

Inquiry into Workforce Australia Employment Services

Select Committee on Workforce Australia Employment Services

ACCI Submission

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Introduction

The Australian Chamber of Commerce and Industry (ACCI) welcomes the opportunity to provide a submission to the Select Committee Inquiry into Workforce Australia Employment Services.

In times of low unemployment, a stronger focus is needed on assisting those who face specific challenges to enter the workforce. There has never been a better time to tap into the wider pool of talent including the long-term unemployed and others utilising the employment services system, and to implement improvements to the system.

The job outcomes of the employment services system need to improve, with the new system better connecting the unemployed to job opportunities. We must ensure these systems deliver truly enhanced services to those most in need. Strong policies are needed to improve workforce participation across all disadvantaged groups. There is an opportunity to better engage employers in the system, ensuring they see value in utilising the system to fill their vacancies and maximising employer use of employment services.

The terms of reference for the inquiry are addressed throughout this submission.

Increasing employer engagement

Employer engagement is essential to finding employment for those utilising any employment services system. The system will not succeed without employers who are both aware of the program and who are willing to use it to recruit and retain people. The Submission Guide notes that the Committee's initial explorations indicate that there has been insufficient focus on the 'demand' side of the employment compact. It also notes that historically, support for employers has remained a secondary consideration of the system, subservient to enforcing mutual obligations. It is positive that the Committee is interested in examining demand-driven frameworks in the context of employment services, as well as other ways in which the system can better meet business and industry needs.

Employment services provided by the Federal Government through Workforce Australia networks need to be employer/demand-focused and deliver services to more employers than under the current system. There is an opportunity to be more responsive and demand-led, and better utilise knowledge of labour and skills shortages to identify there might be significant areas of opportunity.

The employment service provider needs to have two clients: the jobseeker and the employer. This will benefit everyone involved.

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

- 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 provider 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, Workforce Australia largely relies 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 ACCI's member industry 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 system with how employers approach the labour market.

Increase employer awareness of the program and related incentives

Not all employers know about Workforce Australia, and many do not use it. Each major contract redesign has resulted in a name change of the program, recently including Jobactive (2015-2022), the youth focused Transition to Work (introduced 2016), Job Services Australia (2009-2015), Job Network (1998-2009) and Employment National (1998-2009). This has contributed to a further reduction in awareness. Additionally, feedback is that many employers are still unaware of all of the incentives available to them, or think they are too difficult to access. There should be a focus on building brand awareness, and awareness of available incentives.

Implement an improved approach to listing vacancies

There should be an improved approach to listing jobs from the employer perspective, including a user-friendly registration process. Feedback from employers is that they do not tend to list vacancies directly onto Workforce Australia, preferring other measures such as SEEK, LinkedIn and Indeed. There is an opportunity to take greater advantage of the resources that are already out there. For example, specialist recruitment and job matching services (such as SEEK etc), as these services are commonly used, and preferred, by employers to find and recruit candidates. Encouraging 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 would also be beneficial.

Better connect employers with suitable jobseekers

The system needs to better serve the needs of job seekers and employers through services that utilise the latest technology to provide better matching that takes into account the jobseeker's skills and abilities, and links to the existing job market. Employers who list a vacancy should be able to simply select a service where a provider will shortlist candidates supported by the public system.

It is also important to ensure the settings are right so that providers are able to put forward appropriate candidates. There are currently too many providers in most locations, each with only a portion of the overall jobseeker pool. This means that local employers can't easily access the full talent pool for their vacancies. It also means national employers and employers with significant geographical coverage can't work with just one provider to source employees for their workforce needs, as no provider has a big enough pool of jobseekers to select from to meet employer vacancy needs.

Adding to this is the fact that the payment structure and competitive nature of the contract does not support collaborative recruitment. The system must encourage and reward collaboration between providers to ensure ease of use for employers and also to ensure that the best possible candidates are put forward. Employers are more likely to use the system if there is a simple 'one-stop-shop' service.

