



PROVIDERS OF AUSTRALIAN GOVERNMENT EMPLOYMENT SERVICES (PAGES) REVIEW

INTRODUCTION

1. The Australian Chamber of Commerce and Industry (ACCI) is a network of 37 employer organisations covering every State and Territory and all of the major industry groups. Our coverage extends to 350,000 employers who employ 4 million workers.
2. ACCI welcomes the Australian Government's review of the current range of employment services.
3. All Australians have a shared responsibility in developing Australia's employment system. Like other stakeholders, employers can play an important role in shaping this system. While it is not the role of enterprises to employ people at the expense of the capacity of business to compete in the marketplace, employers can help expand employment opportunities for all Australians and particularly for young people.
4. ACCI supports an employment system that enables all Australians to be competitive in the employment market. This means providing people with marketable skills and developing a training system that keeps pace with the skill needs of business. Government policies must foster a commitment to work and life-long learning.

THE POLICY FRAMEWORK

5. An adaptable and dynamic employment system provides business with a competitive edge to compete in the global economy. ACCI plays an active part in the development, monitoring and evaluation of labour market policies and programs. This is in recognition that the growing support for the development of an employment system, which enables business to draw on workers in emerging labour markets and meet new industry needs. This is pivotal to the achievement of short and long term economic goals of Australia and requires the

removal of as many unnecessary constraints as possible to enable industry to respond quickly and flexibly.

6. Employment services are a critical element of Australia's employment system and act as an enabler of labour mobility. Labour mobility has been identified by the Council of Australian Governments (COAG) as a necessary factor to increase the productivity of labour.
7. Employment services need to be flexible in responding to economic conditions. In times of high unemployment, programmes will be different from those services that are required in times of skill pressure. A major driver of employment programs should be responsiveness to the needs of employers
8. An effort should be made to engage business in building the capacities of the disadvantaged – making them partners in employment services, not just end users.
9. Reforms in the Welfare to Work legislation implemented in 2006 reflect policy settings in times of skill shortages. The primary aim of the changes to the welfare system was to increase labour force participation by groups that traditionally have been disengaged from the workforce. The aim of this initiative was also to achieve efficiencies in mobilising labour supply.
10. Welfare to Work included changes to welfare payments and work incentives, workforce participation requirements, and employment and related services. The reforms focused on four priority groups, people with a disability, parents, mature age people and the very long-term unemployed.

Some key reforms were:

- The expansion of Mutual Obligation for job seekers, meaning the long term unemployed had participate in one of a range of activities, including: part-time

