal of getting a job.

PSP providers are also expected to provide tailored transition support for up to six months to participants who move on from PSP to employment, education or training.

The Machinery of Government changes in late 2004 provided an opportunity to improve links between PSP and employment assistance programmes, and to streamline pathways for participants into employment programmes.

The Welfare to Work reform measures announced in the 2005-06 Budget build on these improvements and include additional places in PSP between 2006-07 and 2008-09, to assist people with disability, parents on income support, mature aged job seekers and the very long-term unemployed to gain assistance from PSP.

Around 80-90 per cent of participants in PSP are estimated to have some form of barrier related to mental illness. The mental illness itself need not be the participant's major non-vocational barrier. However, mental illness has been described by PSP providers as one of the most common challenges faced by participants. Mental illnesses commonly identified as affecting participants in PSP include anxiety, depression, self harm and suicidal feelings or actions.

As part of the Australian Government's mental health package of reforms to the mental health system in Australia, there will be improved capacity for PSP providers to link with other services targeted at assisting participants with mental health issues. These reforms include increasing places in PSP, extending the Medicare Rebate to include psychological services, funding general practitioners and psychiatrists to employ mental health nurses, providing more funding in rural areas for mental health nurses and allied health services, increasing the funding of the National Suicide Prevention Strategy, increasing the mental health workforce by funding additional mental health nursing places and clinical psychologists, and new funding for community awareness particularly targeted at helping people to understand the connection between drug abuse and the development of mental illness.

An important element within PSP has been to make sure that, wherever possible, PSP providers do not operate in isolation from other services that are available to assist participants overcome their non-vocational barriers and find, attain and maintain a job. For this reason, PSP has a diverse service delivery network offering a range of generalist and specialist services across Australia with sites located in metropolitan, regional, rural and remote areas. In some cases PSP service providers are also providers of a range of complementary employment related services, often from the same service site.

In addition, recent purchasing arrangements across DEWR employment and related services sought to expand these services to remote areas where these services are not currently available. These arrangements provide unique opportunities to provide a more holistic approach in assisting people in remote communities to achieve the best outcomes for them by:

- streamlining interactions between DEWR programmes that include PSP, Job Network, DEN, Community Work Coordinators, Job Placement Employment and Training, and the New Enterprise Incentive Scheme (NEIS);
- building in flexibility of service delivery where possible and appropriate; and
- expecting remote service providers to work with local Community Development Employment Projects (CDEP) organisations and Indigenous Co-ordination Centres and to link to Indigenous Employment Programmes (IEPs).

### Green Corps

The aim of this recommendation is not strictly in line with Green Corps' current programme aims, which specifically target people aged 17-20 in transition between school and employment. Although there are some long term unemployed people in this age group, and some do benefit from participating in Green Corps, most of the target age group is not long term unemployed.

The specific aims of Green Corps are to:

- (a) provide young people, aged 17-20 years, with quality training and experience through structured and supervised projects that focus on areas where natural environmental conservation work and cultural heritage restoration is required;
- (b) contribute to conservation projects and promote environmental, conservation and natural heritage outcomes and through this benefit the community and the environment; and
- (c) contribute to Green Corps participants':
  - personal development, including team work and leadership skills;
  - skill development and training through activities that are structured and sequential in their learning outcomes;
  - strengthened connections with the community through relationships, participation and contribution to the community; and
  - improved career and employment prospects through accredited and on-the-project training.

Green Corps is run by DEWR with assistance from the Department of the Environment and Heritage (DEH) and DEST. DEH ensures that the projects meet the Government's environmental priorities, which is a major aim of the programme. DEST ensures that the training provided to Green Corps participants is accordance with the Australian Qualifications Framework and allows Green Corps participants to make a transition into vocational education.

**Recommendation 8**

The Committee recommends that the Australian Government extend eligibility for Intensive Support assistance to mature age workers (who are not on income support and who meet the asset and income tests) who are assessed as being at risk of long-term unemployment.

The government already has arrangements in place to achieve this. Intensive support is provided to job seekers who are activity tested and in receipt in income support payments. The Australian Government offers other programmes to mature age job seekers who are not on income support. From 1 July 2006, these programmes have included services through Employment Preparation and NEIS.

Employment Preparation equips mature age job seekers (aged 50 years and over), along with parents and carers, with the skills necessary to re-enter the workforce. Assistance is based on the job seeker's individual needs and may include the following:

- Skills assessments;
- Access to training courses to upgrade skills; and
- Courses/training to improve self esteem, confidence or IT skills.

