

EMPOWERING BUSINESS THROUGH SELF-REGULATION

*AN INDUSTRY APPROACH TO ACHIEVING SOCIAL
INCLUSION AND EMPLOYMENT GOALS*

PUBLIC RELEASE VERSION



vecci
INVIGORATING BUSINESS



CONTENTS

FOREWORD.....	1	APPENDIX A: 2008 – CURRENT LABOUR MARKET.....	14
BUSINESS EMPOWERMENT.....	2	Purpose	14
Introduction.....	2	The Australian Economy and Labour Market	14
Overview.....	3	LabourMarket Participation	14
What is self-regulation?.....	3	Inflation.....	15
VECCI BUSINESS EMPOWERMENT MODEL.....	5	2008 – Employment Services Today	16
Model Summary.....	5	Government Appropriation for Employment Services	18
Role of Stakeholders.....	5	Welfare Recipients and Unemployment Duration	19
Australian Government.....	5	Effectiveness of current programs and services.....	20
Industry.....	6	Job Seeker Profile	22
Business.....	7	APPENDIX B: THE VECCI EXPERIENCE.....	23
Service Providers in the Supply Chain.....	8	VECCI Staff Solutions: A Job Placement Organisations experience.....	23
Case Study	9	Background	23
RESPONSE TO ISSUES RAISED BY THE MINISTER.....	10	Vacancies: Business Demand for labour	23
Introduction	10	Referrals and Placements: The Labour Supply	23
Revised Job Network	10	Job Seekers: Quality of supply	25
1.Early Intervention	11	Strategies to Increase Referrals	25
2.Making employment services relevant to the needs of job seekers	11	VECCI Experience with Government Programs	26
3.Achieving intensive assistance for job seekers with higher levels of disadvantage... ..	11		
4.Incentives for training to improve the employability of job seekers	12		
5.Ensuring job seekers receive appropriate training	12		
6.Achieving sustainable outcomes and quality service through performance management.....	12		
7.Minimising the time and money spent on administration principles.....	12		

FOREWORD

The Honourable Brendan O'Connor, MP
Minister for Employment Participation

Dear Minister

Your request for comment on the delivery of Australian Government Employment Services is very timely given the significant economic issues facing Australia today.

VECCI has for some time been concerned about the deteriorating standard of the labour market, the worsening skills and labour shortage and the lack of traction in lifting workforce participation to the levels required for the decade ahead.

The reforms made to the purchasing of national employment services over the last decade have reached a point where the system is at the end of its effectiveness. We need to completely rethink our approach to helping people into the labour market, to ensure we take the steps necessary to deal with the changing dynamics confronting government and industry.

The available labour pool must be rejuvenated with a concerted strategy to lift the skills base of those not in the labour force and who would be motivated to work again if given the appropriate level of support and training.

The major weakness of the current Job Network is its marginalised engagement with businesses, both within the system and as a client. This marginal engagement has in part resulted in an inability to make significant inroads on the level of long term unemployment and provide jobs for the disadvantaged.

The VECCI model that I put forward for your consideration would see industry and business play a significant role in addressing our workforce challenges.

The model would see business become integral to the employment and training of job seekers and would empower business through responsibility and ownership of, as well as accountability to, a reformed system.

The cornerstone of the model is a partnership between Government, industry and business. It is also about a joint commitment with State Governments and other stakeholders.

VECCI has a strong relationship with the Victorian Government and works very closely on a range of issues, such as climate change, drought assistance and skills. I have personally briefed The Honourable Jacinta Allan, MP, the Minister for Skills and Workforce Participation, on the approach outlined and affirmed our commitment to address these issues.

I look forward to discussing this Model with you and commit to working with the Australian Government to develop and implement the solutions required.

Yours sincerely



Wayne Kayler-Thomson
Chief Executive Officer



BUSINESS EMPOWERMENT

INTRODUCTION

VECCI members, customers and clients have been reporting for several years now that skill and labour shortages are worsening and are having an adverse impact on their business (refer to Appendix B).

One of the main concerns relates to the inability to source appropriately skilled candidates from the Job Network. The major criticism is focused on the quality of candidates, with the lack of job search preparation clearly evident.

The system is inward looking, with scant focus on the needs of business. The lack of connection to business needs has been exposed as the unemployment rate has dropped to the lowest level for over 30 years, and the system struggles with the expanding core of long term unemployed.

VECCI positively acknowledges the policy priorities of the newly elected Rudd Labor Government as set out in the *An Australian Social Inclusion Agenda* and *Skilling Australia for the Future* policies.

VECCI supports the commitment to drive productivity growth, increase workforce participation and to address chronic skill shortages by providing a better quality Vocational Education and Training (VET) system. It is also noted that there needs to be greater labour market flexibility to achieve jobs growth that will provide opportunities for job seekers and further up-skill existing employees.

The point also needs to be made that while there is a clear Australian Government responsibility for disadvantaged job seekers on welfare, there must also be a joint commitment from State Government. There has to be a shared responsibility for those job seekers who are not on welfare, or who are not engaged in the labour force, and those who are discouraged and require significant support to re-enter the workforce.

This proposal builds on the work undertaken by VECCI in partnership with the Brotherhood of St Laurence. The Skill Build proposal recommended at last November's VECCI Victoria Summit outlined regional partnerships as a way to respond to the issue of job seeker access and support into work. The Business Empowerment Model further develops this approach and formalises the commitment of all partners.

The Business Empowerment Model will create an opportunity for local, place-based solutions with the co-operative support of all levels of Government, employer organisations, employee associations, the community and other stakeholders with local business operators at the centre of the solution.

Implementation of a business-focused approach would require a review of Job Network's role, which in turn could provide savings that would allow for a cost-neutral impact on budget allocations.

VECCI VALUES

VECCI has a number of key strengths that will be critical to the success of the Model, and include:

- Recognition as an honest, independent, trusted broker
- Well established networks and partnerships with trainers, recruiters, apprenticeship and traineeship providers, RTOs and community organisations
- Strong connections and active working relationships with other State chambers of commerce and employer organisations.
- A reputation for identifying key policy issues for Victorian businesses and delivering recommendations to Government programs, including the area of skills, employment and training.
- A presence across all industry sectors.
- A strong relationship and a high level of trust with Governments at all levels.
- Access to a client base of 15,000 businesses.

OVERVIEW

THE KEY TO THE VECCI BUSINESS EMPOWERMENT MODEL IS TO GET INDUSTRY AND BUSINESS INVOLVED IN THE EMPLOYMENT SERVICES SYSTEM.

Industry, including employer organisations and employee associations, would act as the trusted broker of business, and promote the employment of job seekers, including those who are disadvantaged, whilst at the same time creating an environment of reform and innovation in the workplace.

A true partnership would be created between government, industry and individual businesses that would work towards achieving employment and social objectives through industry self-regulation.



Businesses in this model would be empowered because they would be given the flexibility and the choice to decide which services they will engage to assist them in recruiting job seekers and in meeting medium to long term skill needs. In return, businesses would commit to long term retention strategies, and be directly assisted through a suite of tailored financial incentives modelled to their individual workplaces.

The VECCI model would work in a similar way to the successful Australian Apprenticeship Support Services Contracts, to provide the connection between Government policy priorities and business through an intermediary brokerage model. Industry, combining the resources of employee associations and employer organisations, will empower business by brokering training and support from providers in the labour supply chain to best meet the labour needs of individual businesses.

This submission demonstrates how Government can reconsider the current approach to labour market programs and achieve its policy objectives through:

- Greater industry and business buy-in
- Moving from a supply-focused to a demand-focused process
- Place-based solutions, inclusive of State Government and community stakeholders

WHAT IS SELF-REGULATION?

Self-regulation by industry is based on the principle that business is best able to determine its own skill and labour needs, and that driven by its own interests, will achieve the best retention outcomes.

Self-regulation is superior to alternative approaches because it directly involves the parties who have the best knowledge of the need for action and the relative merits of alternative solutions. It also has the advantage of being more flexible than other types, and as a consequence it is less likely to stifle innovation. Further, self-regulation reduces the need for bureaucratic structures as it relies on business arrangements to manage service delivery.

In the VECCI model, the business must agree to an action plan for resolving its labour and skill needs. Following the self-regulation approach, the business will monitor the results to ensure it is achieving outcomes that are in its own best interest.

However, the ability of individual business's to achieve the desired outcomes will in part depend on the manner in which incentives and support services are negotiated and regulated.

