



**AUSTRALIA
TOGETHER**
Build back better

Building back better together

- Presentation to the Skills Week Virtual Conference 28 August 2020
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Acknowledgements + provisos

- These slides have been produced jointly by the three of us
- Useful feedback has been provided at the recent community summit organised by Australia Together and by Jim Stamford from the Centre for future work. Neither Australia Together nor Jim necessarily endorses anything that follows.
- Data on work related learning brought to our attention by Prof Leesa Wheelahan, Uni of Toronto
- The numbers reported next to the ACTU's and Grattan Institute's recent policy suggestions are best regarded as providing indicators of orders of magnitude and not precise estimates. Their important work is critical for clarifying the scale of expenditure needed. This presentation is concerned with what can potentially be done within the indicative numbers they have provided.

Introduction

- Origins of this work:
 - *Australia Together* – Jobs and Skills Working group
 - Other elements: Early Childhood Education + Care (ECEC),
 Housing
 Social Housing
- Our prime concern: Jobs and Skills (ie job rich, not jobless recovery)
- The key issues:
 - Gap between current expenditure + what is needed for job creation
 - How will the gap be filled? [=> three specific ideas]
 - Process from here

Life was not too good before COVID 19

Labour market (in recent years)

- Unemployment 5%
- Under-employment 9%
- Joblessness (OECD 2017) 20%
- Growing poor quality jobs (casuals, contractors) 30%
- Widespread problems with wages, understaffing + extended hours for full timers

Education and training

- Skill shortages + employer declining investment in skills development (see next slide)
- Early childhood education and care (ECEC)– expensive and access highly unequal
- VET system scandals (privatisation) + problem with quality
- Universities under-funded + dependent on foreign students to remain viable

Housing

- Affordability crisis
- Huge shortage of social housing

Formal and/or non-formal learning, Australia, 2005, 2013, 2016/17

Source: ABS, *Work-Related Training and Adult Learning*, Australia, 2016/17 Cat No 4234.0

In the last 12 months any...	2005 (%)	2013 (%)	2016/17 (%)	Change 2005 – 2016/17
Formal learning	18.5	21.6	21.0	-0.6*
Non-formal learning	37.9	32.1	25.5	-12.4
Work related training	35.9	26.9	21.5	-14.4
Personal interest learning	Na	8.4	6.1	
Total (ie any formal or informal learning)	48.9	46.4	40.9	-8.0

Government response to date: The *Emergency Department* model of intervention

- Massive short run injections to preserve life as we know it
 - Job keeper to save businesses
 - Job seeker supplement to help the deserving unemployed
 - Job trainer to prop up existing apprenticeship (training wage support + upskilling)
 - Lots of money for short courses to soak up unemployed in the immediate short run
 - Tax relief for small business
- Longer term vision (BAU for a crisis)
 - Massive infrastructure expenditure
 - Massive tax cuts ('voodoo economics' George Bush Snr (1980) on Ronald Regan)
 - Cut labour standards
 - 'Reform' Education + Training => 'job ready' workers ('National VET Price' + micro-credentials)
 - Bash the unemployed

Emerging legacy of this crisis: intensification of prior trends of inequality

The challenge before use – insufficient demand + creating quality jobs

	2020/21	2021/2022																														
What is needed: <ul style="list-style-type: none"> - Grattan (+ economic mainstream) - Federal Government 	\$35b – 45b \$20b (till March 2021)	\$35b - \$45b ?																														
The shortfall	\$15b - \$45b	\$35 - \$45b																														
Filling the gap: <ul style="list-style-type: none"> - Federal Government - Cf Laura Tingle/ ACOSS 	Labour market + Education/Training ‘flexibility’ Mass poverty on scale not seen in our lifetimes																															
Emerging proposals <ul style="list-style-type: none"> - ACTU: ECEC, Training for Recon, Re-discover Oz, Nat Recon Investment plan, Sustainable Manufacturing strategy - [Allied proposals: Green new deal, Aust working together (ECEC, Housing, Jobs + skills), Job Guarantee: Mitchell/Pearson] - ACTU Total <small>(indicative – total over 3 years apportioned per year, Ed’n includes Job Keeper to Unis 2020/21)</small> 	<table border="0"> <tr> <td>ECEC</td> <td>\$8.3</td> <td></td> </tr> <tr> <td>Ed/Train</td> <td>\$8.1</td> <td></td> </tr> <tr> <td>Redis Oz</td> <td>\$1.0</td> <td></td> </tr> <tr> <td>Infrastru</td> <td>\$30.0</td> <td></td> </tr> <tr> <td>Manuf</td> <td>\$1.7</td> <td></td> </tr> <tr> <td>Total</td> <td>\$49.1b</td> <td></td> </tr> </table>	ECEC	\$8.3		Ed/Train	\$8.1		Redis Oz	\$1.0		Infrastru	\$30.0		Manuf	\$1.7		Total	\$49.1b		<table border="0"> <tr> <td></td> <td>\$8.3</td> </tr> <tr> <td></td> <td>\$4.5</td> </tr> <tr> <td></td> <td>\$1.0</td> </tr> <tr> <td></td> <td>\$30.0</td> </tr> <tr> <td></td> <td>\$1.7</td> </tr> <tr> <td>Total</td> <td>\$45.5b</td> </tr> </table>		\$8.3		\$4.5		\$1.0		\$30.0		\$1.7	Total	\$45.5b
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The immediate challenges:

