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# Disability Employment Support Model Consultation

February 2022





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## Introduction

The Australian Chamber of Commerce and Industry (ACCI) welcomes the opportunity to provide a submission in response to the Consultation Paper, *Shaping your new disability employment support program.* 

The ambition of Government and for the community generally, should be that more people with disability are in work. The action to achieve that ambition should be bold and aim for a significant shift in participation rates, not just seeking to make a marginal improvement. The latest ABS data reveals the participation rate of people aged 15 to 64 with disability is 53.4%, compared with 84.1% of people in the same age range without disability. The participation rate decreases with severity of the disability, with a participation rate of 27.2% for those with profound or severe disability, compared with 55% for those with moderate or mild disability.

Greater workforce participation for people with disability has reported benefits relating to the health and wellbeing of the individual, allowing them to experience the benefits that work brings, including improved mental and physical health, financial security, increased self-esteem and social connection. There are also strong benefits for employing people with disability, providing employers with a wider pool of talent and skills to meet our national labour supply needs and further grow our economy. While greater workforce participation for people with disability is always a key aim, with the skills and labour shortage across Australia now at crisis point, it is a critical time to make improvements to the system that will increase participation.

In considering reform to disability employment, it is essential that more employers are aware of, and access, the employment services that aim to assist people with disability to find work. ACCI recommends reintegrating the service for people with disability back into the core employment system, to create a more effective single contact service for employers and to maximise the value of the reforms being made to the core employment services.

ACCI also recommends making improvements to the Youth Jobs PaTH program and extending it to people with disability, which can result in an improvement of involvement of employers who have not previously (or recently) engaged with the publicly-funded system.

Finally, as employer engagement with the system is essential to finding employment for people with disability, ACCI makes recommendations aimed at supporting employers to recruit and retain people with disability.

In addition to this submission, ACCI looks forward to continuing to provide input into the ongoing consultation process for the new disability employment support model throughout 2022, and continuing our ongoing participation on the Disability Employment Services (DES) Reference Group.



This submission provides the following recommendations:

Recommendation 1: Return DES to the Employment Portfolio and reintegrate the public funded service for people with disability back into the core employment system to create a better balance between a supply and employment demand driven approach.

Recommendation 2: Replace PaTH with Training to Work and extend it to people with disability on the Jobactive and DES caseload.

Recommendation 3: Implement fundamental changes that will achieve significant improvement in participation and employment rates for people with disability.

Recommendation 4: Implement a range of measures to increase employer confidence to hire people with disability, including:

- Further targeted education and clarity of skills, strengths and limitations in order to make it easier for small business owners to consider employing a person with disability.
- Guidance materials focusing on capacity for work, not disability. Guidance should be developed for small business owners on what is possible job task wise for people with different disabilities and how work can be easily modified to accommodate this as needed.



# **Table of Contents**

1	Reintegrating disability employment services	6
2	Reformed PaTH for People with Disability	8
<b>3</b> 3.1	Increasing employer engagement Navigating legal obligations and available support	<b>9</b> 10
About the Australian Chamber		12



## 1 Reintegrating disability employment services

This consultation in relation to disability employment services occurs at a time where the Government is reviewing many of its employment services programs to ensure they are fit for purpose and ready to respond to economic and labour market opportunities. This includes the mainstream employment services, with the New Employment Services Model replacing Jobactive from 1 July 2022. This provides an important opportunity to consider how the system can best work in a broader sense, including consideration of the appropriate portfolio for disability employment services.

The only mechanism to achieve employment outcomes (notwithstanding the relatively small, but important, opportunities that may arise for self-employment) is through employer engagement. Consideration must be given to how this can be achieved, both in terms of DES specifically, and for publicly-funded employment programs generally.

DES is a relatively small employment service, both in relation to the larger Jobactive program, and even more significantly, in comparison to the labour recruitment market generally. As a starting point, it is essential that any employment service focused on servicing people with disability returns to the portfolio that deals with employment. This is the logical first step in ensuring that the DES program does not operate in isolation, but works in combination with other engagement strategies being employed in the larger New Employment Services Model (after its commencement) and related systems.

ACCI has consistently held the view that DES should not have been separated from the employment portfolio and wrote to the then Prime Minister after the decision was taken to shift disability services to DSS. The decision reflects the fundamental misconception that supporting people with disability into work is purely a supply-driven activity, ignoring the importance of understanding the needs of employers and market demand reflected by job vacancies.