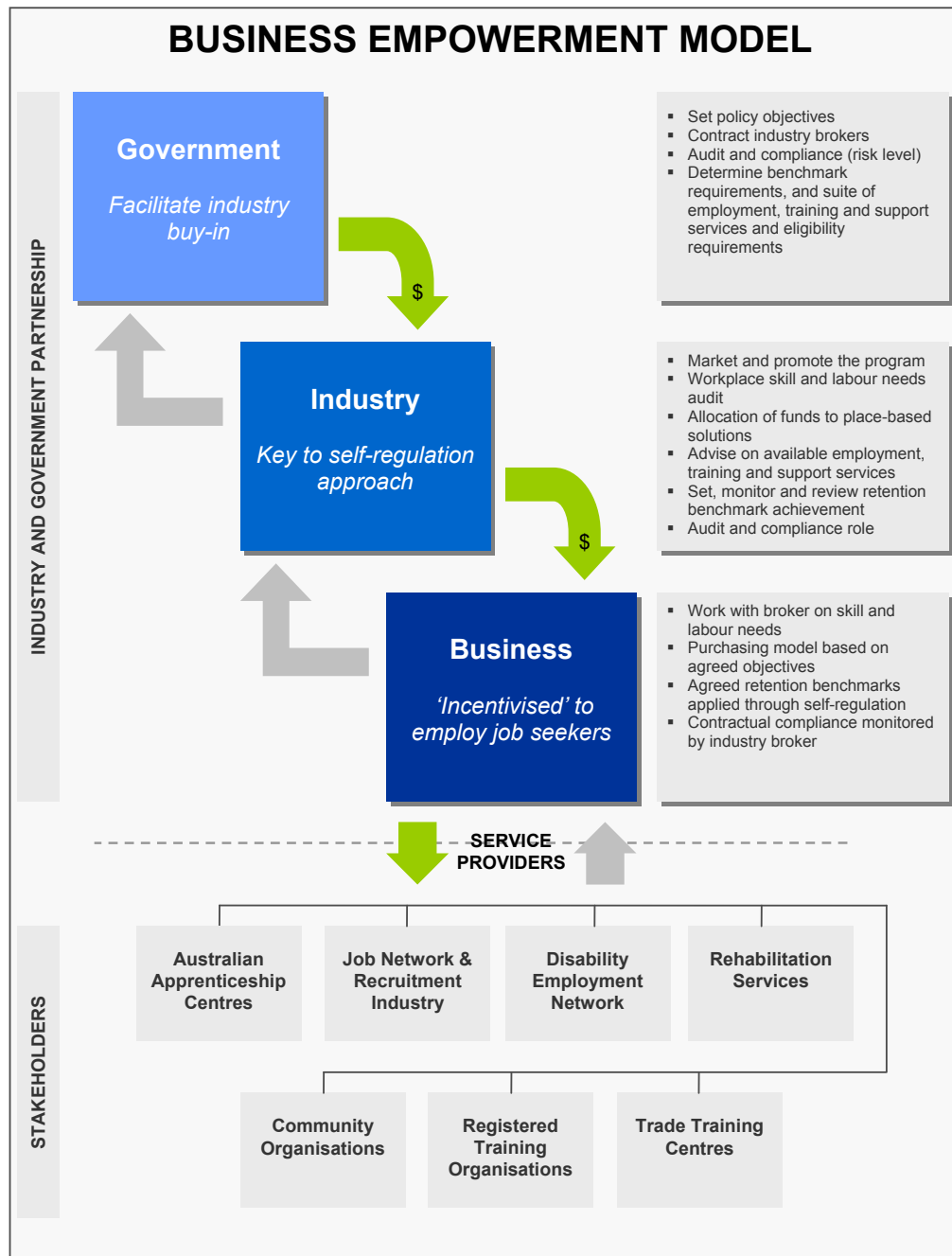


Figure 1: Business Empowerment Model

VECCI BUSINESS EMPOWERMENT MODEL

MODEL SUMMARY

THE VECCI MODEL PROPOSES A COLLABORATIVE APPROACH WHICH WOULD PROVIDE SIGNIFICANT OUTCOMES FOR:

1. Government
 2. Industry
 3. Business
 4. Job seekers
 5. Supply chain service providers
- The purpose of the VECCI Business Empowerment Model is to improve the connection between supply chain service providers involved in the preparation and training support of job seekers, and business with labour and skill demand.
 - In the model, Government contracts industry (as represented by employer organisations and employee associations) to achieve minimum job seeker placements and skill based outcomes for local regions.
 - Brokers will negotiate tailored support and financial incentives for business to empower them to select service providers to satisfy their labour and skill needs.
 - Brokers could provide a whole-of-market solution to labour and skill demand, ranging from connecting businesses to job seekers from the Job

Network, accessing Australian Apprenticeships for existing workers, connecting to School based Apprenticeships and trade training centres in schools, as well as to skilled migration. Workplace modification is also a major consideration as part of the overall solution based concept.

- The model also requires a refocused Job Network that would address job seekers personal barriers, job search skills, and other immediate barriers to employment.
- The key element is to place business needs at the centre, and driving force behind, the labour and skill process.

ROLE OF STAKEHOLDERS

AUSTRALIAN GOVERNMENT

The broker model would operate where the Australian Government:

1. SETS POLICY OBJECTIVE

The Australian Government has set clear priorities through its Social Inclusion and Skills Policies. These priorities will set the framework for the Department for Education, Employment and Workplace Relations approach to determining placement targets, both nationally and by regions, across Australia.

Policy objectives, particularly to meet social inclusion priorities, would be better achieved by including business in the process. Transitioning 700,000 clients out of Job Network will never happen if less than 20 percent of businesses are prepared to use it. Therefore, by Government transferring responsibility for determining the services to be provided to Job Seekers from the Job Network and handing it to business, it will become more responsive and increase the number of businesses willing to use government employment services.

The clear outcome for the Australian Government would be to have industry and business buy-in to employ disadvantaged job seekers and address workplace reform around future skills needs and investment. Other benefits include simplified management processes for Government that is able to focus on quality control and contract management, while still being able to direct delivery to meet policy objectives.

2. CONTRACTS INDUSTRY BROKERS

Government could consider how a broker model could apply on a state-wide, regional or industry sector basis. Brokers would have stipulated Key Performance Indicators (KPIs) in their contracts and would have a range of deliverables, including:

- Market and promote the broker model to provide labour supply solutions that are inclusive of targets for various job seeker groups
- Provide accurate, current and comprehensive information to business on the suite of programs and services available
- Work with supply chain service providers to provide agreed services to business
- Administer incentive arrangements for business
- Establish effective relationships with partners to achieve agreed outcomes

A commercial agreement similar to the Australian Apprenticeships Support Services Contracts would be agreed directly or through a tender process between the Australian Government and respected Brokers.

3. SETS AND CONDUCTS AUDIT AND COMPLIANCE STANDARDS

The contract would stipulate a management framework that will include:

- Monitors performance against KPIs
- Outcomes against a comprehensive management framework
- Measurement of quality service delivery
- Monitoring of all aspects of broker service delivery

4. DETERMINES BENCHMARK REQUIREMENTS, AND SUITE OF EMPLOYMENT, TRAINING AND SUPPORT SERVICES AND ELIGIBILITY REQUIREMENTS

The Government would allocate funding according to agreed targets across job seeker groups, the suite of programs and service available, and the revised role of the Job Network.

The restructure of Job Network would free up appropriations to fund an allocation for the suite of programs to be available. The eligibility of these programs would be based on the priority established by Government.

The clear outcome for the Australian Government will be to have industry and business buy-in to employ job seekers.

INDUSTRY

The model allows for employer organisations, along with employee associations, to establish broker arrangements.

The broker's role would be to:

1. MARKET AND PROMOTE THE PROGRAM

The broker would widely promote its services as a labour market intermediary within the terms of its contractual obligations to the Australian Government. This could be focused within an industry sector or a region. It would also target all categories of business from small, to medium and to large.

A significant benefit would be the ability to aggregate the requirements of smaller businesses to align common requirements within an industry sector. The suite of programs and services would be considered in the context of all the businesses needs.

2. CONDUCT WORKPLACE SKILL AND LABOUR NEEDS AUDIT

The broker would audit the labour and skill needs of the workplace by direct engagement with the business to determine the requirement for new workers, as well as the skill needs of existing workers to plan for immediate and future needs.

Once the needs are determined, advice and support would be provided to the business to link to available programs and services through key stakeholder engagement strategies.

3. ALLOCATE FUNDS TO ACHIEVE PLACE-BASED SOLUTIONS

Based on the Skill and Labour Needs Audit, an agreement between the broker and business would be made, to provide funds to allow the business to source the programs and services required to address the needs identified by the audit and meet agreed recruitment and skill demand strategies.

4. ADVISE ON AVAILABLE EMPLOYMENT, TRAINING AND SUPPORT SERVICES

The broker would provide advice on the total range of employment, training and support services available, to allow the business to negotiate and develop a package to meet its needs.

The business would directly engage service providers based on this advice, and following the principle of self-regulation, would select a package that best meets its specific needs.

The advice would cover the needs of sourcing and supporting new workers, as well as up-skilling existing workers, and other needs that are required to provide a total solution.

5. SET, MONITOR AND REVIEW RETENTION BENCHMARK SUCCESS

The broker would establish an agreement that outlines the level of services to be provided including the value of these services and programs, inclusive of incentive arrangements.

The agreement would have established KPIs and agreed milestone points that the broker would monitor. The broker would intervene as necessary with supply chain providers to ensure that retention and completion targets are achieved.