- Government is focusing on the immediate short run business preservation (jobs as indirect concern)
- ACTU provides good framework – we want to elaborate for **job poor communities** and **youth** – as well as the sectors with **skill shortages**.

The immediate challenge: Three groups of workers need jobs now

Disconnect between skills and jobs

- Labour market trend is towards higher skilled jobs
- Education levels rising faster than skilled jobs – problems in the labour market, not education
- Employment services favour placements in poor quality jobs over skills development
- Employers are spending less on developing skills for entry level or low skilled employees – now expect education to fill gap they've created.

Deliver jobs to communities and individuals facing most disadvantage

- Those already disadvantaged now face greater competition from recently unemployed
- Job opportunities are unevenly distributed across the country
- Large scale or broad brush initiatives often leave job poor communities behind

Address disruption to young people's transitions

- Labour market for young people without tertiary qualifications was very poor prior to COVID
- Unemployment in the early years of labour force entry has long term scarring effects

Three types of initiatives

Strategic skills initiative

- Ensure areas of acute labour demand are supported – on a co-funded/co-created basis
- Replicate strengths of apprenticeship model
- Multi-party structure: employers, educators, support organisations – augmented and upgrade group training arrangements central
- Funnel VET investment into skilled employment opportunities
- Targets critical sectors
- Supports development of skills in key sectors

Local jobs initiative

- Public investment to address entrenched unemployment
- Government action to deliver local job targets
- Mixed approach including direct public employment, social enterprise, social procurement, work schemes, wage subsidies
- Core focus: revitalising the foundational economy (the infrastructure of every day life – health, social services, education, instrumentalities, food supply chain)

Youth guarantee

- Undertaking to provide employment or education to young people who have been unemployed for 4 months
- Commitment from governments to create entry level workplace training positions
- Secure commitments from employers to creating long term career pathways for unemployed youth
- Core focus: revitalising the foundational economy (the infrastructure of every day life – health, social services, education, instrumentalities, food supply chain)

Practical lessons + initiatives to build on for supporting more and better job creation

Strategic skills initiative

- National Apprenticeship Program (in mining 2009 – 2015),
- Make it work (in Ag/Narabri 2012 – 2015)

Local jobs initiative

- Community Employment Program (CEP) 1984– 1987)
- Breaking the Unemployment Cycle (Queensland 1998 – 2007)
- GROW Geelong (2015 -)
- Westvic 1000 jobs campaign (2015-)

Youth guarantee

- Group training national Multi-industry pre-app program (2016 – 2019)
- Vic Govt – Youth employment scheme (2020 -)
- UK Youth Kick Start (2020 -)
- Brotherhood of St Laurence, National Youth Employment Body (2017/18 -) – supply side infrastructure could be extended to support job creation.

Guiding thread: Publicly Enabled Skills + Employment Partnerships (PESEPs)

- New approach to governance (powersharing + renewing democracy)
- Government commitment to
 - serious job creation (scale)
 - use all arms of policy to support this (eg social procurement, industry policy)
- New model of sharing risk
 - group training as model for initial quality, secure and flexible employment
- At core of the new arrangements should be new employment and skills partnerships – Group Training + TAFE as anchors for strategic skills initiative + for supporting disadvantaged groups

Possible next moves

	2020/21	2021/22
Strategic skills initiatives	Model to build off – Infrastructure Skills Centre (NSW), National Apprenticeship Program (Mining) Extended to Care and other non-traditional trades areas	Move from large scale interim interventions to new programs at sector level – with active employer support
Local Jobs Initiative (especially in job poor communities)	Possible model – set targets for local job creation – rely heavily initially on govt support + wage subsidies (see CEP + Qld Govt of early 2000s)	Move from large scale interim interventions to new programs at local level - with active employer support
Youth Guarantee	Lessons from Victoria/UK – youth guarantee. Massive expansion of entry level jobs	New substantive education – work pathways established.
Institutional capacity: - TAFE - Uni's - Group Training - Inter-union- NGO coordination	Commence clarifying how to build effective institutional infrastructure	Begin to bed down new infrastructure (eg Skills Australia, German-like Apprenticeship Authority, properly funded TAFEs and Group Training)