- work, further education and/or training, voluntary/ community work, Work for the Dole or the Language Literacy and Numeracy Program;
- Single and partnered parents off parenting were moved off support payments and onto unemployment benefits with part time workforce participation requirements or meeting Mutual Obligation requirements when the youngest child reaches school age as new compliance requirements;
 - People on the Disability Support Pension were to undergo a Work Capacity Assessment and if assessed as being able to work for at least 15 hours a week, moved onto unemployment benefits with part time workforce participation requirements or meeting Mutual Obligation requirements; and
 - Mature aged people (50 – 64) receiving unemployment benefits had similar Mutual Obligation requirements as the long term unemployed.
11. It is acknowledged that re-skilling may be required by welfare groups re-entering the work force. This skills development task must be undertaken by the most efficient means whilst ensuring the industry recognition and portability of the skills is a key outcome.
 12. ACCI supports mobilising welfare recipients into the workforce but is cognisant of the special requirements of some target groups, which need to be examined closely to gauge the impact of services, efficacy of interventions and good use of the public dollar.
 13. The funded employment services market needs to recognise the existence of a fee for service employment services market and work with this market to facilitate placements where there is market failure. Market failure may exist among groups of job seekers or vacancies where either are in under or over supply. Whilst the employment service market may function freely, further intervention may be required to address areas of need (skills gaps, transport and accommodation shortages, relocation assistance etc.)
 14. Policy and program connections need to be made with many of the employment service programs not provided by Job Network, and which are provided by similar State based providers.
- The current use of tendering to provide Job Network services is supported. However, marketing to identify suppliers as part of a national network would provide better clarity for employers. There is also a need for direct contact points for employers who can then be referred to specialist providers.
 - Industry feedback also suggests that some Job Network providers do not have sufficient specialist industry knowledge to make a satisfactory placement so opportunities for real employment outcomes in industry are lost. Where there is a close working relationship between an industry group and a Job Network provider, a build up of knowledge about industry requirements and suitability of clients for that industry are gained.
 - Better linkages need to be established between the Job Network, Australian Apprenticeship Centres and Group Training Organisations. The distinction between which services are being provided needs to be made. Connections to the Government's skills agenda will also need to be made, such as additional training places, support for re-entrants to the labour market, and Skills Australia. Performance measures that look at program outcomes from a silo approach should be avoided. A whole of government approach is desirable.
 - The lack of coordination between PAGES and the lack of branding of the Job Network leads to fragmented dealings between employers and funded Employment Services. Ultimately this results in many employers being dissatisfied or not using the service. Communication between the PAGES and employers should be streamlined through intermediaries (such as business and industry associations where appropriate) and the PAGES must be able to respond with a coordinated face to employers (e.g. one number to call for assistance from the Job Network).
 - PAGES should ensure that intensive services are directed toward Job Seekers that are most likely to succeed in the occupations / sectors into which they are placed. PAGES should be encouraged to work with industry groups to ascertain the characteristics that would best determine job seekers that are suitable in the long term, prior to any investment in intervention being made.
 - The Job Network is client focussed but particularly on the job seeker. Sometimes the emphasis on the job seeker and meeting targets does not always result in the best outcome for them. Better linkages with employers and the needs of business and industry will assist employment service providers and job seekers to better tailor training.
 - "Employers as clients" requires greater focus. In particular, ways in which small and medium employers can be supported to establish employment

RESPONSE TO TERMS OF REFERENCE

15. Employment services that are relevant to the circumstances and needs of the job seeker and prospective employers

- ACCI supports the use of market mechanisms in determining the type and level of employment services.
- "Employers as clients" requires greater focus. In particular, ways in which small and medium employers can be supported to establish employment

opportunities for unemployed persons is needed. The work of individual PAGES should tie into overall government, industry, regional and local strategies. Employer engagement should be central to this approach.

- Different approaches to employers are required for large enterprises and small and medium enterprises. Approximately 95% of Australian enterprises are small and medium sized. The approach to employer engagement should be targeted to reflect the needs of each group.

16. Incentives for training which will improve the employability of job seekers (including incentives for long term training and education to address labour market needs)

- ACCI supports incentives for training which will improve the employability of job seekers. However, there needs to be a closer relationship between the education and training provided and qualifications. Persons with qualifications are more likely to gain and maintain employment status.
- Transition to employment, including part time work should be part of the incentive regime and funding models. Job placements, recognised training that contributes to a qualification pathway and other non-traditional job structures should be included in this approach.
- An underlying principle is that a successful transition to employment does not just occur by going from being unemployed to full time employment. Other models could result in longer term employment outcomes for job seekers where flexible employment options are available. Not all job seeker clients are seeking a full time outcome such as women returning to work or some categories of persons with a disability. A transitional approach can be integrated into long term planning for individuals and a workforce development approach for businesses.
- This is especially true of some Indigenous people, particularly those in or from remote communities with little contact with or understanding of mainstream ideas of the work ethic. The transition must include job ready training. Mentoring services are critical.
- Workforce development support for employers should be encouraged. Employers should be paid incentives to employ persons and formally train them according to the needs of their businesses once they are employed, including apprenticeship arrangements. This will provide more relevant training for job seekers than if they were doing a general course that was non-specific.

- As a large percentage of the client base are initially seeking entry level or lower level employment in firms, support for small and medium sized businesses to identify staff suitable for upskilling and promotion will help to create employment opportunities for entry level positions. Most employers have a range of employment needs from low to higher level skills, including employment experience and are not seeking always seeking entry level or low skilled workers. They are seeking staff with skills, qualifications and experience that meets the needs of their business. By upskilling the existing workforce, opportunities can be created lower down the skills chain rather than employers being offered clients with lower skills, that do not meet the real needs of their business.