6. CONDUCT AUDIT AND COMPLIANCE CHECKS

The broker would manage and monitor agreements to ensure that it is on track to meet its own contract requirements with the Government.

The broker would ensure that the business is meeting its agreed targets and would mediate to ensure that delivery arrangements are reviewed to ensure outcomes are met.

The key outcome of the broker model would be to achieve an increase of skilled labour to meet industry demand. It would promote and achieve buy-in at both peak and regional levels.

BUSINESS

There is overwhelming evidence that business operators are frustrated with the current labour market and are increasingly disenchanted with the Job Network system.

There are a complex range of stakeholders and intermediaries which deter many business owners from using the system, particularly where the quality and job-readiness of job seekers do not meet even minimal business expectations.

The broker approach would educate business on the issues and complex needs of the current labour market, particularly taking into account the impact of an ageing workforce.

The major deficiency of current employment service arrangements is the limited commitment that large and small business operators have to employing disadvantaged job seekers. The perceived difficulty of attempting to recruit from this pool discourages most businesses.

The VECCI model would seek business commitment by providing job seekers who have received appropriate and relevant pre-employment training as well as supported on-the-job training arrangements. A support package would be negotiated with the business operator that allows them to take responsibility for their needs.

THE INDIVIDUAL BUSINESS WOULD COMMIT TO TAKING ON A JOB SEEKER AND WOULD:

1. WORK WITH BROKER ON SKILL AND LABOUR NEEDS

The business would work with the broker identify its skill and labour needs, and determine with the broker its preferred solutions, based on the options available and the advice provided by the broker.

The business would provide the broker with information on past and current skill and labour development strategies, future risks or challenges, and other necessary information to ensure the best solution is negotiated.

2. PURCHASE MODEL DEVELOPED BASED ON AGREED OBJECTIVES

A Purchase Model would be developed and directly based on the needs and objectives identified in the Labour and Skill Needs Audit, and use funds provided by the broker to achieve a place-based solution.

Using the advice provided by the broker, the business would engage service providers to meet its requirements. The business would be empowered as the providers would be developing job seekers and it's the skills of its existing workforce to meets its requirements. The business would undertake its recruitment and decision making process but would do so with the knowledge that job seekers have been prepared to meet its needs.

3. AGREED RETENTION BENCHMARKS APPLIED THROUGH SELF-REGULATION

The business would monitor its performance against its agreed retention benchmarks that formed the basis of its Purchase Model.

Applying the principle of self-regulation, it would be responsible for overseeing the delivery of services purchased, and ensuring that it meets its agreed retention benchmarks.

As part of achieving its retention benchmarks, the business would become eligible for any incentive payments negotiated.

4. CONTRACTUAL COMPLIANCE MONITORED BY INDUSTRY BROKER

The business, by following the self-regulation principle and achieving its retention benchmarks and other agreed outcomes, would be fulfilling its contractual requirements with the broker.

The key outcome for business is that they will be able to meet their labour needs while being able to direct the type of training and intervention that they know is required to get a job seekers skills up to an employable and productive level.

SERVICE PROVIDERS IN THE SUPPLY CHAIN

The labour supply chain would compete to meet the needs of business. Job Network would be the first contact point for selecting job seekers. Their ability to appropriately prepare candidates to a level that satisfies business should be a key outcome for Job Network providers.

Job Network, Disability Employment Network (DEN) and Commonwealth Rehabilitation Services (CRS) would compete by:

1. Confirming their available job seeker pool and identify training requirements
2. Addressing personal barriers and, where relevant, vocational skill needs to meet business requirements

This approach would provide stronger connection for Job Network members to prepare job seekers with training providers to meet business needs. The end result will be increased employment of job seekers that are appropriately developed with job ready skills to meet business demand.

Training providers are also part of the supply chain, and as happens in the Australian Apprenticeships system, would be competing to provide training services such as language, literacy and numeracy, as well as vocational training.

CASE STUDY

BROKER ROLE

The broker would market and promote its services as a labour market intermediary. It would identify business labour needs for small and large enterprises. Those with lower levels of demand would be aggregated to achieve consolidation of 'similar' skill needs across an industry sector such as retail, hospitality, manufacturing and so on. The role that the broker would play in assisting a business is demonstrated in the XYZ Engineering example below.

XYZ ENGINEERING PROFILE

XYZ Engineering has 100 staff and is a manufacturer and retailer of a variety of hardware products for bathroom and kitchens. The company has developed new export markets, expanded its product range and is opening new retail outlets.

VACANCY OPPORTUNITIES

The 35 positions are spread across all facets of the business and include:

- 3 retail sales roles
- 4 warehouse roles (storage, orders, and packing)
- 1 administration role
- 4 transport and logistics roles (drivers and forklift operators)
- 20 process work roles (machine operation, assembly and quality)
- 3 apprentice roles (2 fitter and maintenance and one electrician)

The skill levels vary for each role but all require strong literacy and numeracy skills. A mixture of a structured training package for apprenticeships and relevant traineeships will be utilised.

The process work positions have been identified as requiring pre-employment training followed by on-the-job training. The potential has also been identified to advance capable employees into process manufacturing traineeships that embrace 'lean' principles.

CONTRACT WITH BROKER

The broker would enter into a contract with the business on behalf of the Australian Government that would commit them to a package of training and support leading to the employment of:

- 20 Long term unemployed*
- 10 Short term unemployed*
- 3 Indigenous job seekers
- 2 Parents returning to work job seekers

*including a mixture of CALD clients, people with a disability and mature aged workers

The package, delivered by providers in the supply chain, would include a mixture of:

- Pre-employment programs utilising the business for work experience
- Agreed in-house training plans sensitive to the needs of the job seeker
- Commitment to traineeship and apprenticeship packages
- Workplace modification provided for one disabled job seeker

The overall package would include the value of pre-employment training and incentives paid to cover the businesses training commitment, which would be spread over 12 months and paid on achieving agreed milestones.

SUPPLY CHAIN DELIVERY

The broker would source job seeker referrals from Job Network members and other recruitment agencies (DEN, CRS). These agencies would ensure job seekers have well developed job search skills and current resumes reflecting the skill sets of job seekers relevant to the position sought.

The business, in conjunction with the supply chain providers, including Registered Training Organisations, would negotiate the mix of pre-employment training relevant to each area of skill requirements. For example, there may be 3 programs of 4-6 week duration which are tailored to meet the business skill requirements.



RESPONSE TO ISSUES RAISED BY THE MINISTER

INTRODUCTION

The Business Empowerment Model is a response to the deficiencies of the current Job Network. To achieve the Government's social inclusion and skills policies there must be an approach focused on business needs.

The administrative demands of the current system are complex, as illustrated by the *2006- 2009 Indicative Active Participation Model (APM)-Service Fees, Outcome Fees and JSKA Credits* chart (Figure 2). The requirements highlight the focus on administrative processing and the subsequent receipt of fees, rather than actively intervening with job seekers and preparing them for employment.

The Business Empowerment Model acknowledges a revised role for Job Network, as well as the continuing role of other service providers, that constitute the supply chain for skills and labour.

The following responses canvass options for a revised Job Network, and address the issues raised by the Minister in his invitation to VECCI to contribute to the current review of employment services.

REVISED JOB NETWORK

The tendering of Job Network should be expanded to allow recruitment agencies, employer and industry associations, training providers, employee associations and community organisations to apply. Greater competition and specialist expertise, would add additional approaches and philosophies to assisting job seekers.

Job Network should focus clearly on assisting job seekers referred by Centrelink, acting as the central agency, or "gateway".

Centrelink, acting as the "gateway", would conduct a Needs Assessment (replacing the Job Search Classification Instrument). Based on the individual needs of the job seeker, an Employment Preparation Plan would be negotiated with, and agreed to, by the job seeker.

A revised Job Network would focus on two aspects, Employment Search and Placement, and Employment Preparation.

Employment Search and Placement would cover:

1. Employment Preparation Plan
2. Job search training
3. Vacancy canvassing and job search matching
4. Establishing links with specialist providers and Business Empowerment Model brokers

Employment Preparation would replace Intensive Assistance, and would:

1. Contract providers on the basis of their experience and ability to service particular groups of job seekers who have complex needs (as identified in their employment preparation plan).

2. Require the provider to develop intervention strategies and training support to address barriers for the following:

- a. Language, literacy and numeracy skill
- b. Emotional well being
- c. Education level
- d. Skill range
- e. Physical disability
- f. Mental health
- g. Alcohol, drug and other substance use
- h. Interpersonal health
- i. Financial well being

By implementing reforms that refocus the role of Job Network, funds would be freed that could be used to establish a business-focused model that would address the deficiencies of the current system. In addition, other employment programs could be consolidated to provide the necessary funds for business led approaches.

1. EARLY INTERVENTION

As outlined above, a revised Job Network would focus on the development of an appropriate Employment Action Plan based on the job seekers Needs Assessment. This revised focus will concentrate on early intervention, job preparation and active engagement in job search.

This approach would also include pre-employment and structured training options. The fees, or incentives, provided to Job Network should support early intervention, and not lead to 'parking' of job seekers.

