

11 December 2001

Job Network Review
Productivity Commission
PO Box 80
Belconnen ACT 2616

Dear Sir / Madam

Australian Business Limited (ABL) is a leading industry organisation with more than 115 years experience providing advice, networking, support and advocacy to over 8,000 members and several thousand more clients. ABL represents a wide and diverse number of organisations across most sectors of the economy. It has a network of 11 regional offices and affiliated chambers in NSW and the ACT, and through its representation on a number of Australian Chamber of Commerce and Industry (ACCI) working groups and committees provides input to issues of national interest.

In making an initial submission to the Productivity Commission's Independent Review of Job Network, ABL would acknowledge that:

- The following observations and comment have been developed through interaction with, and anecdotal evidence from, member organisations.
- Issues of employment are increasingly important to business operation. ABL regularly conducts all member surveys, which identify the main issues impacting on business operation. In the most recent, conducted in early 2001, employee productivity, along with recruiting and retaining employees with appropriate skills, were placed in the first half of the Top 20 priority areas.

In general terms ABL supports the current model for the Job Network, however makes the following comments in response to the Scope of the Inquiry, as announced by Senator Rod Kemp, Assistant Treasurer on 9 August 2001. The following comments relate to two (2) of the four (4) areas to be covered by the inquiry:

a) The application of the purchaser-provider model to employment assistance;

The transition from unemployment to productive workplace interaction is subject to many factors and variables. As such the support required from the provider needs not only to be responsive to funding outcomes, but flexible and adaptable to the interaction between the needs of the job seeker and the current employment environment.

The Government as purchaser is proving to be an effective model. As a result of purchasing arrangements, regional organisations are able to combine their Job Network member activity with other complementary activities that support employment, training or community development initiatives, so having greater flexibility to identify employment opportunities than a Government department.

That being said however, anecdotal evidence from members suggests that their knowledge of the activities of Job Network providers is not widespread.

Job Network outcomes need to be effectively monitored. It is acknowledged that many of the employment opportunities filled by Job Network members are at the lower end of the skilled employment market, and as a consequence tend to have a higher rate of turnover than the higher skilled employment. However as employment outcomes, especially for Job Matching, are paid on initial placement, there is little requirement to provide follow-up, support and/or monitoring of the effectiveness of the placement.

It is accepted practice, and in most instances a legal requirement, that employment contracts include probationary periods. Mainstream private sector recruitment agencies provide, as part of their contractual arrangements with employers, ongoing contact with both employer and employee during the probationary period.

Further, it is accepted that as a general rule the provision of mentoring and structured support provides for effective outcomes in employee development. For example, recent research undertaken by Moy and McDonald (2000) identified that '*...provision of learner support through mentoring, coaching...*'¹ was one of the indicators for increased returns on training investment for organisations. A parallel should be drawn between this and sustainable employment.

Recommendation:

ABL would suggest that the determination of 'a satisfactory outcome' for Job Matching be broadened to include evidence of support for the new employee, through monitoring and follow-up, during the probationary employment period.

(c) Areas where the model could be improved;

For an employer organisation such as ABL, there are a number of issues. First, the relationship between employment brokers and an understanding of skill shortages in the workforce; second, commitment by the Job Network Members to positively impact on the 'employability of participants'; and third for the Job Network strategy to impact on employer bias.

(i) Skill needs and the workforce

While the outcome of the funding is to provide a conduit for employment, it would be a concern for ABL if there were not also an underlying aim to raise the skill level of the participants, beyond pre-vocational training. Placement in unskilled employment is not about developing capability, it is about maintaining the status-quo, and therefore not providing for sustainable employment.

One of the most difficult areas to address, but the most important in terms of employment outcomes, is accurate knowledge of current and projected skill shortage and the identification of strategies to address these. Job Network providers are in an ideal position to positively impact on the capability of entry-level participation in these areas.

¹ Research at a Glance, Returns on Investment in Training, NCVET, 2001

There is no doubt that in the main, Job Network providers in receipt of Job Matching funding, are responding to local skill shortages. However, these are often responses to short-term shortages. Of concern therefore is their ability to have consistent access to quality market data, on both current and projected skill shortages. This would not only aid in directing employees toward areas of initial need, but also provide insights for the clients to broaden or update skills in order to impact on long-term employability.

Recommendation:

Currently skill shortage and labour market data is available from DEWRSB, DISR, and DETYA. As a priority Government must identify the most appropriate options provide a single access point from all of the above, which is easily accessible and able to be interpreted by Job Network providers.

(ii) Increase the Employability of participants

As the structure of the workplace changes and technology impacts on operations there will be less opportunity for employment in the unskilled or lower skilled employment areas.

The Commonwealth Government has committed, as part of the welfare reform agenda to provide an \$800 training credit to participants completing Work for the Dole or Volunteer activity. To be of benefit to potential employees this training needs to be part of, or articulate into National Training Packages, providing opportunities for the achievement of a nationally recognised qualification.

Recommendation:

ABL would recommend that Job Network members, especially those tendering for Job Search Training or Intensive Assistance, have provision in their contract to provide, either themselves or through agreements with Registered Training Organisations (RTOs), sector specific, accredited vocational training aligned to the \$800 training credits. This would support a developmental progression from unemployment, through Work for the Dole / Volunteer activity, to increased skill development and effective employment.

(iii) Employer Bias

Employer perceptions of the capability and commitment of the unemployed, especially those out of work for longer than 3 months, is often a barrier to employment. In the current economic climate, Government needs to recognise that employment opportunity through the Job Network will, in most cases, be available to those who require minimum support to become productive. That is unless there is an incentive from Government, and/or personal intervention from the Job Network member, to aid the transition.

It is also acknowledged that the degree of support in gaining employment by the short-term unemployed would be different to the assistance required by the long-term unemployed or those with a disability. This is reflected in the current funding arrangements.

There is no provision under funding for Job Matching or Job Search Training for employer incentives. There is a provision under Intensive Assistance. However the funding flows to the Job Network member to distribute as they determine. Support documentation for Intensive Assistance states 'Job Network members may offer an employer incentives to take on employees such as paying for workplace adjustments or providing a wage subsidy'².

In general this is a very loose arrangement and does not provide for consistent information to employers. This model does not identify the employer as being integral to the creation of employment opportunities, nor does it facilitate community partnerships recognised as being crucial to the creation of employment opportunities in the recent welfare reform community consultations³.

Recommendation:

As part of the Commonwealth Government's commitment to simplify and streamline the provision of employer incentives, ABL recommends that any evaluation identify the impact of, and inter-relation between, welfare and training incentive payments to ensure employers are provided with clear and structured information.

Information required by employers would relate to the situations that trigger incentive payments, a standardisation of the incentive payments, and a central, independent access point to gather information on incentives generated by both Commonwealth and State/Territory Governments.

ABL would welcome the opportunity to further develop the above comments during the course of the Inquiry. Should you require further information on this submission, please contact Kathy Rankin, Education & Training Adviser, Policy or (02) 9458 7441.

Yours sincerely



Paul Orton
General Manager, Policy

² Job Seekers – Your Guide to Job Network, May 2001, Department of Employment, Workplace Relations and Small Business

³ Australians Working Together – Helping People Move Forward, May 2001, Community Consultations