Shifting employment services to DSS has not served people with disability well nor did the first attempt at reform of disability employment services. Participation rates have not significantly improved, despite the extensive investment of stakeholder and government time in reforming and reviewing the system. ABS data reveals the participation rate of people aged 15 to 64 with disability in 2012 was 53%, 1 compared with 53.4% in 2018<sup>2</sup> (the latest ABS figures), which is only a marginal increase of less than a percentage point.

If there is any hope at all of improving the number of job vacancies listed, and employer engagement, with the publicly funded systems, it will come through a whole-of-system contact point and interaction, not through small services operating in isolation. This reflects findings made in the *I want to work*, *Employment Services 2020 report*, which found that to better reflect how employers work, a coordinated, strategic outreach to employers that offers a valuable service and improved relationship management (including single points of contact) would be beneficial.<sup>3</sup> ACCI recommends reintegrating the service for people with disability back into the core employment system. This will create a more effective single contact service for employers and maximise the value of the reforms being made to the core employment services.

<sup>&</sup>lt;sup>1</sup> ABS, 4430.0 - Disability, Ageing and Carers, Australia: Summary of Findings, 2012

<sup>&</sup>lt;sup>2</sup> ABS, Disability and the labourforce, 2020; citing Disability, Ageing and Carers, Australia: Summary of Findings, 2018

<sup>&</sup>lt;sup>3</sup> I want to work, Employment Services 2020 report, p. 52.



This is not to say that supports and services should not be tailored to help individuals with disability prepare for work, find employment and get the necessary support to maintain employment. This can be achieved within an integrated model that both ensures individuals with disability can receive the support they need, and that employers have the ease of a single point of contact when they are seeking to fill a vacancy.

Re-integration also allows for disability employment to benefit from strategic approaches in working with industries where vacancies exist. At the moment, with skills & labour shortages hitting many industries hard, there are tremendous opportunities for publicly-funded employment services to provide a valuable service to employers who are desperately looking for staff. The vast majority of employers have not traditionally reached out to the publicly funded system – for most it is not even on their radar. Now is the best time to put it on their radar.

Recommendation 1: Return DES to the Employment Portfolio and reintegrate the public funded service for people with disability back into the core employment system to create a better balance between a supply and employment demand driven approach.



# 2 Reformed PaTH for People with Disability

ACCI is a strong supporter of the concept of Youth Jobs PaTH, although key aspects of its implementation have been disappointing. The program has the potential to result in the improvement of the involvement of employers who have not previously (or recently) engaged with the publicly-funded system. Even more importantly, the program overcomes one of the most important barriers that employers face when considering the recruitment of a disadvantaged or inexperienced job seeker: risk. Supervising work experience can be time consuming, but it is preferable to commence that relationship as a host rather than an employer (with all its regulatory requirements), particularly with an inexperienced job seeker or one where there is some uncertainty as to how they will "fit" into the workplace. In addition, more broadly, it has been found that past experience in hiring people with disability drives a greater openness to recruiting people experiencing similar conditions in the future. 4

Since the Youth Jobs PaTH program commenced, ACCI has been working with government to improve the outcomes of the model, including to ensure that the training is more vocational and inextricably linked to a job or hosted work experience opportunity. In our most recent pre-budget submission and directly with the Department of Education, Skills & Employment we have made further recommendations to reform the program (see Attachment A). If these improvements are implemented, Government should consider extending the program to other cohorts on the Jobactive caseload, such as people with disability.

In summary, the original concept advocated by ACCI prior to the introduction of the youth PaTH program was that the jobseeker on the Jobactive caseload undertake vocational training alongside of work experience in a hosted environment and at the end of the hosted period, the options for the employer were to: take them on to finish their traineeship; or employ them outside of the apprenticeship system; or that the arrangement concluded so that the jobseeker could take their vocational skill set and experience and look for work elsewhere. We named this concept *Training to Work* – reflecting the link between nationally recognised training and work experience being a pathway to employment.

We strongly recommend to government that the PaTH program be replaced by this model and that it be extended to other cohorts on the Jobactive caseload, such as people with disability.