The early intervention strategies as outlined by the Brotherhood of St Laurence in approaches to Intermediary Labour Market options, and the Skill Build option outlined at the recent VECCI Victoria Summit, should be linked to the revised role of the Job Network.

2. MAKING EMPLOYMENT SERVICES RELEVANT TO THE NEEDS OF JOB SEEKERS

A revised approach to Job Network would facilitate access to specialist support services as required by individuals where their needs may be complex. This would be achieved through the Needs Assessment and the Employment Action Plan. For services to be relevant, they need to address the actual barriers that a person may have, and not be based on a risk analysis approach, which is rationale of the Job Seeker Classification Instrument (JSCI).

Job Network providers should be focused on service delivery, and to remove the chance of manipulating an individuals needs, initial assessments are best conducted by a third party, with Centrelink being the most appropriate agency.

Job Network providers are currently unlikely to have adequate resources to respond to the needs that would be targeted by the Needs Assessment. Therefore funding or referral services and incorporated programs will be required.

Employment services staff should also be required to obtain appropriate qualifications to enhance their service offerings, create a higher level of professional culture, and allow for greater accountability. Staff making assessments of client needs in regards to skill needs, health matters and other areas should be appropriately trained and hold accredited qualifications.

A further consideration should be given to the large number of individuals that are not in the labour market, or not in receipt of welfare, and therefore not eligible for support under current arrangements. In some respects, this relates to policy anomalies where categories of migrants were unable to access services.

3. ACHIEVING INTENSIVE ASSISTANCE FOR JOB SEEKERS WITH HIGHER LEVELS OF DISADVANTAGE

The VECCI model would work well with specialist providers that are contracted to meet the needs of specific groups of job seekers.

The range of higher level needs that would be identified by the Needs Assessment, and addressed by the Employment Preparation Plan, would create a clear path and understanding by both the Job Network provider and service provider, and the individual job seeker.

The limitations of Intensive Support, and even the Personal Support Program, mean that a more direct and comprehensive approach is required if the number of long-term Job Network clients is to be reduced.

4. INCENTIVES FOR TRAINING TO IMPROVE THE EMPLOYABILITY OF JOB SEEKERS

Incentives should be used to fund an appropriate mix of pre-employment training, preparation and workplace modifications, and not encourage short term employment options. A negotiated package with the business would lead to sustainable outcomes.

Incentives to businesses should focus on work transition skills, workplace modifications, post placement training and post placement support.

If we are to focus on getting people into work sooner, an individual's personal circumstances may impact on their work performance and makes post placement support even more important.

The current labour market conditions, and the strong demand for labour, should not require short term wage subsidies only. With such conditions, businesses would benefit more from support that will improve retention and successful integration into the workplace of the placed job seeker, rather than one off cash payments.

The packaging of incentives also need to focus on the individual and their needs, as identified in the Needs Assessment. This should encompass their vocational needs as well as the development of a Career Path Plan. It should automatically link to intermediate training as well as access to Australian Apprenticeship options.

5. ENSURING JOB SEEKERS RECEIVE APPROPRIATE TRAINING

The purpose of the revised Job Network would be the development of an appropriate Employment Action Plan. Training options would be at the centre of considerations and would need to address personal barriers, vocational skill and pre-employment options as well as structured VET arrangements. The key test here is the assessment of the individual against the Employability Skills Framework to identify areas for improvement.

These decisions also need to be made in the context of employment outcomes and the realistic employment prospects of the individual. A model that places business at the centre of these considerations will be more likely to increase both participation and sustainable outcomes for those disadvantaged in the labour market.

6. ACHIEVING SUSTAINABLE OUTCOMES AND QUALITY SERVICE THROUGH PERFORMANCE MANAGEMENT PRINCIPLES

The Job Network system appears to be going through a period of instability characterised by high staff turnover and little continuity in contact points for job seekers and business.

The performance management system for Job Network needs to be reviewed, but such a review would be dependent on how future responsibilities for employment services are structured.

Where existing responsibilities of Job Network are contracted to specialist providers, the revised performance management system would need to reflect the outcomes achieved by contracted providers.

7. MINIMISING THE TIME AND MONEY SPENT ON ADMINISTRATION

The administrative demand on Job Network as depicted in the 2006- 2009 Indicative Active Participation Model (APM)-Service Fees, Outcome Fees and JSKA Credits chart (Figure 2), summarises the complicated array of interventions and service contact points. A revised system will require a flatter structure and should result in reduced compliance costs.

This will necessitate a review of service fees and also facilitate re-allocation of program funds to support contracting of specialist providers in the supply chain.

A review of Job Network's role will allow for a reconsideration of the number of contracted providers, facilitate consolidation of sites covered, aggregation of service provision, and potentially deliver savings to the Government in the level of fees paid.

2006- 2009 Indicative Active Participation Model (APM)- Service Fees, Outcome Fees and JSKA

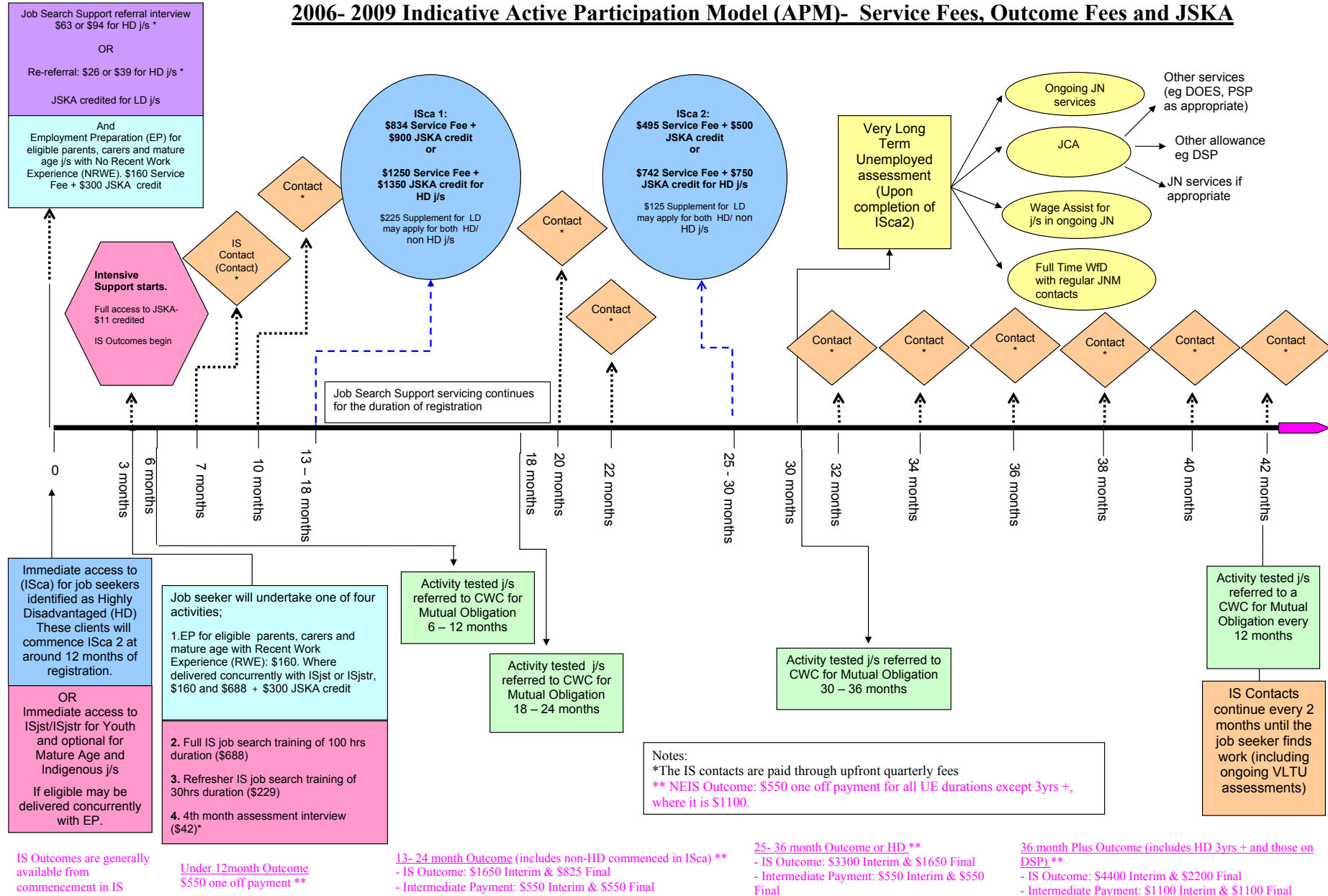


Figure 2: Active Participation Model

APPENDIX A: 2008 – CURRENT LABOUR MARKET

PURPOSE

This section highlights the essential elements of the Australian labour market and the need for an effective approach to employment programs, profiles the existing unemployed and Job Network clients, the appropriations related to Australian Government employment programs, and the overall success of those programs and the outcomes achieved.