Eligible job seekers with no recent workforce experience receive Employment Preparation services as a soon as they start participating in Job Network. People with recent workforce experience receive Employment Preparation after they have been participating in Job Network for three months without finding employment. Employment Preparation is available on a demand driven basis for mature age job seekers on income support. Additionally, 5000 Employment Preparation places are available each year for parents and mature age people who are not on income support.

From 1 July 2006 mature age people not on income support have been able to participate in NEIS, with 400 places available each year when fully implemented. NEIS is an Australian Government initiative that helps eligible unemployed people to start and run their new, viable small business. For the first year of the business, NEIS is there to train, support and help the participant to become self-supporting and independent. NEIS participants undertake an accredited three month small business management course. In the first year, business advice and mentor support helps the business become successful.

**Recommendation 9**

The Committee recommends that the Australian Government examine mechanisms to remove barriers to the employment of part-time and casual employment in industrial awards and other industrial arrangements.

Supported

**Reasons:**

The Government supports workplace flexibility. Flexible forms of employment, including part-time and casual employment, play an important role in helping employees to balance paid work with other activities, such as study or caring responsibilities, and in the transition to retirement. The *Workplace Relations Act 1996*, (the WR Act) as amended by the *Workplace Relations Amendment (Work Choices) Act 2005* removes award restrictions on part-time and casual employment. The Act will also ensure that all awards contain provisions permitting the employment of regular part-time workers. In addition, casual loadings will be protected as part of the Australian Fair Pay and Conditions Standard. These will be set and adjusted by the Australian Fair Pay Commission.

**Recommendation 10**

The Committee recommends that the Australian Government extend the Transition to Work Program to those who have been out of work for less than 2 years, where they are deemed to face special disadvantage and it is considered that this program could be beneficial to the facilitation of their return to paid work.

The government already has arrangements in place to achieve this. The Government has now introduced more comprehensive services within Job Network to assist people who face special disadvantage in return to paid work as part of the Welfare to Work reforms which commenced on 1 July 2006. The Transition to Work programme was replaced by the new Employment Preparation service on 1 July 2006. Employment Preparation builds on the success of Transition to Work and caters for the same client groups. Employment Preparation is a service component of Job Network available to parents, carers and people over the age of 50 on eligible income support payments within the first six months of commencing in Job Network. A further 5000 capped places in Employment Preparation are also available each year for parents, carers and mature aged people not on income support who do not have recent workforce experience.

The following table outlines the two streams of Employment Preparation available to job seekers:

Eligibility	Support Provided	Point of access
No recent work experience (defined as no more than 13 weeks of 15 hours per week of paid work in each year of the last two years) but not assessed as highly disadvantaged (as determined	Employment Preparation - personal development, updating of skills and/or qualifications, job search skills, help with accessing outside school hours child care and on-going mentoring.	From day 1 of commencement in Job Network.



by the Job Seeker Classification Instrument).		
Recent work experience (defined as 13 weeks of 15 hours per week of paid work in each year of the last two years) but not assessed as highly disadvantaged (as determined by the Job Seeker Classification Instrument).	Employment Preparation - personal development, updating of skills and/or qualifications, job search skills, help with accessing outside school hours child care and on-going mentoring.	After 3 months from commencement in Job Network.

Highly disadvantaged jobseekers are identified by the Job Seeker Classification Instrument for immediate entry to Intensive Support customised assistance. Intensive Support customised assistance is tailored to the needs of the job seeker and available job opportunities. Within customised assistance a job seeker may receive, for example, intensive work preparation, training, work experience and counselling.

### **Recommendation 11**

The Committee recommends that the Australian Government report on opportunities for government and employers to expand and improve current childcare assistance provisions and facilities for After School Care and Holiday Care programs.

Supported

#### **Reasons:**

The Australian Government agrees that access to Outside School Hours Care (OSHC) is important for workforce participation. The Australian Government has already made considerable investments in OSHC. There has been significant growth in the availability of Child Care Benefit-approved OSHC child care places since the Government came to office. The number of children using OSHC (including vacation care) was 244,320 at the September 2005 quarter, an increase of 47 per cent since the September 2000 quarter. In September 2005 there were 270,361 OSHC places available for use, with another 15,000 about to be allocated.