In addition, as highlighted in the consultation paper, 92% of young people with disability see paid employment as their preferred post-school goal, highlighting the importance of building effective pathways from school to employment.<sup>5</sup> While the proposed *Training to Work* program is intended to be useful for people with disability of any age seeking to gain employment, experience from the similar Youth Jobs PaTH program shows a traineeship style approach is particularly useful in supporting young people in their transition from school to work, and provide focused support to bridge between the two.

Recommendation 2: Replace PaTH with Training to Work and extend it to people with disability on the Jobactive and DES caseload.

<sup>&</sup>lt;sup>4</sup> Employer Mobilisation Research Report, Commissioned by the Department of Jobs and Small Business on behalf of the Collaborative Partnership for Improving Work Participation, 10 September 2018.

<sup>&</sup>lt;sup>5</sup> Department of Social Services, Disability and Career Advice Survey Report, 4 March 2021.



# 3 Increasing employer engagement

As recognised in the consultation paper, employer engagement is essential to finding employment for people with disability. The new disability employment support program will not succeed without employers who are both aware of the program and who are willing to recruit and retain people with disability.

There are three fundamental changes that need to be achieved both with the core employment services model and DES:

- The employment services systems need to proactively address the current job vacancies.
- Employers need to be **aware** that they can list their jobs and be provided with a readily understood and accessible public system.
- Employers need to be able to **trust** that an employment service or DES provide will provide them with candidates for their consideration that are suitable.

There are a range of barriers that are preventing the achievement of change in these areas.. Currently, both Jobactive and DES largely rely on achieving placements from a supply side or limited network perspective. They either attempt to place a specific candidate with a close network of employers, regardless of whether there is an existing vacancy, or they operate to seek the listing of vacancies within a network limited by their own business development activities. Very few employers proactively seek out the system to list their vacancies. Many of our of member associations suggest that their employer members have "given up", and that the publicly-funded programs are no longer in the frame of reference for employers when looking at options to find staff.

Fundamental change is needed to better align the publicly-funded employment services with how employers approach the labour market. These changes need to include:

- Work with industry to develop and implement a strategy that aims to significantly improve the
  participation and employment rate of people with disability. This strategy should go beyond the
  program design of DES or even employment services, but be a holistic strategy that examines
  the customer "cycle of service" from the employer perspective.
- An improved approach to listing jobs from the employer perspective, including a user-friendly registration process.
- Raising the awareness of the option to list vacancies on jobsearch.gov.au (rather than
  jobaccess.gov.au) and maximise the job seeker driven outcome where they are attracted to
  (hopefully) an increased number of vacancies and seek the support of their provider to achieve
  a job outcome. Employers who list a vacancy should be able to simply select a service where a
  provider will short list candidates supported by the public system.
- Encouraging specialisation in providers not just at the client or supply end but at the employer/industry end to improve understanding of the requirements.
- Encourage partnerships between industry groups and providers and the employment services
  programs generally to improve awareness and understanding and support brokerage
  arrangements for the long term. This could include projects to be delivered by Workforce
  Specialists, which are being established as part of the New Employment Services Model. As
  part of boosting employment for people with disability, it may be worthwhile exploring whether
  some of the projects could target these individuals.
- Continuing to offer well targeted employer incentives and support.



- Encourage improvement in skills of employment service providers in selecting suitable candidates to improve job-matching.
- Maximising the improved digital service to ensure the system reaches out to vacancies and best matches the vacancy to all potential job seekers including those currently in DES.
- Value adds and short listing more sophisticated matching that takes into account the jobseeker's skills and abilities.
- Encouraging and rewarding collaboration between providers to ensure that the best possible candidates are put forward (currently providers are not rewarded for accepting that the best possible candidate may not be from their pool).
- Consideration of a funding approach that relies less on payments for specific outcomes, but rewards achieving a range of collective outcomes that are currently assessed within the star rating.

In relation to employer awareness, as long as the DES stays isolated from other employment services it will be difficult to see how a significant impact will be achieved. As recommended above, DES should be returned to the Employment Portfolio and the public funded service for people with disability should be reintegrated into the core employment system (with appropriate supports for people with disability).

In addition, in order to increase employer engagement, encouraging employers to list vacancies and employ people with disability, the new DES model needs to:

- Treat the employer relationship with as much care as with the job seeking client:
  - Look at ways to centralise the contact so that the business relationship with the system can be nurtured.
  - Improve the assurance that candidates put forward are suitable, and ensure wherever possible that the employer receives some candidates for consideration.
- Better understand and tailor a service to the needs to industries that are most likely to employ people with disability. Two examples of what can be undertaken in this area are:
  - Partnerships with the DES program and industry bodies in target industries
  - Providers increasing their knowledge and understanding of sectors most likely to employ people with disability and where the job opportunities may be.