The key finding is that the outcomes for disadvantaged job seekers are unsustainable, and that such low levels underscore the current ineffectiveness of existing approaches when measured against the amount expended to reach them.

There can be no doubt that it is time to review such arrangements and implement a new approach.



THE AUSTRALIAN ECONOMY AND LABOUR MARKET

LABOUR MARKET PARTICIPATION

Australia's labour market of 11.05 million consists of 10.57 million people employed, with a further 480,900 people unemployed.¹ Not included in those figures are the 5.5 million people defined as not engaged in the labour market, with 840,000 of them wanting to work.² In Addition, a further 325,000 people were not actively looking for work but wanted to work³. In all, 1,645,900 Australians were available to enter employment if the right support, incentive and encouragement were available.

Conversely, the DEWR Workforce Tomorrow Report released in 2005 predicted that by 2010 Australia could face a shortfall of 195,000 workers due to the ageing of the population.⁴ In 2006, 1.4 million workers were aged 55 and over.⁵ With an average retirement age of 60 for Australian workers, there is a potential for these people to be lost from the labour market by 2011.⁶

While there are 1.4 million⁷ Australians aged between 10 and 14 who could potentially enter the labour market to replace those potential retirees, there would still be a shortfall as the current participation rate for persons aged 15 to 19 is 60 percent.⁸

The longer term predictions for the next 15 years are even starker, with 3.2 million workers aged 45 and over.⁹

With continued economic growth a fundamental objective, the Australian labour market will see an increase, rather than a stabilisation or reduction, in the demand for labour. This demand will require people, and increasingly highly skilled people.

The timing has become critical for skills and employment policies to be adjusted to ensure economic growth is not jeopardised by a failure to increase workforce participation to not only meet skill and labour demand, but to also offset the exiting of workers from the labour market through retirement.

If Australia were to harness even half of the 1.65 million Australian's who want to work by engaging them in employment, the participation rate would climb to 71 percent. This would make Australia one of the top performing nations in the OECD.¹⁰

In 2006-07, 645,500 job seekers were placed into vacancies through Job Network members and Job Placement Organisations.¹¹ While this was above the target set by the Government, if the labour needs of the Australian economy are to be met, even higher targets will need to be achieved.

SUMMARY:

1. When the unemployed, those not engaged in the labour market, and those not actively looking for work but want to work are combined, a total of 1.65 million Australians are available to add to the working population.
2. Demand for labour will increase due to the ageing workforce, with 1.4 million workers already aged over 55 years and likely to retire within the next 5 years.
3. Strategies that address the barriers of 1.65 million Australian interested in work would see the workforce participation rate increase significantly.
4. Government must develop an overall Population Policy that addresses labour market needs, balanced with appropriate incentives to increase fertility and birth rates, and an ongoing and increasing commitment to migration.

INFLATION

Reducing the threat of high inflation is the stated number one priority of the Rudd Government, with the Prime Minister declaring on Monday 21 January 2008 that, "Fighting inflation is the central challenge facing our economy today".

Reserve Bank of Australia Governor Glenn Stevens, has recently warned that the pressure of rising labour costs could make it more difficult for the government to contain underlying inflation.¹² The most recent wage data released by the Australian Bureau of Statistics reported average weekly earnings rising by 4.3 percent to August 2007¹³, indicating that wages are responding to strong labour demand and to CPI increases.

Reducing the impact of unmet labour demand pushing up labour costs and in turn placing pressure on underlying inflation, underlines the economic case to increase the supply of labour, and to do so in an efficient manner.

Encouraging people to return to work, reducing the time that people spend unemployed, and retaining and improving the productivity of people already in the workforce, will be necessary if the Government's objectives on inflation are to be achieved.

KEY MESSAGE:

Strategies to increase the participation of disadvantaged and discouraged job seekers are crucial to improving the labour supply to meet business demand. In turn, such investment is integral to achieving the Government's objective in combating inflation.



2008 – EMPLOYMENT SERVICES TODAY

Government intervention in the labour market has changed significantly over the last 20 years. The changing nature of the intervention has been driven by the varying state of economic conditions and the level of unemployment.

The levels of employment, unemployment and workforce participation are charted in Figure 3, against a timeline that maps the labour market reforms that were implemented by successive governments.

It can be seen that workforce participation rates are at record highs, and that this has been achieved at the same time that unemployment has fallen to a 30 year low. In both cases, this has been a result of sustained economic expansion drawing people into employment.

However, as already indicated, the labour pool must be expanded to include disadvantaged job seekers to balance the potential contraction of the market as ‘baby boomers’ move into retirement.

However, the current evidence on the level of effectiveness of the current network of government funded employment services point to a number of key recommendations for reform.

The benefits of the current system has been that competition between providers has reduced the average cost of placing job seekers into employment, and on the data, has achieved greater levels of 13 week outcomes.¹³

However, it is also clear from the range of reviews and commentary that has been made on the current system, that there are a range of disincentives for providers to assist some categories of job seekers. Further, it is also evident that some providers have been found to have manipulated the system or deliberately under serviced some clients to achieve beneficial financial outcomes.

Businesses are reporting greater levels of frustration and disillusionment with the ability of current arrangements to meet their labour needs and is restricting businesses from effectively employing job seekers sourced from the Job Network. These relate to:

1. The quality of candidates, generally due to a lack of job search preparation or relevant experience or training,
2. The lack of support from Job Network providers once a job seeker is recruited, and
3. The view that is it easier to recruit and train from within an organisation than to recruit from a difficult labour market.

Decisions on reforming employment services for the future should not be based on historical practices or approaches, but tailored to Australia’s present and future needs. The reality is that the labour needs of Australia are different today than they were in 1998 when the Job Network and Centrelink were established by the Howard Government, and are different again to the circumstances of 1994 when Working Nation was introduced by the Keating Government.

TIMELINE OF AUSTRALIA'S LABOUR MARKET TRENDS AND EMPLOYMENT SERVICES POLICIES

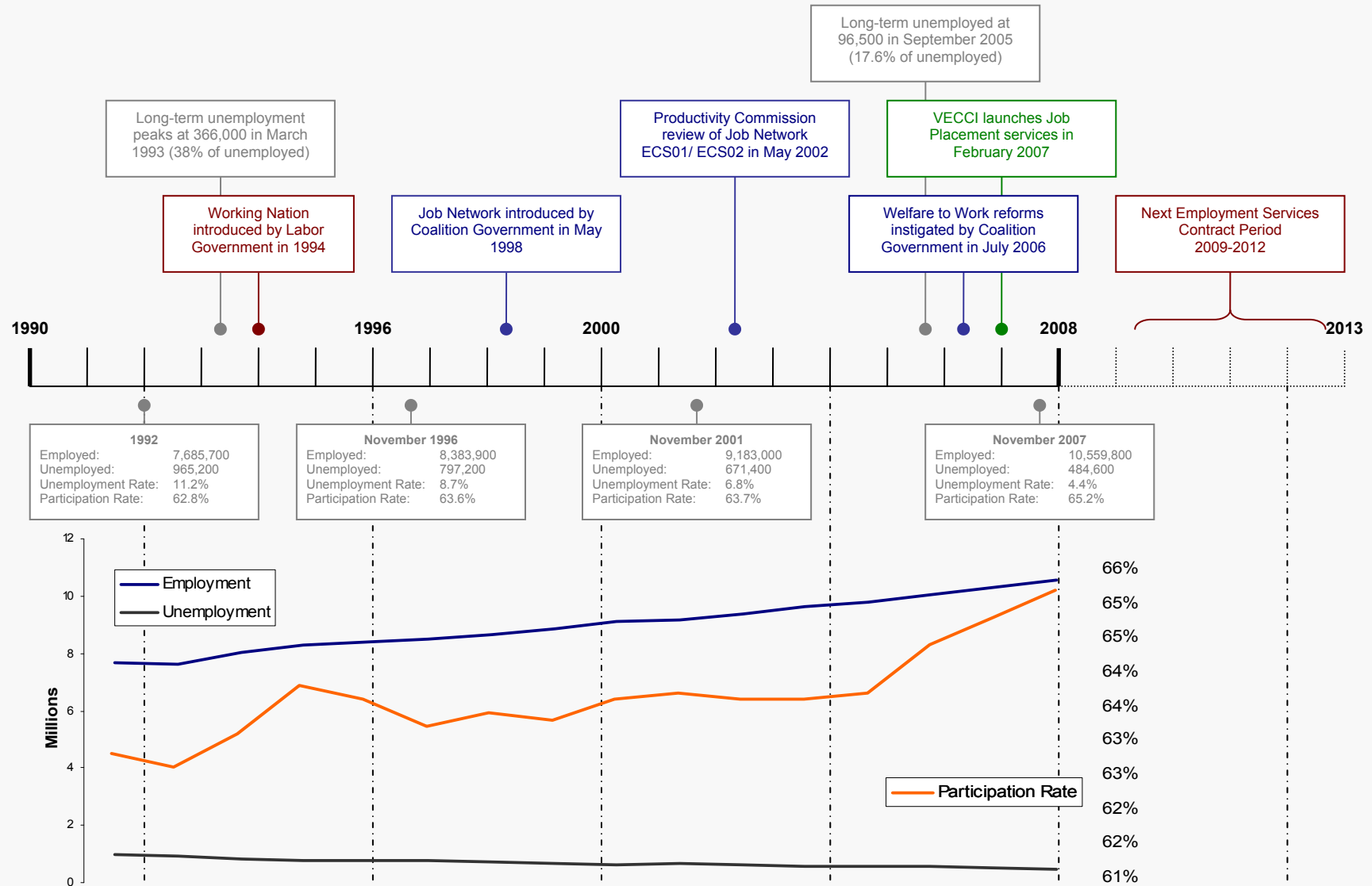


FIGURE 3

GOVERNMENT APPROPRIATION FOR EMPLOYMENT SERVICES

The total expenditure on employment services and related programs according to DEWRs 2006/07 Portfolio Budget Statements was \$2,298.7m for the last financial year. Of this, the estimated total administered appropriation for Job Network was \$1,405.9m.¹⁵

For 2007/08, \$1.21 Billion is allocated in the Budget for Job Network.¹⁶ In addition, \$8.89 Billion has been allocated for the disability support pension, \$5.28 Billion to fund Newstart Allowance, and \$5.8 billion has been set aside for parenting payments.