In response to demand, funding for an additional 40,000 outside school hours care (OSHC) places was announced in the 2004-05 Budget. All of these OSHC places have been allocated to services in areas where there was a demonstrated need. In the 2005-06 Budget, the Australian Government announced another 84,300 OSHC places over the next four years to 2008-09 to assist parents moving into the workforce.

In the 2006–2007 Budget, it was announced that, from 1 July 2006, there will no longer be any limits on the number of Outside School Hours Care (OSHC) places. This has meant that all OSHC places are automatically eligible for Child Care Benefit (CCB), provided that services meet all relevant criteria including state and territory requirements. Previously, OSHC places were limited and allocated by the Australian Government to areas of demand.

To assist families in selecting the right child care for their children, the Australian Government recently announced improvements to the national Child Care Access Hotline which is a telephone service for parents. Originally the Hotline provided parents with information about

child care services in their area, quality issues, types of child care services available, and Australian Government assistance with the cost of child care. Since 1 July 2006, the improved hotline has been able to advise parents of the number of child care vacancies of all child care types – including outside school hours care – available near where they live or work.

As OSHC services are usually located on or near primary schools or in community facilities, there is little that employers can do to facilitate or expand OSHC service provision. However they can be flexible about start and finish times of their employees so as to enable them to deliver and collect their children during normal OSHC service opening hours. Similarly, employers should consider flexible leave arrangements for employees with children so that during school holidays they may access leave entitlements.

As part of remuneration packages, employers may financially assist employees to access child care. In a salary sacrificing arrangement, the liability for payment for care may lie with a parent's employer *or* the parent. A family will only be eligible for the CCB subsidy if they have a clear legal liability to pay for their child's care. Where an employer is liable for all of the child care fees of an employee under a salary sacrificing arrangement, it is not possible for the employee to be eligible for CCB. Where an employer is exempt from fringe benefits tax for the cost of child care, employees who salary sacrifice their full child care fees may not be eligible for CCB. This depends on the nature of the arrangement with the child care service. In arrangements where parents salary sacrifice only some of their child care costs, they remain eligible for CCB, but only on the amount that they are liable to pay.

#### **Recommendation 12**

The Committee recommends that the Australian Government introduce Fringe Benefits Tax exemption for childcare services.

The Australian Government recognises the importance of child care in helping families to participate in the workforce. The Australian Government is committed to supporting families with access to quality child care and providing assistance to parents with the cost of care.

This commitment is illustrated by the Australian Government's unprecedented support for Australian families and the child care sector, with over \$10 billion spent in the six years since July 2000. Principally, support is provided through the Child Care Benefit (CCB) and the Child Care Tax Rebate (CCTR), which help parents who use child care with the overall cost.

In addition, the government already has in place Fringe Benefits Tax (FBT) exemptions for child care provided on an employer's business premises for the benefit of employees. Business premises can include premises shared with multiple employers at a separate site used solely for child care purposes. This exemption was a feature of the original FBT legislation.

**Recommendation 13**

The Committee recommends that the Australian Government review strategies for encouraging increased participation for Parenting Payment recipients.

Supported

**Reasons:**

The Australian Government has addressed this recommendation through the Welfare to Work package announced as part of the 2005-06 Budget, which has significantly increased participation opportunities for Parenting Payment recipients of school aged children.

Parents already receiving Parenting Payment immediately prior to 1 July 2006 have retained access to that payment, and related benefits unless they leave payment for six consecutive fortnights in which case the rules for the new applicants apply. These recipients have an interview with Centrelink in the first year (2006-2007), or when their youngest child turns six. Compulsory participation requirements will apply for these customers from 1 July 2007 or when their youngest child turns seven, whichever is the later date.

Parents who applied for Parenting Payment on or after 1 July 2006 will receive Parenting Payment until their youngest child turns six (if they are partnered), or until their youngest child turns eight (if they are single). When the recipient's youngest child turns six years of age (if partnered) or eight (if single) they will need to claim an alternative payment, generally Newstart Allowance. These recipients (whether single or partnered) will have a part-time participation requirement from when their youngest child turns six.

Parents subject to part-time participation requirements can satisfy these requirements by working part-time (15 hours or more a week); or by searching for at least 15 hours of part-time work a week and participating in Job Network or other specialist services. Those not working are also required to undertake an annual part-time Mutual Obligation activity of 150 hours over a six month period. If parents do not select an activity they will undertake Work for the Dole as the default activity.