Recommendation 3: Implement fundamental changes that will achieve significant improvement in participation and employment rates for people with disability.

## 3.1 Navigating legal obligations and available support

Another key consideration for employers when considering employing people with disability is navigating the legal obligations. These are quite complex and relate to duty of care, risk management, discrimination laws and occupational health and safety. This consideration is magnified for small businesses, who tend not to have formalised human resources functions and systems, resulting in business owners taking responsibility for a range of areas including finance, operations, human resources, marketing and customer service. Their approach to employing people with disability is often influenced by the need to minimise effort, energy and cost required to manage staff.



Research commissioned by the Department of Social Services in 2018 (Small Business Australia 2018) indicated that:

- 64% of SMEs agreed that they were unclear what happens if the candidate is not a good fit and does not work out.
- 63% agreed that they are concerned about legal responsibilities in terms of duty of care, risk management, discrimination laws and occupational health and safety.
- 60% agreed it is difficult to interpret the relevant laws and obligations for employers in relation to employing a person with disability.

There were also concerns raised over the risks to the business in relation to unfair dismissal claims, or discriminatory implications the business may face.

The concerns outlined above contribute to a hesitation to employ new staff members as it is difficult for a business to cease their employment if it is not suitable.

Research reveals that employers believe that in terms of suitable roles for people with disability, most employers believe they have suitable roles for those experiencing depression (70%) or anxiety (65%), reflecting in the finding that actual support of people with these conditions was highest for depression and anxiety (44% and 43% respectively). Employers were less likely to consider they had suitable roles for people with physical disabilities.<sup>6</sup> This demonstrates that from a risk management perspective, employers perceive a much higher risk and more hesitancy in taking on people with certain disabilities, therefore there is an opportunity to provide further information and support to employers to ensure they feel equipped to take on a person with disability.

Even though there are a range of industry initiatives and government incentives, subsidies and supports available to assist businesses to recruit and employ a person with disability, many small businesses are not aware of them or accessing them.

Additionally, if a small business owner is comfortable with the risks and is aware of initiatives to support disability employment, there may still be concerns over workplace adjustments that might be required and the costs and time involved. 56% of small business agree that workplace adjustments that might be needed are a barrier to the recruitment of a person with disability (Small Business Australia 2018).

Recommendation 4: Implement a range of measures to increase employer confidence to hire people with disability, including:

- Further targeted education and clarity of skills, strengths and limitations in order to make it easier for small business owners to consider employing a person with disability.
- Guidance materials focusing on capacity for work, not disability. Guidance should be developed for small business owners on what is possible job task wise for people with different disabilities and how work can be easily modified to accommodate this as needed.

<sup>&</sup>lt;sup>6</sup> Employer Mobilisation Research Report, Commissioned by the Department of Jobs and Small Business on behalf of the Collaborative Partnership for Improving Work Participation, 10 September 2018.



## About the Australian Chamber

The Australian Chamber represents hundreds of thousands of businesses in every state and territory and across all industries. Ranging from small and medium enterprises to the largest companies, our network employs millions of people.

The Australian Chamber strives to make Australia the best place in the world to do business – so that Australians have the jobs, living standards and opportunities to which they aspire.

We seek to create an environment in which businesspeople, employees and independent contractors can achieve their potential as part of a dynamic private sector. We encourage entrepreneurship and innovation to achieve prosperity, economic growth and jobs.

We focus on issues that impact on business, including economics, trade, workplace relations, work health and safety, and employment, education and training.

We advocate for Australian business in public debate and to policy decision-makers, including ministers, shadow ministers, other members of parliament, ministerial policy advisors, public servants, regulators and other national agencies. We represent Australian business in international forums.

We represent the broad interests of the private sector rather than individual clients or a narrow sectional interest.

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# Youth Jobs PaTH Reform

### December 2021

### Introduction

ACCI welcomes the opportunity to expand on ideas put forward during the combined meeting of the Australian Chamber – Tourism Committee and the Tourism Restart Taskforce last week in relation to improving the outcomes from the Youth Jobs PaTH model.