In all there is \$728 million of programmes budgeted for in the current financial year, in addition to the administered costs of the Job Network, and payments made by Centrelink.

Between Job Network and other employment programs, combined with the various levels of assistance, means Australia is likely to spend in the vicinity of \$24 billion in labour market programs and income support in this current financial year.¹⁷

There are specialised programs for persons with a disability through the Disability Employment Network (DEN), the Commonwealth Rehabilitation Service to

assist people to return to work with pre and post placement support, and there are programs under the Community Development Employment Program (CDEP) that operate in Indigenous communities.

There are also specifically targeted programs such as Wage Assist for the long-term unemployed, New Enterprise Incentive Scheme, Work Experience Placement Program, Employer Incentive Strategy (to assist in employing persons with a disability), Pre-release Prisoners program, Indigenous Small Business Fund, Green Corp, and other smaller initiatives.

Some initiatives can be traced back to the Hawke and Keating Governments, while others are relatively new additions made by the former Howard Government.

Table 1: DEWR Administered Appropriations

Program	Budget 2007/08 (\$,000)
Work for the Dole	174,445
Indigenous Employment	110,820
Job Placement, Employment and Training	20,756
Green Corps	25,435
Employment Assistance and Other Services	299,306
Personal Support Programme	97,256
Total	728,018

SUMMARY:

The range of funded services and programs are complex and difficult for business to deal with. The review of employment services should include options to simplify through amalgamating programs, providing greater flexibility in eligibility requirements or abolition to free up funding for re-allocation to new initiatives.

WELFARE RECIPIENTS AND UNEMPLOYMENT DURATION

Australia by world standards provides a generous income support regime for unemployed persons and those unable to work. Australia also has a large network of government sponsored providers to assist job seekers to find employment. In addition, those providers can access programs to assist job seekers to become 'job ready'.

Yet, the average length of unemployment for Job Network clients is 24 months.¹⁸ While the average duration for a long term unemployed person to remain on full rate unemployment allowance is 162 weeks; that is more than 3 years. 22 percent of Job Network clients have been unemployed for 36 months or longer, and there are 353,231 Job network clients that have been unemployed for 12 months or more.¹⁹

While the duration of unemployment for most categories of disadvantage has decreased significantly since 2003, long-term unemployment has barely shifted (Table 6). There has been marginal improvement in some categories, such as Indigenous Australians, mature aged, and culturally and linguistically diverse job seekers. An improvement in parents returning to work has been achieved by recent reforms. It is of concern that youth and people with a disability show only marginal improvement.

Table 2: Average Duration on Full Rate Unemployment Allowance

Average duration on full rate unemployment allowance, by disadvantaged group, June 2003 to June 2007 (weeks)							
Client Group	2003	2004	2005	2006	2007	2006-07	
% change	trend						
Long-term unemployed	167.4	164.9	164.6	161.7	162.0	+0.1%	Increase
Indigenous Australians	58.6	54.8	50.5	47.6	44.4	-6.6%	Decrease
Mature aged ^a	75.0	64.9	59.3	56.5	51.4	-9.1%	Decrease
Culturally and linguistically diverse background ^b	54.4	48.4	42.8	40.6	37.7	-7.3%	Decrease
Single parents	42.9 ^c	45.0	49.0	49.1	23.3	-52.5%	Decrease
People with disability	79.8	76.2	80.0	67.4	64.6	-4.1%	Decrease
Young people ^d	17.3	16.7	14.4	14.1	14.0	-1.1%	Decrease
All client groups	48.5	44.8	41.0	39.4	37.0	-6.0%	Decrease

a. Aged 45 years or more.

b. Other than people from main English-speaking countries.

c. Following a change in the identification methodology for single parents, the average duration on unemployment allowance for June 2003 was re-estimated.

d. 15-20 years old.

Note: Table refers to the average duration on full rate Newstart or Youth Allowance (other) at the end of June each year.

SUMMARY:

1. The duration of unemployment for disadvantaged groups reflect only marginal improvement overall.
2. Of particular concern is the level of long term unemployment that is well and truly entrenched at 160-plus weeks for the last five years.
3. The budgeted expenditure of \$24 billion is not achieving the outcome that should be expected because of the flaws of current arrangements.

EFFECTIVENESS OF CURRENT PROGRAMS AND SERVICES

There are a significant number of programs that are funded by the Australian Government to provide labour market interventions. The outcomes of each program can vary, and certainly some operate with clients that have significant barriers to re-entering the labour market. However, all programs should be assessed on their outcomes and their compatibility with over all employment policy objectives.

The largest program administered by the Australian Government is the Job Network system. Costing \$1.2 billion a year, and referring clients to other labour market programs as well as running its own functions, and with a client base of 703,110, it forms the core of the government's employment services. There are 113 non-government organisations contracted, located in 1,154 sites across Australia.²⁰

The Job Network has had success in transitioning job seekers into employment, and providing cost efficiencies for government. Providers have also responded to increased requirements, and have been flexible enough to adapt to new requirements with each subsequent contract.

However, the Network has not been without controversy.

The main criticism of Job Network members is increasingly defined by what has been termed, expectation-driven versus incentive-driven providers²¹. The concern is that providers are maximising their return on incentive payments at the expense of providing an effective service to Job Seekers.

“Parking” and “dead weight” are terms devised by the Social Policy Research Centre of the University of NSW. Parking is where a Job Network member essentially ignores hard to place clients, until they reach a point of value in terms of outcome payments that could be achieved.²²

The term “dead weight” refers to the employment outcomes that would have been achieved by the job seeker, regardless of the service or intervention of the provider.²³ In other words, Job Network members are receiving payments where no service has been provided.

While the Job Network has been successful in transitioning job seekers into employment, the outcomes for particular groups, such as long term unemployed and disadvantaged categories of job seekers is low when compared to overall job seekers. Based on figures from DEWRs Annual Report 2006/07, the following outcomes were achieved for special categories of Job Seekers:

Table 3: 13 Week Placement Outcomes by Job Seeker Category

Job Seeker Category	Placement rate	13 week outcomes	Percentage
Parenting Payment Recipient	53,000	20,600	38.9%
Indigenous	50,100	14,500	28.9%
Mature Aged	78,200	25,800	33.0%
Culturally and Linguistically Diverse background	84,200	27,600	32.8%
Disadvantaged & 3 month unemployed	364,775	186,400	51.1%

The level of outcomes achieved at 13 weeks for parents, Indigenous, mature aged and culturally and linguistically diverse job seekers are well below that achieved for non-disadvantaged, which had a placement rate of 74 percent.²⁴

VECCI, through its own Job Placement Service and through its members, is increasingly encountering job seekers who have been referred by Job Network members that lack even the basic elements of a resume, which include negative statements, and hold little or no understanding of the roles and industries for which they are applying.

Job seekers in many instances are not ready for work as they are dealing with personal issues, including alcohol and drug abuse, health concerns, and attitudinal barriers to work. The inadequacy of their preparation for job search activity is failing to maximise their opportunities to finding employment.



JOB SEEKER PROFILE

The unemployment duration profile of job seekers registered with Job Network members is detailed in Table 4. The table shows that half of the job seeker population has been unemployed for 12 months or more.

Table 4: Job Network Customer Population by

Unemployment Duration, Sept 2007		
Unemployment Duration	Job Seekers	%
Less than 6 months	235359	33.47
6 to less than 12 months	114520	16.29
12 to less than 24 months	124457	17.70
24 to less than 36 months	74097	10.54
36 months or greater	154677	22.00
TOTAL	703110	100.00

This highlights two issues that need to be considered in reviewing the assistance that is currently provided, with the first being the lack of incentive for providers to actively assist job seekers below 12 months unemployment. The current system of incentives encourages Job Network members to 'park' job seekers until they reach 12 months of unemployment to maximise their outcome value.