To support these changes, a new Employment Preparation service is available within Job Network, which is especially designed to assist parents into employment. Parents who have no recent workforce experience are able to access Employment Preparation immediately upon commencement in Job Network, otherwise they can access it after three months. Parents who have a non-vocational barrier to employment or disability may be referred to specialist assistance, such as the Personal Support Programme, Disability Employment Network or Vocational Rehabilitation Services.

In addition, the Australian Government has announced over \$260 million for an additional 86,000 child care places to assist primary carer parents seeking part-time work. The package will provide the additional outside school hours child care necessary to reduce barriers parents face in moving from welfare to work, as well as addressing the current demand for places.

Jobs, Education and Training (JET) Child Care provides fee assistance to jobless parents wishing to undertake study, work or job search activities. The programme helps meet the costs of child care by paying most of the 'gap fee' (the difference between the full child care fee and the Child

Care Benefit). In the 2005-06 Budget the government provided \$55 million over four years to JET Child Care to support 52,000 low income families to meet the 'gap' in child care fees, ensuring that child care costs do not become a barrier for these parents making the transition from income support to employment.

The Australian Government further assists parents in balancing their work and family responsibilities by actively encouraging employers to introduce and implement family friendly policies and practices. In this regard, the Australian Government has introduced a Welfare to Work Employer Demand strategy, which is outlined in Recommendation 3. This strategy is aimed at encouraging and assisting employers in key industry sectors to employ parents, people with disability and people from other target groups. This includes working with employers to determine the flexible work needs of employees, examine the business case for flexible working arrangements, identify potential barriers to their implementation, and highlight innovative arrangements and best practice.

#### **Recommendation 14**

The Committee recommends that the Australian Government introduce increased work capacity provisions in determining eligibility for those in receipt of the Disability Support Pension.

Supported

#### **Reasons:**

The Australian Government has addressed this recommendation through the Welfare to Work legislation passed into law by the Australian Parliament in December 2005.

Since 1 July 2006, people claiming Disability Support Pension are no longer eligible for the payment if they can work 15 hours or more per week at or above the relevant minimum wage, independently of support in the open labour market, or be assisted to reach that capacity within two years.

These people are assessed for an alternative income support payment, generally Newstart or Youth Allowance. Receipt of Newstart or Youth Allowance gives people with disability access to the full range of vocational and pre-vocational programmes to help them with job preparation and job search activities. Places in vocational rehabilitation and employment services are guaranteed for Newstart and Youth Allowance recipients with disability who have a part-time work capacity.

To support the changes to Disability Support Pension eligibility, Newstart and Youth Allowance have been enhanced. The income test for the payments has been changed so that all Newstart and Youth Allowance recipients can keep more of their payments as their income from work increase. Recipients with disability able to work part-time only also have the Pensioner Concession Card, with access to the pharmaceutical and other concessions available to card holders.

People receiving Disability Support Pension on 10 May 2005 were not affected by the eligibility changes unless they lost entitlement under the current eligibility rules. However, these people are entitled, and encouraged, to volunteer for employment services.

People claiming Disability Support Pension from 11 May 2005 to 30 June 2006 were assessed under the present rules. If they were unable to work at least 30 hours per week where wages were at or above the relevant minimum wage in the open labour market (and meet the other eligibility criteria) they were able to receive Disability Support Pension. After 1 July 2006, those people who had claimed and been granted DSP between 11 May 2005 and 30 June 2006 may have had their ongoing eligibility reassessed against the new eligibility rules. If, at the time of review, they were assessed as being capable of working 15 hours or more per week where wages are at or above the relevant minimum wage in the open labour market with up to two years of assistance, they transferred to Newstart or Youth Allowance and have an obligation to seek work that matches their capacity. These reviews do not normally occur until at least two years after Disability Support Pension was granted.

The Australian Government has also introduced a new process for the assessment of work capacity. Since 1 July 2006 these new Job Capacity Assessments have been a positive exploration of a job seeker's participation barriers, capacity to work and the nature of interventions needed to improve current and future capacity. Assessors have a wide variety of professional backgrounds in health-related fields such as occupational therapy, physiotherapy, psychology, speech pathology and rehabilitation counselling. Assessors discuss with customers their educational and work history, and skills, qualifications and interests, as well as the effects of their medical condition including treatment history, stability and prognosis of any episodic conditions. They also talk to customers about other factors that could affect their ability to work, such as language difficulties, or mobility problems.

Job Capacity Assessors provide a comprehensive report to Centrelink identifying all barriers, recommended interventions and capacity to work. Centrelink uses this information to determine income support eligibility and/or activity test arrangements that will take into account fluctuating conditions.

