



AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY

21 December 2001

Professor M Woods
Presiding Commissioner
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Dear Professor Woods

Following our discussions on 5 December, I would like to forward to you the ACCI response to the Productivity Commission's Review of the Job Network. The issues which were discussed at that meeting form the basis of our submission at **Attachment 1**.

These issues include:

- the role of Job Network in the wider labour market;
- ACCI's involvement in Job Network which includes a survey of ACCI members;
- Job Network performance issues;
- the need for Job Network to promote New Apprenticeships and job opportunities in occupations and regions currently experiencing skill shortages;
- financial viability of Job Network providers;
- the effectiveness of Job Network for Indigenous job seekers;
- Training Credits and the opportunities for Job Network providers;
- ACCI's position on the introduction of an independent regulator; and
- ACCI's position on the tendering process.

The discussion in this paper has been developed through extensive consultation with ACCI members through the ACCI Employment, Education and Training Working Group and the ACCI Employment and Labour Relations Committee.

ACCI's overall Employment Policy which has also been developed in consultation with members is at **Attachment 2**.

Should you require any further information about the issues raised in this submission please contact me on 02 6270 8028.

Yours Faithfully

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**ACCI RESPONSE TO THE
PRODUCTIVITY COMMISSION REVIEW OF JOB NETWORK**

Introduction

The Australian Chamber of Commerce and Industry (ACCI) is the peak council of Australian business associations. ACCI's members are employer organisations in all States and Territories and all major sectors of Australian Industry.

Through our membership, ACCI represents over 350,000 businesses nation-wide, including the top 100 companies, over 55,000 enterprises employing between 20 and 100 people, and over 280,000 enterprises employing less than 20 people. That makes ACCI the largest and most representative business organisation in Australia.

Membership of ACCI comprises State and Territory Chambers of Commerce and national employer and industry associations. Each ACCI member is a representative body for small employers or sole traders, as well as medium and large business.

Each ACCI member organisation, through its network of businesses, identifies the concerns of its members and plans united action. Through this process, business policies are developed and strategies for change are implemented.

The ultimate objective of Job Network

ACCI acknowledges that the Job Network has a role in reducing unemployment and increasing job opportunities for all Australians. More specifically, ACCI views the Job Network as the mechanism to assist in:

- moving the most disadvantaged job seekers and the long term unemployed into the labour market, by addressing their employment related needs and the requirements of employers;
- encouraging and providing incentives for job seekers to move around the labour market with a view to obtaining employment in industries and regions where skill shortages exist;
- addressing frictional unemployment, particularly in regional labour markets; and
- providing outcome focused labour market assistance for job seekers by taking a case-by-case approach which addresses the barriers to employment rather than focusing on the process.

ACCI recognises that there are a range of providers are active in providing employment services including those operating outside the Job Network.. It is important that the Federal Government not provide funds for Job Network organisations to subsidise broader employment services which compete with other non-funded private providers. Any form of Government purchasing in this areas should be restricted to assisting the long term unemployed.

These issues will be discussed in more detail throughout this paper.

ACCI Involvement in Job Network

ACCI has been active in monitoring the progress of the Job Network and providing feedback to the government since its introduction on 1 May 1998. In 1999, ACCI conducted a comprehensive survey of employers to determine their perceptions about the new arrangements and in particular the extent to which the Job Network is meeting employer needs. The results of this work have been used extensively by both industry and government departments to model further investigations into the Job Network. There is no reason to suggest that these findings have changed significantly.

The critical finding from this survey was that employers who had used Job Network were overwhelmingly satisfied with the performance of the providers, particularly in comparison to the former CES. Choice of provider, competition between providers, level of service, range of service and quality of applicants referred were all rated by employers as better or much better than in comparison with the CES.

The survey highlighted some implementation issues associated with the new system. In particular, employers thought improvements could be made to the amount and quality of information provided on the Job Network. This requires Government and providers to be more proactive in approaching employers on the benefits of the new system.

A summary of the ACCI employer survey results is at **Appendix 1**.