However, the outcomes evidence has already demonstrated that once a job seeker reaches 12 months of unemployment, their placement chances decrease significantly in comparison to other categories of job seekers. This paradoxical situation has potentially led to the lack of reduction in the length of unemployment duration for the long term unemployed.

The philosophy of allowing the short-term unemployed to be responsible for their own job search does not address their potential support needs. The paradoxical nature of the payment structure actively works against early intervention.

Australian Bureau of Statistics (ABS) figures show that long term unemployment decreased from 366,000 in March 1993 to 96,500 in September 2005. As a proportion of the total unemployed, it decreased from 38 percent to 18 percent over those 12 years.²⁵ However, when one compares those rates to the unemployed duration figures for Job Network clients, with 353,231 listed as unemployed for 12 months or more, it is evident that the challenge of long term unemployment continues.

While ABS rates are calculated on a different basis to Job Network population figures, both figures highlight the fact that while employment has grown significantly and the unemployment rate is at a 30 year low, the entrenched and compounding nature of long term unemployment is a difficult challenge to overcome.

SUMMARY:

The main considerations to be made when reviewing the effectiveness of current programs are:

1. The projected expenditure by the Australian Government of \$24 billion for 2007-08 through a variety of programs and services is not connecting unemployed and disadvantaged job seekers with the strong demand for labour by business.
2. The current system gives more incentive and reward to providers to 'process' job seekers to achieve fees as opposed to preparing them for employment.
3. The Job Network system requires reform and should be focused on core functions to prepare job seekers to be job ready, assist with job search and job search skills. In narrowing the Job Network's focus, funds would be freed to develop new approaches to achieve value for money for the Australian Government.

APPENDIX B: THE VECCI EXPERIENCE

VECCI STAFF SOLUTIONS: A JOB PLACEMENT ORGANISATIONS EXPERIENCE

BACKGROUND

The decision to establish VECCI Staff Solutions in February 2007 was driven by two factors. The first was the successful re-tender by VECCI to provide Australian Apprenticeships Support Services under contract by the Australian Government through the former Department of Education, Science and Training (DEST). The contract required VECCI to either establish its own Job Placement service (JPO), or enter into a strategic partnership with an existing provider.

The second factor in the decision to apply for a Licence was determined by the high level of vacancies and recruitment difficulties reported by businesses through VECCI's Victorian Skills Survey conducted in 2006. This survey evolved out of one the recommendations of the inaugural VECCI Victoria Summit in 2005.

VECCI decided that, while this service would operate on a commercial basis, its mission would be to assist members and other businesses to meet their recruitment needs in a difficult labour market through creative employment and training approaches.

This would in part be driven by raising business awareness of the realities of the current labour market conditions, and then through the engagement of businesses in pre-employment and training projects to prepare job seekers.

The decision to undertake a Licence was also motivated by anecdotal feedback received from businesses on the limitations of the existing Job Network system, and the labour market in general, to meet their recruitment needs. The focus of the VECCI service would be to broker job seeker referrals from Job Network members to meet business needs. However, this proved more difficult than was first envisaged.

VACANCIES: BUSINESS DEMAND FOR LABOUR

In 12 months of operations VECCI Staff Solutions has received [REDACTED] vacancies from members and other businesses that range in size from small to large businesses.

The majority of vacancies were low to medium skilled occupations in retail, administration, hospitality and manufacturing. However, there were still a considerable number of vacancies for qualified tradespersons, nurses, and other professionals.

Approximately 40 percent of all vacancies were for apprenticeship or traineeship positions. This is a higher proportion than reported in the VECCI Victorian Skills Survey (28 percent), and is likely to be in part influenced by VECCI's role as an Australian Apprenticeships Centre.

REFERRALS AND PLACEMENTS: THE LABOUR SUPPLY

In response to listing business vacancies on Australian Jobsearch, [REDACTED] resumes were received, and average of 5.3 resumes for each vacancy.

Of the resumes that were received, only [REDACTED] were referred to businesses after screening against the vacancy requirements and conducting telephone interviews. This represents an average of 2.1 referrals for each vacancy.

The low referral rate is due to a variety of factors, including:

- The quality of the resume
- The suitability of the job seeker to the role
- Performance during the screening process
- The ability to contact the job seeker, or
- The job seeker already finding alternative employment.

Table 5: Reasons for non-referral of Job Seekers to Vacancies

Reason for Non-referral	Percentage
Inadequate Resume	34%
Job Seeker not suitable for vacancy	28%
Unsuccessful at phone interview stage	18%
Not available for phone screen (no answer or did not return call)	15%
Other	5%

While some of these factors could be attributed to the attitude and commitment of the job seeker themselves, in many cases it is evident that such individuals had not received an adequate level of service from their Job Network provider. These service deficiencies can generally be categorised by:

- Referral of a job seeker by their Job Network provider to a vacancy that is inappropriate according to their existing skills, experience, qualifications or vocational objectives
- Job Network provider holding unrealistic expectations of a candidates ability ('rose coloured glasses')
- Job Network provider prioritising long-term unemployed job seekers over Job Search Support Only (JSSO) and short term Fully Job Network Eligible (FJNE) job seekers (generally complicit with the categories above)
- Failing to review job seeker resumes for spelling and grammar, adequate coverage of skills, experience and qualifications, current contact details, and appropriate advice on content that may have a negative impact on the job seeker

There were █████ vacancies successfully filled by registered job seekers from the █████ referrals made to employers. This means that only 1 in 10 referrals are being successfully placed into vacancies.

Table 6: Vacancy and Placement Rate for VECCI Staff Solutions (Job Placement Organisation) February 2007- December 2007

Industry	% Vacancies	% Resumes received	Referred to employer	Placements	% of referrals placed
Traditional Trades	32%	29%			9.9%
Hospitality	13%	13%			12.6%
Manufacturing	17%	17%			16.8%
Business/Administration	12%	13%			12.6%
Retail	12%	12%			12.6%
Aged Care	5%	5%			5.0%
Labourers	4%	3%			3.5%
Other	5%	8%			8.4%
Total	100%	100%			9.8%

This low placement rate may be attributed in some cases to:

- Unrealistic expectations by employers of the labour market
- The time delay in some employers acting on referrals
- Employers either altering the requirements of the vacancy or withdrawing it altogether

While the service has been able to fill 20.7 percent of vacancies received, compared to the average JPO rate of 22.3 percent, the low success of job seekers being referred highlights the challenge of the quality of their preparation.²⁶

Employers are critical of the quality of the spelling and grammar in many of the resumes they receive, which they use as an indicator of the job seekers language and literacy skills, and the candidates overall employability skill levels.

In other situations, job seekers fail to attend interviews (without notice) with the employer and cite reasons such as, found alternative employment, forgot the time, failed to locate the address or were no longer interested in the position.

The VECCI experience is broadly consistent with that of other Job Placement providers across Australia. This is comforting given the first year of experience by VECCI however it is an alarming signal that the system is failing to achieve higher placement rates.

This is of concern for industry as it struggles to recruit appropriately skilled labour. It is also of equal concern that job seekers most in need of assistance are not receiving an appropriate level of service.

JOB SEEKERS: QUALITY OF SUPPLY

Of the 164 placements achieved, the job seeker categories were as follows:

Table 7: Placed Job Seekers by Category

Job seeker category	percentage
Disadvantaged	18%
Not in receipt of Government income support	21%
In receipt of Government income support	61%

These placement rates demonstrate that businesses are not adverse to recruiting individuals that are disadvantaged provided that they have been adequately and appropriately prepared.

As already stated, in most cases the failure to refer a job seeker to an employer or to obtain an interview is due to the quality of their resume. Where there is a significant number or degree of deficiencies, it is highly unlikely that the candidate would pass an initial screening, or rank well against other job seekers. In some cases, the deficiencies are so significant that the candidate is unlikely to be referred even where there are no other candidates, as the requirements of the vacancy are such that the person would be judged as unsuitable.

Job seeker interview skills and presentation are also areas where their successful referral and placement are dependent upon. A basic level of personal presentation at interview is expected, even for low skilled positions. Telephone technique is also important in determining the job seekers ability to communicate and provide customer service on the job. Unfortunately a significant number of job seekers are unable to satisfy minimum expectations in these areas.

Over all, the majority of job seekers applying for vacancies held by VECCI do not meet the minimal expectations of employers, and is evident in both the referral rate and the successful placement rate.

STRATEGIES TO INCREASE REFERRALS

The initial stages of JPO delivery relied on vacancy distribution through Australian Jobsearch to generate job seeker referrals. This approach resulted in only a limited number of applications and Job Network referrals.

A second stage strategy involved establishing a 'hotlist' that was distributed to individuals within selected Job Network members. This method of circulating vacancies achieved an increase in referrals; however the quality of job seekers remained an issue.

Following the promotion of the VECCI services to members, many businesses entered into Memorandums of Understanding for the JPO to become their sole contact point with Job Network to streamline referral arrangements.