A key problem: managing competing priorities

Two deep challenges

- Job creation is critical – but will be hard to achieve
- Much government effort is also going into education and training ‘reform’ that will damage TAFE + Universities
 - Priority is going into ‘national uniform pricing’ + ‘microcredentials’ to ‘open up the education and training market’ for the ‘jobs of the future’

The question:

- How do we raise the importance of job creation and not neglect the key challenges emerging for the education sector – especially TAFE + Unis?

Conclusion

- There is a huge gap between expenditure needed and expenditure underway
- We have successful lessons of what to do
- Federal Government is walking away from investment needed + preparing to revitalise the Thatcher/Regan agenda
- Key issue is public funding for creative partnerships so we can build back better
- We need to be nuanced:
 - Short run initiatives around job creation are crucial
 - These need to be supported by revitalisation of quality education and training.

References

- ABS, *Work-Related Training and Adult Learning*, Australia, 2016/17 Cat No 4234.0
- ACTU Australian Unions. *Australia's Economic Reconstruction after COVID-19: A National Jobs Plan, And Five Ways to Get Started*, <https://www.actu.org.au/media/1449194/national-economic-reconstruction-plan.pdf>
- Daley, John, Danielle Wood, Brendan Coates, Stephen Duckett, Julie Sonneman, Marion Terrill and Tony Wood, *The Recovery Book. What Australian Governments should do now*, <https://grattan.edu.au/wp-content/uploads/2020/06/Grattan-Institute-Recovery-Book.pdf>
- OECD (2017) *Connecting People with Jobs: Key Issues for Raising Labour Market Participation in Australia*, OECD, Paris

Further details of the ACTU Proposal (Ball park numbers)

Domain of initiative	Indicative additional expenditure (\$b) in...		Likely jobs created or supported (includes apprenticeships/traineeships) 2020/21	
	2020/21	2021/2022	Construction	All other sectors
Early childhood and care	8.3	8.3	6,500	30,000
Skills, Training and Education	8.1	4.5	7,500	130,000
Rediscovering Oz	1.0	1.0		350,000
Infrastructure	30.0	30.0	75,000	100,000
Manufacturing	1.7	1.7	15,000	100,000
Total	49.1	45.5	104,000	710,000

What this means for 2020/21 and 2021/22 – scenarios + challenges to engage with

Scenarios	Implications for ...	
	Jobs	Skills
1. Adequate government funds for jobs + 'IR+ skills reform' as support	Identify: <ul style="list-style-type: none"> - Sectors - Occupation - locations 	Uniform national price + micro credentials vs Rebuild TAFE + Unis supported by renewal of ECED + school ed
2. 'IR + skills reform' supported by some government funds for jobs	Mass under-employment => defacto mass work-sharing	Uniform national price + micro credentials vs Rebuild TAFE + Unis supported by renewal of ECED + school ed
3. Supply side transformation: 'IR Reform', Tax cuts + 'smaller govt'	Mass unemployment + mass under-employment	Uniform national price + micro credentials vs Rebuild TAFE + Unis supported by renewal of ECED + school ed

What this means for 2020/21 and 2021/22 – scenarios + challenges to engage with

Scenarios	Implications for ...			
	Jobs	Skills	Income support	IR
1. Adequate govt funds for jobs + 'IR + Skills reform' as support	Identify sectors, occupations, locations	Uniform national price + micro credentials vs Rebuild TAFE + Unis supported by renewal of ECED + school ed	Keep COVID 19 adjustment	National incomes policy. Sectoral /supply chain bargaining. Modern working time standards. Quality labour hire.
2. 'IR + skills Reform' supported by some govt funds for jobs	mass under-employment => defacto mass work-sharing	Uniform national price + micro credentials vs Rebuild TAFE + Unis supported by renewal of ECED + school ed	Keep COVID 19 adjustment + better integrate with part-time work	Award enforcement + Sector/supply chain bargaining. Union recognition.
3. Supply side transformation: 'IR+skills Reform', Tax cuts + 'smaller govt'	Mass unemployment + mass under-employment	Uniform national price + micro credentials vs Rebuild TAFE + Unis supported by renewal of ECED + school ed	Keep COVID 19 adjustment + better integrate with part-time work	Award enforcement + Union recognition – especially rights of entry + delegate protections.