- Other workplace changes can be supported such as linkages with child care, self managing teams (especially for women), job sharing, multi skilling and job redesign as part of the workforce development approach.

- The current funding model would view this flexibility as a marker of instability. Job Network providers currently regard arrangements such as these in some industries as an increased risk (to the receipt of a full placement payment) and find other industries easier and safer destinations for job seekers. The staffing and skills needs of some industries are therefore unmet as providers chase targets and do not attempt to engage employers to place recruitment vacancies with their organisation.

- Industry experience has also demonstrated that especially for small and medium enterprises, one-on-one contact with employers was the most successful way of convincing them to refer jobs to the Job Network.

- In addition to workforce development assistance for employers, case management for job seekers is required before and after the person is employed so that longer term outcomes can be achieved. The Job Network needs not just to be making client referrals but supporting those clients through pastoral care approaches that are holistic in nature and not separated through random categorisation according to the duration of unemployment.

17. Job seekers with high levels of disadvantage receive intensive assistance

- Wage subsidies, which have been very successful in addressing long term unemployment, should also be considered for categories of persons not yet classified as being long term unemployed. This may also help to avoid “parking” of job seeker clients in order to attract higher levels of incentive payments. Intensive assistance only to highly disadvantaged groups can have

- the perverse effect of encouraging employment service providers to wait until clients attract higher levels of assistance, helping them to meet contractual targets.
- The principles of access and social inclusion should be applied across categories of job seekers. If an intervention is working in one category of disadvantage, there should be access for clients in other categories to have equal access to those programs.
 - While targets for employment service providers provide a means of measuring activity, other models should be trialled where intensive support is provided to other groups and a study made of the outcomes. For example intensive support programs designed to break the cycle of long-term entrenched unemployment and second-generation unemployment within families could target the engagement of families with second-generation unemployment, to provide role models for young people who have only known their parents on benefits and are now on benefits themselves.
 - Current job seekers, particularly Indigenous Australians, people with a disability, returning carers to work, aged workers, the long-term unemployed or females in non-traditional work areas, have a multiple disadvantage indicators such as a lack of skills, health problems, lack of social support and a dependency mentality. These clients need a different level of support to what has been used in the past if they are to secure and keep a job.
 - Support services provided to clients should be checked. For example it should be a requirement of the employment service provider not just to provide a résumé template but to see that the template has been correctly filled out. Too many job opportunities are lost because the job seeker does not have the fundamental tools to engage in the employment process.
 - We need a demand driven system based on employer driven regional workforce models and not the current supply driven model of training. This preparation and training to be work ready requires a collaborative effort between all the parties – training providers, employment services, job seekers and employers.
 - This approach should include benchmarking to identify tangible regional targets, not just numbers. Funding formulae should place sufficient weighting on a placement and employer servicing.
 - After placement with an employer (paid or non-paid), sufficient funding is required to provide daily support, including mentoring for both the client and employer. This level of support would be phased out as the client becomes self sufficient and productive in the job ie: organize own transport, be on time and interact socially. The current system of checking in on the client is not sufficient with this identified group of job seekers.
 - Non-traditional employment structures, including transition to employment arrangements, should be considered for disadvantaged job seekers. Employment profiles validated by industry could be identified for this purpose.
 - A direct relationship with employers such as the government's initiative to form partnerships with businesses who agree to take on job-seekers and train them on-site should be accessible to all categories of job seekers.
- 18. Performance management principles (including star ratings and business reallocation) that support sustainable outcomes and promote quality service and delivery**
- ACCI supports the principle of a star rating system that encourages competition and raises quality and standards. Star rating systems also provide guidance for clients.
 - It appears that the Star Ratings assess the capability of the Job Network from a job seeker point of view, not as a guide to employers as to which Job Network members may best meet their needs.
 - The criteria for awarding Star Ratings must include employer satisfaction with the services provided, and where possible, employers should be included in the evaluation process to validate.
- 19. The minimisation of time and money spent on administration**
- As a business principle, ACCI supports employment service delivery models that minimise time and money spent on administration.