

16 June 2009

# **SOCIAL SECURITY AND OTHER LEGISLATION AMENDMENT (AUSTRALIAN APPRENTICES) BILL 2009**

## **Second Reading**

**Mr BRADBURY (Lindsay) (5:08 PM)** — I rise in support of the Social Security and Other Legislation Amendment (Australian Apprentices) Bill 2009. The substance of the bill goes to the tax exemption which is to be provided in respect of two payments, payments that are made under the Skills for Sustainability for Australian Apprentices program and payments made under the Tools for Your Trade program. It brings together a number of programs in respect of the Tools for Your Trade program. Apart from treating payments made under these programs as being exempt from income tax, these payments will also be disregarded for the purposes of social security and veterans affairs legislation when it comes to the income test which would otherwise apply there.

The Skills for Sustainability for Australian Apprentices program had its origins back at the Australia 2020 Summit. As a result of discussions at that summit, it was decided that an appropriate way forward in trying to expedite both industry and the tertiary education sectors' preparations for developing the skill sets needed to prepare for a low-carbon economy required assistance, and out of that proposition came a payment of \$1,000 which will be provided to eligible Australian apprentices who have successfully completed the required level of training provided that that is in an area where they are taught skills in sustainability and environmentally sustainable work practices. It is an important way of investing in skills but in particular investing in the skills that our low-carbon economy in the future is going to require.

In addition to that, the Tools for Your Trade payment simplifies a series of payments that were previously made and, in doing so, I think not only improves the lot of the apprentice in receipt of a payment but also improves the lot more particularly of the employer in meeting their compliance obligations and overcoming the regulatory barriers that for many employers can often pose an insurmountable obstacle to them taking that step to engage a young apprentice. So I welcome the substantive programs.

I also welcome the tax treatment that is proposed as part of this bill. The issue of apprenticeships and traineeships is an issue that is very dear to my heart. It is an issue that I have been working on very actively in my local community with a range of stakeholders to try to ensure that we are meeting the skills needs of industry in our local community. With the support of the Rudd government, our local community has been yielding some dividends when it comes to tackling the skills challenges that we face.

Firstly, I would like to refer to the trades training centre announcements that were made a little bit earlier in the year. They go to the issue of ensuring that we are able, in the first instance, to continue to engage young people in their secondary education. This is a very big issue in my local community where there are very high rates of students dropping out and not going on to years 11 and 12. It is important not only in addressing that issue of engagement but, more particularly, in meeting the skills needs and challenges that our country faces. I pay tribute to the great work of Penrith City Council and its many staff members who very proactively some time ago set about the business of trying to establish where those areas of skill shortage exist in our local community. In doing so, they have been able to clearly articulate where those areas of skill shortage have existed and where they have emerged in recent times.

Of course as we have been hit by the steepest global recession in 75 years, since the Great Depression, we see that to some extent some of the goalposts are moving. But the Rudd government's commitment is to invest in skills and jobs today to deliver the infrastructure that our nation needs in the future and they are investing in trades training centres in my local community.

We are very fortunate in my local community that we have received funding for two trades training centres. In the first

instance we have a trades training centre auspiced by the government school sector in my local community. There are a number of schools involved in the project, Kingswood High School being the host facility. It operates on a hub-and-spoke approach and there are a number of other schools also involved in this particular proposition. Cambridge Park High is one of them, and I acknowledge, as I think I have done before in this place, the good work of Mr Roger Berry, the principal of Cambridge Park High, who was also the author of that application. There is also Glenmore Park, Cranebrook, Nepean, Jamison, and Blaxland high schools. So it is a very cooperative effort, and one of the great things about this particular proposal is that the schools have come together and pooled their resources.

We are all aware that under the government's proposals for trades training centres individual allocations were available to be applied for by the individual schools. In respect of this proposal, and indeed the other proposal, to which I will speak shortly, we see that by pooling funds schools have been able to work collaboratively and cooperatively to deliver facilities on a much grander scale than would otherwise be the case. I am certain that our local community will benefit from that cooperation.

So \$7.2 million has been allocated for the Penrith Cluster Trades Training Centre, which is under the auspices of the government schools in my community. There was also funding of approximately \$6 million for the proposal brought forward by McCarthy Catholic College at Emu Plains. I recognise the efforts of Kevin Wholohan, the principal of McCarthy Catholic College, for his authorship of the proposal that was ultimately successful. McCarthy is working with Caroline Chisholm, Glenmore Park, Xavier College Llandilo and St Columba's up at Springwood to deliver a trades training centre for that broader catchment of young people, in particular within the Catholic school system in that case.