#### **Recommendation 15**

The Committee recommends that the Australian Government extend the eligibility criteria of the Workplace Modification Scheme to provide support for people with an assessed disability to enter the paid workforce where their capacity to work would be significantly improved by workplace modification.

Supported

#### **Reasons:**

The Australian Government has addressed this recommendation through the Welfare to Work package in the 2005-06 Budget. The package included an additional \$25 million over four years to expand the Workplace Modifications Scheme (WMS). Employers are able to seek reimbursement for the costs of leasing, hiring or buying workplace modifications or adaptive equipment. The Government has recently reviewed the eligibility criteria and administration requirements of the scheme. Eligibility has expanded to cover people already in work and those not being assisted by an employment assistance provider. The application process has also been streamlined.

In addition, this recommendation is in line with the Government's acceptance of a recommendation by the Productivity Commission, in its *Review of the Disability Discrimination*

*Act 1992 (DDA)* to amend the *DDA* to make it clear that the obligation to avoid discrimination includes a general duty to make reasonable adjustments. This would include an obligation to make reasonable adjustments to allow people with disability to perform the requirements of a job. Any extension of the WMS to support more people with disability would assist employers to meet this obligation under the *DDA*.

### **Recommendation 16**

The Committee recommends that the Australian Government conduct an awareness-raising program to promote the Workplace Modification Scheme to employers and employment services providers.

Supported

#### **Reasons:**

The communications campaign announced in the Welfare to Work reform, which was introduced in the 2005-06 Budget focuses on increasing workforce participation. The campaign targets various groups, including people with disability, employers and employment service providers, and aims to raise awareness of Welfare to Work changes to payments, incentives and services.

A further measure introduced is the Welfare to Work Employer Demand Strategy, as outlined in Recommendation 3, which includes the development of an Australian online information and advice service, modelled on the successful United States Job Accommodation Network. It includes a website and specialist phone consultants to provide advice on a range of issues on the employment of people with disability. This includes information to assist with the removal of barriers to employment such as the provision of workplace modifications. This site, JobAccess, forms a one-stop-information-shop for employers regarding the employment of people with disability. There has been a separate communications strategy to raise awareness of JobAccess and the Workplace Modifications Scheme. JobAccess has been available since 3 July 2006.

### **Recommendation 17**

The Committee recommends that the Australian Government ensure that all funded employment services are aware of the obligation to provide Auslan interpreters for deaf clients attending job interviews.

Supported

#### **Reasons:**

Disability Employment Network (DEN) and Vocational Rehabilitation Service (currently provided through Commonwealth Rehabilitation Service (CRS) Australia) providers must comply with all State and Commonwealth legislation, including the *DDA*.

DEN and Vocational Rehabilitation Service providers can use their funding to pay for Auslan interpreters for deaf clients attending training courses or job interviews. Funding for DEN providers is based on the needs of their clients. There are four funding levels so that services receive the highest level of fees for those jobseekers and workers with the highest needs.

Job Network members are required to meet strict quality and service delivery requirements as part of the Employment Services Contract 2006-2009, including Part A, clause 49.2, which requires providers to comply with all State and Commonwealth legislation, including the *DDA*. Job Network members must also adhere to a Code of Practice and Service Guarantee. Job Network members can use the Job Seeker Account, in accordance with the Job Seeker Account expenditure principles, to pay for employment related assistance, including Auslan interpreters for hearing impaired clients where required.

The 2006 Budget announced a new programme to assist employers with the initial cost of Auslan interpreter services and co-worker training when employing a person who is deaf. Commencing in January 2007, \$5 million will be provided over four years to reimburse employers for the costs of an interpreter attending induction training, Occupational Health and Safety training and team meetings.

In promoting this new programme, employment services will be reminded to use their own funding to pay for Auslan interpreters for deaf clients attending pre-employment training courses or job interviews.

This recommendation is consistent with the *DDA* that makes it unlawful to discriminate on the ground of disability in 'the arrangements made for the purpose of determining who should be offered employment'.

#### **Recommendation 18**

The Committee recommends that the Australian Government extend eligibility for the Workplace Modifications Scheme to part-time and casual positions.

Supported

#### **Reasons:**

This Recommendation has already been met. Employers of part-time and casual employees can currently access the Workplace Modifications Scheme provided they meet the eligibility criteria. To qualify for reimbursement under the Workplace Modification Scheme, the employer must employ the worker for at least eight hours a week in a job that is expected to last for at least three months.