More recently, Restaurant and Catering Australia (an ACCI member) conducted a survey through their monthly magazine. Respondents were asked to indicate whether they had used a range of services to assist them in recruiting new staff which included Job Network. Of the 198 respondents, 155 (or 58%) had not used or did not know what the Job Network was. Of those that had used the service, the average rating was 1.7 (where 1 was satisfied, 2 was OK and 3 was dissatisfied). Job Network featured significantly in the recommendations from this survey which were:

- Job Network agencies, secondary schools and vocational colleges be made aware of the relative importance of attitude, appearance, experience and qualifications to employers in the restaurant / catering industry;
- Job Network agencies, secondary schools and vocational colleges be made aware of the general low level of satisfaction with applicants presented to the industry;
- the Government be made aware of the low level of satisfaction with the Job Network;
- the Government be made aware of the significance of the skills shortage in supervisory staff;
- the Government be made aware of the lack of usage of programs to address skill shortages; and
- that encouragement be provided to better promote all recruitment methods and programs and improve the quality of Group Training offerings.

Market saturation

There has been concerns raised by some organisations in relation to the numbers of Job Network providers operating in a particular area, often competing for placements resulting in employers being inundated with marketing material and approaches by providers. ACCI and its members have received very few contacts from employers expressing these concerns. In most cases, like other business services, employers have made exclusive arrangements with a provider in their area and have installed appropriate signage for competing organisations. The research seems to suggest that many employers have not been approached by Job Network members.

Performance issues

ACCI advocates an open employment services market which rewards quality service provision and performance for success. Job Network providers who provide a service which is appropriate for their market and market themselves, their clients and their service adequately, will be successful.

The Star Rating system developed by DEWR to monitor the performance of Job Network providers is inadequate and confusing. The rating system addresses each of the Job Network services individually and compares placements and activity against targets.

Intensive Assistance is assessed in the following way:

The number of interim outcomes achieved under Intensive Assistance by job seekers who have been receiving Intensive Assistance for at least six months expressed as a percentage of the total number of those job seekers who have been receiving Intensive Assistance for at least six months.

Job Search Training is assessed in the following way:

The number of job seekers who commenced in Job Search Training and who were placed within three months of completing Job Search Training into Job Matching by any Job Network member, expressed as a percentage of total commencements

Job matching is assessed in the following way:

The number of job seekers placed in eligible Job Matching jobs expressed as a percentage of the Job Network members' contracted Job Matching placements for the total contract period.

This rating system is very simplistic. It does not address the issue of quality of service to employers or job seekers and only focuses on a very small part of the overall contractual obligations of the provider.

ACCI would support program performance information being available to the public. Information about the actual number of outcomes achieved by providers, the

industries and regions where job seekers were placed and in what capacity not only provides more accurate information for job seekers who are choosing a provider, but also provides valuable labour market information about where job opportunities exist and placements have occurred. These details should also include information about client (ie. Employer and job seekers) satisfaction with the Job Network.

More promotion of New Apprenticeships to job seekers is required

ACCI is concerned about the lack of promotion of New Apprenticeships to job seekers from Job Network providers. According to recent research conducted by the National Centre for Vocational Education Research (NCVER), Apprenticeships are the oldest and most resilient form of post-school education and training in Australia. Today, New Apprenticeships account for around 15% of all vocational education and training students.

The key issues emerging from the research about New Apprenticeships are as follows:

- apprenticeships in Australia are more popular than ever, with numbers having grown rapidly in the last five years to reach 275 000 in June 2000. Numbers have continued to increase reaching around 295 000 in December 2000;
- the rapid expansion of the system beyond the traditional trades, far from being a problem, means that New Apprenticeships now reflect the structure of the Australian labour better than ever before;
- the opening up of the system to people of all ages has not meant a reduction of opportunities for young people. It means Australia's apprenticeship system is adjusting to global changes in the nature of work and the rapid ageing of the population better than the apprenticeship system in any other countries at present;
- the employment retention outcomes from apprenticeships, traineeship and new apprenticeships are very good. Over 90% of New Apprentices are employed three months after completion of their apprenticeship. This compares favourably against the employment outcomes of TAFE and university graduates, which are nevertheless also very good;
- the long-term market prospects of apprentices at the equivalent Certificate III level of higher are second only to university graduates in terms of the higher rates of employment and the lowest rates of unemployment, Qualified apprentices have the highest rates of full-time employment and self-employment in Australia. The employment outcomes of people who have done a shorter traineeship at Certificate I or II are not as good but are better than those of people with no post-school qualifications; and
- the analysis suggests there is potential for the size of the system to grow to over 400 000 apprentices. National action to target growth in the apprenticeship system to higher skill areas of the labour market, particularly the associate professional and technician occupations, is proposed.