Now whilst the Kingswood High School facility is focused predominantly on state-of-the-art metal work and other engineering facilities, we see with the McCarthy Catholic College training centre a more diverse series of areas targeted, ranging across certificate III training areas including automotive, mechanical, electro-communications industries and a range of other areas.

These proposals came out of a very consultative process in our local community. In fact, shortly after being elected at the end of 2007 I convened a meeting of all principals within my local community. Subsequent to that the principals came back for a further session on trades training centre proposals. Out of this cooperation and collaboration came these two proposals which were ultimately funded. They will provide facilities that will assist us in our local community to ensure that we are investing in the skills that our community needs into the future. It ties in very nicely with the stimulus measures that the government has implemented, and indeed additional funds for trades training centres were provided as part of the Nation Building and Jobs Plan. In delivering this investment upfront we are supporting local jobs here and now but doing so to deliver the infrastructure that our nation needs into the long term.

Out of the discussions that we had at the local level with industry, local school communities and training providers came the notion that we as a local community needed to do more to address the issue of skills shortages. As a result of those discussions, the Penrith Valley Economic Development Corporation, in May 2008, helped to drive interest in a proposal to convene a meeting—a seminar, a forum—on the issue of addressing skills shortages. That was a very successful forum. I note that many positive things came out of that forum. There is one thing in particular that I would like to refer to. I recall Mrs Lea Hicks from Hix Electrical, a very successful local business person in my community, made an important observation which I am pleased to see has been picked up in subsequent government initiatives. She is part of a business that has shown and demonstrated a real commitment to training and providing apprenticeships to young people in our community. She made the point that one way government could provide practical assistance and practical incentives to local employers to engage apprentices was by providing some incentive for doing so, particularly when it came to tendering for government contracts and government related work.

In that context I was very pleased to see that in the press statement released on 19 February this year by the Deputy Prime Minister—at the same time as she made a speech at the Sydney Institute and released the government's securing apprenticeships plan—there was a specific reference to this notion. In that press release the Deputy Prime Minister said:

In tendering new Australian Government funded infrastructure projects, preference will be given to businesses which demonstrate a commitment to retain and employ new trainees and apprentices.

What we see here is the government responding to and acting upon specific representations—made by not just members of my community although that is so in the case of Mrs Hicks—and also, no doubt, sentiments being expressed by employers, particularly small business employers, right around the country. So I am very pleased to see that the government has picked up on that. That is of particular significance when you consider the scale of government infrastructure spending at the moment. To put that into context, look at the \$22 billion infrastructure plan that was announced as part of the budget and on top of that the largest school modernisation project in Australia's history and many other very serious and sizeable capital works projects initiated at the government's instigation.

As part of the securing apprenticeships plan, the Deputy Prime Minister also set out some details in relation to specific measures designed as a buffer to protect our apprentices and trainees from the impacts of the global recession. In particular, additional funds have been made available to employers and group training organisations in respect of eligible apprentices to ensure that out-of-trade apprentices or former apprentices or trainees who did not successfully complete their apprenticeships due to being laid off can be picked up by new employers or group training organisations. It is a very sensible initiative, one that responds to the very dramatic events so far as the downturn in the international economy is concerned. In doing so, we are protecting the already partly built skills base that exists in those partly trained apprentices and trainees who, through no fault of their own, may have been laid off as a consequence of the global downturn. So this is a particularly significant initiative and, when viewed in the context of the overall commitment to apprenticeships and traineeships in the budget—with the government investing \$3.8 billion over four years—it shows that this is a government that is determined to make good on its commitment to deliver for apprentices and trainees.

I recall a number of years ago, when the Labor Party was in opposition and the trade training centre policy was first announced by the now Prime Minister, Mr Rudd said words to the effect of, 'We in the Labor Party value a trade qualification as much as we value a university education.' It is important to understand the significance of that statement, in that it acknowledges that, when we look across the spectrum of where the skills shortages in this country exist, they will not be filled simply by facilitating more university graduates. While that is an aspiration that we all strive towards—because improving the knowledge base of this country is an end worth pursuing in its own right—there are a range of skills shortages within the trades that need to be addressed if we are to meet the needs of our economy.

So I was very pleased that that statement was made back when the Prime Minister was Leader of the Opposition, before my time in this place, but I am even more pleased to see that now that we are in government we are delivering on that commitment. We are delivering on that commitment through a range of initiatives. This particular bill, in a small way, contributes to the overall package of reforms and measures that we are implementing to ensure that we are investing in apprentices and trainees so that we can prepare our economy and ourselves for the future. I support the bill.