In two instances, this has developed further with VECCI negotiating on businesses' behalf for the running of pre-employment training for job seekers through the Australian Apprenticeships Access Program.

The first program, with ██████████, has a total of forty five places and was negotiated with ██████████ TAFE has been contracted to provide the training. The first course, which commenced on 4 February 2008, had only 10 participants to fill 15 allocated places.

The second program, with ██████████ Ltd, has been negotiated through ██████████, with the training provided by ██████████ RTO, ██████████

■■■■ The first program is expected to commence in late March. This program also has a total of forty five places allocated.

Both programs have taken approximately 4 months to arrange. The relationship between the parties is also managed through Memorandums of Understanding, which set out the roles of each party and the outcomes expected.

VECCI has also developed agreements with a range of stakeholders and include:

1. ■■■■ – an agreement has been made for a single point of contact in ■■■■ to co-ordinate job seeker preparation and referral to VECCI JPO. This developed in late 2007 and has achieved one placement, with several others currently being negotiated. VECCI believes there is positive potential to progressively develop this relationship further.
2. ■■■■ Industry Association ■■■■ – an agreement has been reached to link the business members of the Association with VECCI, to provide a central coordination point for their recruitment needs. This will link to Australian Apprenticeships, as well as Australian School based Apprenticeships and other VET in School programs.

3. Registered Training Organisation (RTO) Agreements – VECCI has developed an association with the ■■■■ to promote their contracted Australian Apprenticeship Access Program and its participants to VECCI members and other businesses lodging vacancies with the JPO. A similar arrangement with the ■■■■ will promote hospitality training programs to members of the Victorian Industry Tourism Council and the Hotel and Motel Accommodation Association.

It is clear that VECCI has developed a range of strategies and initiatives to improve the employability of job seekers and thereby increase the available pool to fill business vacancies. Progress is slow and, to date, VECCI has been unable to attract significant buy-in from Job Network members.

NOTE: This section has been edited for public release to protect the privacy considerations of individual organisations and commercial-in-confidence information.

VECCI EXPERIENCE WITH GOVERNMENT PROGRAMS

VECCI has had a strong relationship with both the Department's of Education, Science and Training (DEST) and Employment and Workplace Relations (DEWR).

This relationship has developed through a range of contracts, including: the Australian Apprenticeships Support Services, the Education and Training Adviser (ETA) Programme, and the Regional Industry Career Advisors (RICA) Programme. A previous contract with DEWR funded an Indigenous Employment Advisor.

However, in the last couple of years VECCI explored options to deal with skill shortages through DEWR programs including Innovation Grants and Employer Demand Projects. The discussion of possible projects foundered on the basis of not meeting program guidelines.

A National Industry Skills Initiative project proposal was dealt with over a two year period with DEST until it was finally rejected in August 2007. The rationale for rejection was on the basis of potential duplication of services provided by other contracted organisations.

This experience reflects the rigid nature of program guidelines which restrict the potential of flexible and responsive projects. The timelines involved can also stifle the interest of local businesses who are interested in being a part of a skills solution, but are not prepared to engage in protracted bureaucratic processes.

The purpose of these types of programs should be reconsidered in the context of new models as proposed by VECCI.

BIBLIOGRAPHY

Published by the Victorian Employers' Chamber of
Commerce and Industry

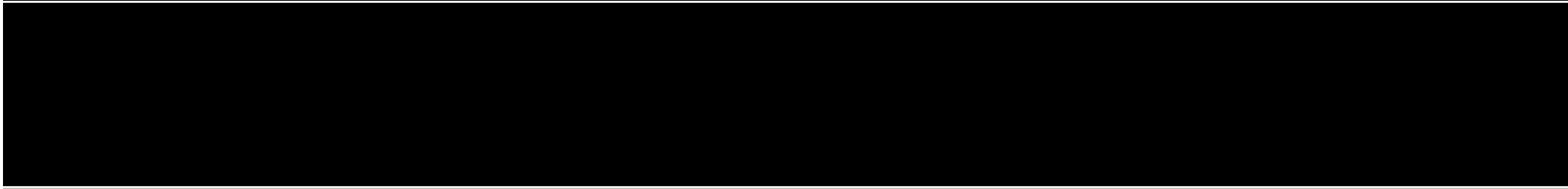
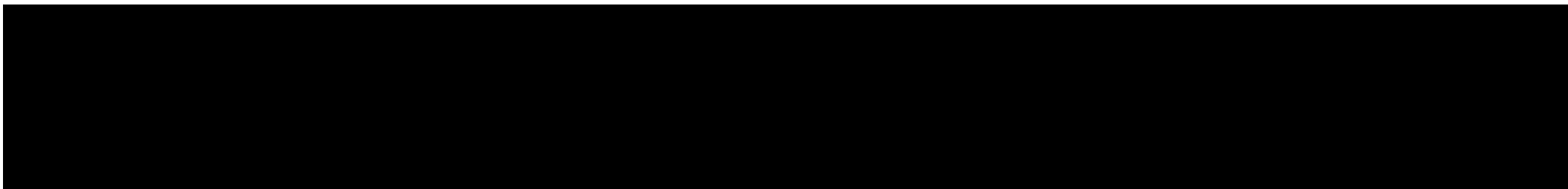
486 Albert Street
East Melbourne VIC 3002
Phone: (03) 8662 5333

Copyright © Victorian Employers' Chamber of
Commerce and Industry (VECCI)

February 2008

No part of this publication may be reproduced, stored or
transmitted in any form or by any means without the
prior written permission of VECCI.

1. ABS, 6202.0 - Labour Force, Australia, Dec 2007
2. ABS, 1301.0 - Year Book Australia, 2007
3. ABS, 1301.0 - Year Book Australia, 2007
4. Department of Employment and Workplace Relations, Workforce Tomorrow: Adapting to a more diverse Australian labour market, Commonwealth of Australia, 2005, p4
5. ABS, 1301.0 - Year Book Australia, 2007, p153
6. ABS, 1301.0 - Year Book Australia, 2007, p166
7. ABS, 3201.0, Population by Age and Sex , Australian States and Territories, 2006, p32
8. ABS, 6202.0 - Labour Force, Australia, Dec 2007, p18
9. ABS, 1301.0 - Year Book Australia, 2007, p153
10. Abhayaratna, Joanna, Lattimore, Ralph, Workforce participation rates – How does Australia compare?, Productivity Commission, December 2006, p62
11. Department of Employment and Workplace Relations, Annual Report 2006-07, 2007, p43
12. Stevens, Glenn, Economic Prospects in 2008: An Antipodean View, Address to Australian Business, London, 18 January 2008, http://www.rba.gov.au/Speeches/2008/sp_gov_190108.html
13. ABS, 6302.0 - Average Weekly Earnings, Australia, Aug 2007
14. DEWRSB, Job Network Evaluation: Stage One: Implementation and Market Development, Commonwealth of Australia, 2000, pp2-3
15. Portfolio Budget Statements 2006-07, Employment and Workplace Relations Portfolio, Budget related paper no.1.6, p.39
16. Department of Employment and Workplace Relations, Budget 2007-08, 30/01/2008, <http://www.dewr.gov.au/dewr/Publications/Budget/2007-08/DEWR/Section3-Agencyoutcomes.htm>
17. Department of Employment and Workplace Relations, Budget 2007-08, 30/01/2008, <http://www.dewr.gov.au/dewr/Publications/Budget/2007-08/DEWR/Section3-Agencyoutcomes.htm>
18. Department of Employment and Workplace Relations, Budget 2007-08, 30/01/2008, <http://www.dewr.gov.au/dewr/Publications/Budget/2007-08/DEWR/Section3-Agencyoutcomes.htm>
19. Labour Market Information Portal, DEWR, 25/01/2008, <http://www.workplace.gov.au/lmip/EmploymentData>
20. Administration of the Job Seeker Account, Australian National Auditor Office, 2007
21. Murray, Phil., A Discussion Paper: A Job Network for Job Seekers, Catholic Social Services of Australia, 2006 P6
22. Murray, Phil., A Discussion Paper: A Job Network for Job Seekers, Catholic Social Services of Australia, 2006 P6
23. Eardley, T., D. Abello and H. MacDonald (2001), Is the Job Network Benefiting Disadvantaged Job Seekers? Preliminary Evidence from a Study of Non-profit Employment Services, Discussion Paper No.111, Social Policy Research Centre, University of New South Wales, Sydney. <http://www.sprc.unsw.edu.au/dp/dp111.pdf>
24. Calculated by taking the DEWR Annual Report 2006-7 result of 51.1% of "job seekers in employment 3 months following participation in Employment Services" for the "Intensive Support" category (p45) and calculating it with the 186,400 placements for "disadvantaged job seekers and those unemployed for more than three months" (p43)
25. Department of Employment and Workplace Relations, Annual Report 2006-07, p45
26. Labour Market Information Portal, DEWR, 24/01/2008, <http://www.workplace.gov.au/lmip/EmploymentData?cid=JNPopulationByUnemploymentDuration|ESAHome|National|ESA|anon|Job%20Network&view=table>



vecci
INVIGORATING BUSINESS