Recommendation 1:

Implement fundamental changes that will achieve significant improvement in participation and employment rates for those utilising employment services, including:

- Increase employer awareness of the program and related incentives
- Implement an improved approach to listing vacancies
- Better connect employers with suitable jobseekers.

Ensuring sufficient access to enhanced services

The new Workforce Australia approach seeks to implement the key recommendations of the Independent Panel (*I Want to Work* 2019) that reviewed employment services delivery. The central recommendation for change was that the unemployed who faced the least barriers would be adequately serviced by a digital system,¹ and the savings be redirected to enhance the face-to-face service provided to those that needed it most.

The system needs to be supported by adequate funding that ensures the enhanced services to the long term unemployed reduce servicing ratios and makes a difference to the outcome for these jobseekers. With the current skills and labour shortages, there has rarely been a better time to put every effort into getting the long term unemployed back into work. The job outcomes of the employment services system need to improve. To do this, the implementation of the new model must deliver truly enhanced services to those most in need.

Additionally, under the current settings a jobseeker can self-manage in Workforce Australia Online for up to 12 months. They may then be transferred to Workforce Australia Services, unless they are in paid work or studying. While we understand those referred to online services can choose to 'opt out' and go to a provider at any time, there is concern that 12 months is a lengthy period of time to be self-servicing, particularly in the context that the average time a jobseeker traditionally looks for a new job is significantly less than 12 months, particularly in the current labour market.² The ability to opt out and go to a provider also needs to be made abundantly clear so that all jobseekers are aware this is an option.

Recommendation 2:

Adequately fund the employment services system to ensure it can deliver truly enhanced services to those most in need.

Recommendation 3:

Consider reducing the amount of time a jobseeker is using digital services before being transferred to enhanced services, and ensure adequate awareness of the ability to opt out of digital services and go to a provider.

¹ The most recent *Australian Digital Inclusion Index* data may assist in determining those who would be best served by digital versus face-to-face delivery. <https://www.digitalinclusionindex.org.au/>.

² See, for example: <https://www.seek.com.au/career-advice/article/how-long-does-it-really-take-to-find-a-new-job>.

Reducing barriers to employment

The caseload data reinforces that most jobseekers in employment services are long-term participants and that there is increasing concentration of several disadvantaged cohorts.³ More could be done to connect long-term unemployed to encourage those facing barriers to employment to become part of the labour force.

In relation to specific cohorts, the youth unemployment rate is more than double the overall unemployment rate.⁴ Failing to support young Australians now will not just have immediate ramifications in terms of the current skills and labour crisis, but will diminish Australia's labour force productivity over the longer-term.

Having experience in "work" is valuable, and in many cases, required, for jobseekers to be considered a valuable prospect for employers. This is partly to do with the jobseeker being able to demonstrate their abilities, and also in part about transitioning into the work environment.

We note the Government is considering a replacement to the former Youth Jobs PaTH program, which provides pre-employment training, placement and post-placement support. ACCI has been working with government in relation to principles and potential approaches to support work experience delivery. A key element of this is involving industry in development and delivery of the pathway.

There would be great benefit in extending any such replacement program more broadly and ensuring it is not limited to the parameters of the previous Youth Jobs PaTH program. This includes opening it up further to include other cohorts that may face barriers to entering (or re-entering) the workforce, such as people with disability, migrants who would benefit from such a program (such as family and humanitarian migrants and partners of skilled migrants), people re-entering the workforce, those who wish to transition into a different career, and others who have been out of work (e.g. those over 25 who would not have met the age criteria for Youth Jobs PaTH).

Recommendation 4:

Ensure program settings are right for work experience/transition to work programs, including ensuring appropriate training, appropriate job matching, and provision of wraparound support. Involvement of industry in the development and delivery of the pathway is vital.

Recommendation 5:

Expand the eligibility of any such replacement work experience program so that meaningful education and employment opportunities can be provided to other cohorts facing barriers to employment.

³ Department of Education and Workplace Relations, Select Committee caseload presentation, 3 November 2022; available as [additional documents](#) to the Committee.

⁴ ABS Labour Force, Australia, January 2023.

About ACCI

The Australian Chamber of Commerce and Industry 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.

ACCI 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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