Since its introduction, we have been working with government to improve the outcomes from the PaTH model, although more recently changes are only being achieved through grants-based pilots which have limited scope. It is time to review the whole model to ensure that the training is more vocational and inextricably linked to a job or hosted work experience opportunity.

We strongly recommend to government that the PaTH program be replaced by a traineeship style model and, once proven for youth, that it be extended to other cohorts on the jobactive caseload such as people with disability and mature age jobseekers.

## Problems with the current PaTH design

Following the announcement of the PaTH program, including in consultations around the proposed training, and in input provided through its implementation, we have expressed concern about four fundamental design issues:

- that referrals from jobactive providers were often not forthcoming, allowing many of the
  training workshops to struggle with low numbers. This has been described as the
  biggest issue in relation to PaTH design. For example, ACCI member Restaurant &
  Catering Association of Australia, who delivers the "Building Skills for the Future of
  Hospitality" industry pilot PaTH Program advised that the work is available, the
  businesses are on board, they just need the jobactive providers to provide them with
  enough willing and interested candidates. This has been an issue since the program
  commencement, and long before the industry pilots.
- that the employability skills training (EST) was not sufficiently vocational, and that
  employability is best improved by being delivered within a vocational context and
  through work experience. Some of the pilots have been encouraged to undertake EST
  as well as vocational training via matching to a business, which members have reported
  as being more successful
- that job seekers could access the training without any assurance that a hosted opportunity or job would follow. As was proven by the rollout, many job seekers were sent to do the training for mutual obligation reasons and with no outcomes arising from it – training for training's sake. Member feedback indicates that pilots have shown that

- where there has been stronger industry involvement through the pilots, there are better placement outcomes and job outcomes; and
- that approved EST providers received no financial incentive to line up a hosted placement or job for the trainees.

Fundamentally, the design disconnects the training from the work experience. Most trainees (in the standard PaTH model) did not receive a hosted placement, and many if not most of the PaTH hosted placements did not receive the training. Further, by insisting that all training be EST, the choices offered to jobseekers were limited and not sufficiently targeted to occupations they may have been interested in

### Replacing PaTH with Training to Work

The original concept advocated by ACCI prior to the introduction of the youth Jobs PaTH program was that the jobseeker on the Jobactive caseload undertake vocational training alongside work experience in a hosted environment in a traineeship style arrangement, and that at the end of the hosted period, the option for the employer was to take them on to either finish their traineeship or employ them. If those options were not taken up by the employer, then the arrangement concluded so that the jobseeker could take their vocational skill set and experience and look for work elsewhere, to be either taken on as a trainee or as a worker outside of the apprenticeship system. We named this concept *Training to Work* – reflecting the interlinkage between structured, national recognised training and work experience being a pathway to employment. In relation to trade apprenticeships, the concept of vocational training combined with work experience would equally work for a pre-apprenticeship.

ACCI recognises there is no one-size-fits-all solution. Some industries will want to adapt the program based on the needs of their industry. Different options will mean that participants will also have choice as to programs. A positive way forward is for industry bodies and training providers to come forward with customised solutions to suit a particular entry level point. ACCI presents the below proposed approach as just one approach to be considered as part of reforming the current PaTH program.

## Summary of the proposed approach

#### Structure

The current PaTH program should be replaced by a Work-and-train traineeship-style programme modelled on two options. These two options are designed to maximise employment outcomes and are presented as sound public policy. They reflect the view that the PaTH program needs to be more job-facing, and that for many job seekers achieving up to date and relevant job experience is hard to obtain unless someone is willing to give them a go. They are designed to be complementary to the 4 week work experience option or to 12 week hosted PaTH placement. Key elements of this proposal would be:

- That the host is not defined as the employer during the placement, but operates in the same way to the current PaTH, with similar work health and safety, work cover and insurance arrangements. The job seeker is effectively doing a "vocational placement" as defined and exempted from the Fair Work Act.
- That the placement is additional to current staff so does not displace matching the requirement of the current PaTH placement.