#### **Recommendation 19**

The Committee recommends that the Australian Government review the Jobs in Jeopardy program (to ensure improved access to this program), in terms of its use, eligibility criteria and effectiveness in assisting people with chronic illnesses to remain in employment.

The government already has arrangements in place to achieve this. Appropriate access to the Jobs in Jeopardy programme and the success of this programme in keeping people with disability in employment will be the subject of on-going programme monitoring. The 2006 Budget has provided nearly \$4 million in additional funding for the Jobs in Jeopardy programme. These

funds will be available to the Disability Employment Network providers to help people with psychiatric disabilities whose jobs are in jeopardy.

The definition of 'disability' in the DDA encompasses chronic illness and it is unlawful to discriminate on the grounds of disability by dismissing an employee or limiting the employee's access to opportunities for promotion, transfer or training.

#### **Recommendation 20**

The Committee recommends that the Australian Government, in consultation with the peak disability agencies, recruitment services and business and industry organisations, develop guidelines on appropriate criteria and protocols for the recruitment of people with a disability.

Supported

#### **Reasons:**

The Government is regularly consulting with the Disability Advisory Group, which has representatives from peak disability organisations, recruitment services and business and industry organisations. The suggestions raised by the Committee have been drawn to the attention of the Disability Advisory Group.

The Government's response to the Productivity Commission's review of the DDA accepted several recommendations relating to the development of guidelines or campaigns on the employment of people with disability. The Attorney-General has written to Human Rights and Equal Opportunity Commission to ask it to commence work on drafting guidelines, in close consultation with relevant government agencies and industry bodies, on:

- what constitutes an 'inherent requirement' of a job (which may form the basis of lawful discrimination) and what are non-essential requirements;
- who would be required to make 'reasonable adjustments'; and
- upgrading the existing Frequently Asked Questions for employment with guidelines in order to provide them with more formal recognition.

Since 3 July 2006, information on the employment of people with disability has also been made available to employers through the new Australian Government online information and advice service, JobAccess.



**Recommendation 21**

The Committee recommends that Commonwealth, State and Territory agencies improve the transition assistance available from education to work or to further training through more coordinated work placement support and the links between workplace coordinators and disability employment services.

Supported

**Reasons:**

Transition support needs are addressed by the Vocational and Technical Education (VTE) in schools programmes and enhanced by Local Community Partnerships (LCPs) and the disability coordination arrangements. These programmes provide pathways and opportunities to allow all young people to achieve their potential. In 2004, 49 per cent (211,885) of all senior secondary school students studied VTE in schools as part of their senior secondary certificates.

Australian School-based Apprenticeships are a small but fast growing part of Australia's vocational training system which uniquely allow participants to combine attendance at school with employment-based training and paid work; thus offering an accelerated pathway to vocational careers and aiding the school to work transition. Australian School-based Apprenticeships are a special subset of Part Time Australian Apprenticeships and hence participants are eligible to attract the same employer incentives as a Full Time Australian Apprenticeship.

The Australian Government introduced additional employer incentives for Australian School-based Apprenticeships from 1 January 2003. These include an additional commencement incentive and a special retention incentive. Participation in Australian School-based Apprenticeships has grown 414% from the 2,960 commencing in the twelve months ending March 2000 to 15,200 in the twelve months ending December 2005.

VTE in schools programmes provide credit towards a nationally recognised VTE qualification in the Australian Qualifications Framework (AQF). The training that senior secondary students receive reflects specific industry competency standards and is delivered by a Registered Training Organisation (RTO), or by a school in partnership with an RTO. Students work towards a VTE qualification in areas such as agriculture, engineering, building and construction, hospitality, tourism, business and sales.

The Australian Government supports VTE in Schools programmes through its substantial contribution to States and Territories and non-government education authorities for schools and for VTE. For 2005-06 to 2008-09, the Australian Government will invest an estimated \$35.1 billion in Australian schools, and around \$10.1 billion for the VTE system including support for Australian Apprenticeships. The Australian Government provides around \$21.3 million per year in direct funding to States and Territories for VTE in Schools, and \$4 million per year for School Skill Centres.