- That the host organisation has the option of converting the placement to a full time
  traineeship on the trainee wage at any stage during the placement or at its conclusion, or
  employ the participant on a standard contract of employment. Trainee incentives and wage
  subsidies that would be applicable would further entice the employer to take the jobseeker
  on as a trainee.
- Commitment from State Governments should be sought to fully or co-fund the training beyond the initial skill set under JobTrainer or otherwise. State Governments should also approve that the training contract actually commences at time of employment, but that training providers incorporate the training on units of competency during the *Training to Work* experience, into the full qualification.
- That providers seeking to deliver Training to Work demonstrate that they are from industry, or have strong relationships with industry so as to demonstrate that they can arrange the placements.
- That the vocational skill sets and length of experience be flexible according to the needs of entry level pathways for each industry, with an allowable range of work experience up to 10 weeks as per the current PaTH, and that the program funding be adaptable so that if the jobseekers are more attracted to shorter training and experience options, providers can adapt and their funding adjusted accordingly.
- That providers of Training to Work receive financial payments for putting in place the traineeship style arrangements and for any job outcomes that arise at the end of the placement/training.

Possible approach to the Traineeship Qualifications for Training to Work

The following is provided as illustrative of the approach but noting the need for the program to be flexible.

This design means that the placement would form part of a traditional traineeship over a 12 month period with the exception that during the period of up to the first three months of the traineeship, the learner is a welfare recipient receiving \$200 from the government as per the current PaTH program as well as undertaking a funded skill set. The first 3 months would see the job seeker commence with the host organisation and a Registered Training Organisation (RTO) and undertake entry level work experience (for 25 hours per week for those under 30 years) and vocational training. In a practical sense, the host is providing a means by which the job seeker is receiving relevant on-the-job experience to complement their training.

During or following the initial three-month placement, the host organisation would be encouraged to sign a contract of training and employ the job seeker as a trainee for the remainder of the traineeship period. As added incentive to act (even sooner than 3 months) for the employer, the job seeker will become increasingly employable, and at any time, their employment service provider could secure them permanent work, either as a continuation of their traineeship or in other suitable employment. Should the host organisation not take the person on as a trainee, and the Training to Work provider has not been able to secure another employer to take them on as a paid trainee, the jobseeker's employment services provider would intervene to assist the person to find work.

Suitable entry level skill sets for this type of arrangement will be different according to the occupation and industry. In each case, the opportunity is to identify skill sets that are most valuable to employers in a particular industry provided they are skill sets that fully articulate into

existing traineeships and apprenticeships. In some cases, and with some cohorts of job seekers, it may be necessary to deliver a week or two's training before commencement of the work experience, but these models should be flexible to allow various industry specific models to flourish.

Except where some initial training may be beneficial, the strength of this approach is that the job placement would occur concurrently with the ongoing training, with three days on the job (total of 25 hours) and one day in an institutional training setting – reflecting a true apprenticeship or traineeship learning model. The remaining working day could be spent on job search activities or additional educational activities such as language, literacy and numeracy development.

It would be necessary to ensure that the program does not displace existing workers, nor allow an employer to "churn" through placements, and that there is a possibility that the participant/job seeker can, upon successful completion of the placement and with the agreement of the employer, transition into a paid trainee position within the organisation. Most of these integrity concerns have been dealt with in the existing PaTH program.

Subject to future mutual obligations requirements, for the 30 - 49 age group who currently have an activity requirement of 15 hours per week, an eight week work experience placement combined with entry level skills sets of vocational training should be offered.

Under this model, entry level skills sets that are acknowledged by industry as being the optimum entry level skills requirements would be offered in a work integrated learning mode to participants. In the initial week of the program, the job seeker could, if requested by the employer, undertake an off-the-job intensive training unit of competency that covered a selection of the technical components of the qualification being undertaken, to better prepare the job seeker for commencing work. Following the initial week of training, the job seeker would be placed with an employer in the industry aligned to the qualification being undertaken. The job placement would occur concurrently with the completion of the rest of the qualification with two days on-the-job and one day in an institutional training setting OR undertaking intensive on-the-job training conducted by an RTO. The remaining two working days could be spent on job search activities or additional educational activities such as language, literacy and numeracy development.

Training to Work should be available to all jobseekers within the jobactive caseload who have been unemployed for over 3 months (not the six months that PaTH currently is applicable to). It would replace Youth PaTH for the young cohorts, and if the new model is proven successful, should be extended to other cohorts such as mature age and people with disability.

With the new employment services model, there is an opportunity for jobseekers to be directly encouraged to participate in these programs so that Training to Work providers are not reliant only on the referrals from job active providers.