Structured Workplace Learning (SWL) in VTE in Schools and vocational learning programmes is a component of school courses that is situated within a real or simulated workplace. The Australian Government has provided some \$14 million annually for LCPs to deliver the SWL

Programme nationally and provide students with structured on the job training and mentoring to develop their technical and generic employability skills. The skills are assessed by an RTO and the VTE qualifications are recognised nationally by industry and education systems. Supervised learning activities in the workplace lead to an assessment of competency and the achievement of credit towards (or a full) AQF VTE qualification.

SWL is administered through a national network of LCPs, which have good links with their community, schools, business and industry; have knowledge of local education, training and employment opportunities; and have the ability to relate to young people. The current LCP network delivers SWL in over 200 service regions operating throughout Australia including rural and remote locations.

In 2006, LCPs are implementing three career and transition programmes to all schools and across all sectors in over 200 LCP service regions nationally. The three programmes are the existing SWL programme, plus the new Career Transition Services (CTS) and the Adopt a School Programmes (ASP). These partnerships will help ensure that all young people aged 13-19 years have the skills, experience and professional guidance to achieve a successful transition through school, and from school to further education, training and employment.

As noted above, the SWL programme facilitates the provision of structured learning opportunities in a real or simulated workplace. A structured work placement involves training and mentoring to provide a broad understanding of the world of work, and the opportunity to develop technical and generic employability skills. In most cases, skills are assessed and competencies are recognised nationally by industry and education systems.

The CTS programme aims to facilitate delivery of enhanced career and transition support to young people aged 13 -19, and to assist all young people to make a smooth transition through school, and from school into training or employment or further study.

The ASP aims to build links between businesses, students, teachers and the broader school community, through activities that increase knowledge and opportunities for careers and further education.

The Australian Government is committed to supporting young people to obtain the necessary skills, experience and professional guidance to achieve a successful transition through and from school. The Australian Government has invested an additional \$143 million through until 2008-09 in the new Career Advice Australia (CAA) initiative. CAA will draw on and complement current programmes and services resulting in more comprehensive national career and transition support network for all young people, including those with special needs.

Under the new arrangements, Local Community Partnerships (LCPs) in their expanded roles will provide access to career and transition services for all young people aged 13-19, across all sectors of the education system. It will enable LCPs to build stronger relationships with business, industry, schools, professional career advisers and parents.

Under the CAA initiative LCPs are supported by two industry led Networks, the Regional Industry Career Adviser (RICA) Network, and the National Industry Career Specialists (NICS) Network. The RICA Network, will work in partnership with LCPs to engage schools, local business/industry and community groups or representatives to ensure that all young people have access to expert industry career advice. The NICS Network will support the work of an

individual RICA by developing and providing targeted, Industry Sector specific quality career advice and specialist information including information on skills needs and labour markets. NICS will work with Industry Skills Councils, industry bodies, Group Training Australia and State Training Authorities and national parent associations.

The Australian Government has recognised the need to do more to assist people with disability in transitional arrangements between school, post-school education and employment. DEST funds the Disability Coordination Officers (DCOs) and Regional Disability Liaison Officers (RDLOs) programmes to provide information, coordination and referral services to people with disability. While the primary focus of the DCO and RDLO programmes is to assist people with disability into post-school education and training, activities by DCOs and RDLOs which in part address recommendation 21 include:

- providing information to people with disability, and to their support networks and relevant stakeholders, on disability support services and assistance available from Centrelink and providers funded by the DEWR and FaCSIA funded providers;
- referring people with disability to appropriate employment agencies, including disability employment services; and
- coordinating services across a region for people with disability seeking to engage in education and training.

#### **Recommendation 22**

The Committee recommends that the Australian Government develop a consistent and standardised reporting system to:

- report on trend data for the number of people with a disability being employed by the Australian Public Service; and
- implement strategies to improve participation of people with disabilities in the Australian Public Service.

Supported

#### **Reasons:**

The Australian Public Service Commissioner reports annually to Parliament on the state of the Service. The *State of the Service Report* includes a chapter on diversity within the Australian Public Service (APS), reporting, *inter alia*, on the level of employment of people with disability. Data from the APS Employment Database (APSED) is used to report on trends in the number of people with disability employed by the APS. Information from the Australian Public Service Commission's annual employee and agency surveys are also used to report on employees' views of their agency's support and employment of people with disability, and the strategies used by agencies to recruit and retain employees with disability (including the extent to which these strategies are used).

In addition, a report on the *Employment of People with Disability in the APS* prepared by the Management Advisory Committee,<sup>06</sup> was released on 30 August 2006. The report includes a definition of 'disability', which agencies are required to adopt and use in their reporting to APSED on whether people in their agency have disability. The APS Commission is working with agencies to implement strategies to improve participation of people with disability in the APS.

**Recommendation 23**

The Committee recommends that the Australian Government, in cooperation with State and Territory Governments, industry, unions and educational bodies, review the Recognition of Prior Learning for school based and mature age apprenticeships programs to develop a standardised and coordinated approach that gives credit for and allows transference between all appropriate forms of curriculum and workplace training.

Supported

**Reasons:**

The Australian Government notes that in progressing work against this recommendation consideration will need to be given to the range of national initiatives which are already underway to develop a coordinated approach to the recognition of prior learning (RPL) arrangements for Australian Apprentices, and that key initiatives agreed by COAG in February 2006 will help address the acknowledged under-utilisation of RPL.

COAG agreed to key initiatives to improve the practice and take-up of RPL. One of these initiatives is a quick and simple process to recognise the existing skills of all workers entering training, who are not new entrants to the labour market, to be introduced by the States and Territories by January 2007 through contractual requirements for all RTOs and assessment centres in receipt of public funding. Through this process workers do not have to repeat or undertake training for skills they have already acquired on the job.

In addition, there is a new Commonwealth, State and Territory matched three year programme to be agreed on a bilateral basis which commenced on 1 July 2006, to build the training system's capacity to deliver quality RPL for enterprises and individuals and drive good practice. The programme assists RTOs and assessment centres to offer more streamlined recognition processes.

The Australian and the State and Territory Governments have endorsed National Principles and Operational Guidelines for RPL developed by the Australian Qualification Framework Advisory Board (AQFAB). These cover the post secondary education sectors and contribute to national consistency and quality, and may be viewed at <http://www.aqf.edu.au/rpl.htm>.

Standard 8.2a from the Australian Quality Training Framework (AQTF) Standards for Registered Training Organisations (RTOs) states that 'The RTO must ensure RPL is offered to all applicants on enrolment.' States and Territories have agreed to ensure that this requirement is reflected in contracts with all RTOs from 1 January 2006. The definition of RPL applies to all students enrolling in a nationally recognised qualification with an RTO, regardless of whether they are an Australian Apprentice or not.

Therefore, a student who has undertaken a VTE course or an Australian School-based Apprenticeship while at school can have their qualification or skills recognised should they seek to either continue their Australian Apprenticeship or enrol in a related course on leaving school. Similarly, a mature-aged person who has not studied formally can seek RPL for their life experience. In both cases, this may reduce the time of any Australian Apprenticeship they take up.

However, as the Report acknowledges, RPL is under-utilised as a form of assessment, particularly for mature aged workers.

Differing resourcing of RPL around the various jurisdictions, which the Report mentions as a disincentive to RPL, has been addressed. New funding arrangements between the Australian and State and Territory Governments came into force on 1 January 2006. These allow State and Territories to count 100 per cent of the hours value for each training unit achieved through RPL activity, (that is, the same hours value as if the unit had been achieved by doing the training) towards their overall total hours of training activity required by each jurisdiction under the Commonwealth-State 2005-2008 Commonwealth-State Funding Agreement for VTE. This will encourage States and Territories to adequately fund RTOs for RPL activity. The previous arrangement was that if a unit was achieved by RPL only a proportion of the normal training hours for that unit could be counted for the required training effort by the provider and then the State.

In the Commonwealth-State Funding Agreement for Skilling Australia's Workforce, the Australian Government has identified increasing the use of RPL as a high priority to ensure the national training system is well positioned to meet evolving needs of business, industry, individuals and the community. Funding is allocated to develop capacity of the system to increase the uptake of RPL.

Work has already begun in this area. The Queensland Government has established centres which act as RPL brokers between individuals and RTOs.

In the Commonwealth-State Funding Agreement for Vocational Education and Training, the Australian Government has identified increasing the use of RPL as one of several high priority projects commencing in 2006, to ensure the national training system is well positioned to meet evolving needs of business, industry, individuals and the community. Funding is allocated for infrastructure and resources to increase the uptake of RPL.

Work has already begun in this area. The Queensland Government has established centres which act as RPL brokers between individuals and RTOs. The existing National Training Quality Council will be considering the outcomes of an Enterprise RPL Project, involving six enterprises. The project examined opportunities for, and inhibitors of, enterprises working with RTOs to recognise the current competencies of their workers against endorsed Training Packages and accredited courses.