This research strongly supports the value of New Apprenticeships in the Australian labour market. ACCI is an advocate of the New Apprenticeship system as it provides a nationally recognised qualification, structured training, meaningful work experience and increasingly is a market driven system. Employers have the opportunity to train people in their own organisations with the training provider they choose. Financial

incentives and access to the training wage is also a tremendous incentive for employers.

Job Network can play an integral role in assisting job seekers, particularly long term unemployed and disadvantaged job seekers to enter the work force via a New Apprenticeship. ACCI does not view New Apprenticeships as a labour market program but they are now recognised as an important entry level opportunity in many industries.

Innovative pre-vocational solutions are another way in which Job Network providers can assist their clients into long term sustainable placements. Some disadvantaged and long-term unemployed job seekers may require additional training or work experience prior to commencing a New Apprenticeship. This practice does not appear to be widespread and is an avenue which the Job Network could consider.

Opportunities for Job Network in occupations in skill shortages

The Department of Employment and Workplace Relations (DEWR) monitors occupations which are in skill shortage across Australia and publishes them in National and State Skill Shortage lists every six months. The lists cover trades, professional and information and communications technology skills and are based in a number of indicators, most importantly on contact with employers who have recently advertised for skilled workers.

Skill shortages exist when employers are unable to fill or have considerable difficulty in filling vacancies for an occupation, or specialised skill needs within that occupation, at current levels of remuneration and conditions of employment, and reasonably accessible location. Shortages are typically for specialised and experienced workers, and can coexist with relatively high unemployment overall or in the occupation. An occupation may be assessed as in shortage even though not all specialisations may be in shortage. Occupations may be in shortage in particular geographical areas and not in others.

The reasons for skill shortages are complex and varied and may result from economic or demographic change, those not completing training and qualified workers (not working in the occupation for which they are qualified and/or experienced), cyclical fluctuations in labour demand, emerging demand of new technology, lack of flexibility in wages and regional mismatches.

The Commonwealth Government, through the National Industry Skills Initiative (NISI), have made a commitment to assist industries experiencing skill shortages and in consultation with industry, develop strategies to address these issues.

Job Network has a role to play in encouraging people to move to areas or into occupations where there are work opportunities ie skill shortages. Three of the strategies which have emerged from NISI deal with these very issues include:

- encouraging new people into the industry through New Apprenticeships which has already been discussed. Employers who have skill needs which have been

identified by DEWR as in shortage are entitled to extra financial incentives to employ New Apprentices;

- to encourage those people who are qualified in an occupation which is in shortage to return to that industry; and
- to encourage people with the qualifications to move to locations where their skills may be in shortage.

ACCI would support strategies which would encourage people to move into areas or regions where skill shortages exist.

ACCI acknowledges that some Job Network providers don't have the capacity or the resources to conduct extensive labour market research for the purpose of locating and targeting job opportunities for their clients. However, labour market information is readily available through skill shortage lists and career information on industries where there are job opportunities prepared by DEWR. Skill shortage lists are currently available on a national and state level and will be available on a regional level in the future. ACCI strongly advocates activities which encourages job seekers to consider careers in these industries.

Financial viability and performance of Job Network providers

ACCI is concerned about corporate governance issues particularly in smaller organisations. It is important that all companies remain financially viable in this market and operate on a commercial basis. Many Job Network organisations operate very professionally with adequate governance structures, however, governments can be active in ensuring community and smaller fulfill their responsibilities.

A similar situation has emerged in Group Training Organisations (GTOs). ACCI is currently engaged in a national review of GTOs which has commissioned research into the reasons some GTOs fail in business.

Ongoing and previous work undertaken by the consultants William Buck in the group training industry highlight significant commonalities concerning weaknesses in the management skills and structures of a number of GTOs, particularly in the areas of:

- Corporate Governance;
- Business management and systems;
- Financial management and systems; and
- Long-term planning and strategic development.

The researchers have identified weaknesses in the above areas as the main reasons many GTOs collapse. These weaknesses are the result, in some cases, of inadequate attention to management issues and ability to meet what are at times competing objectives of financial, corporate and community obligations. Some Job Network providers also face these challenges.

The consultants have identified the following factors as imperative for the future viability of GTOs:

- understanding the commercial reality of business;

- an effective accounting system;
- existence of management with experience in operations, sales and marketing, financial management and change management practices and/or re-engineering;
- experienced business people on Boards of Directors;
- understanding the business and industry to which the company is supplying; and
- effective systems for debt, credit and cash flow management.

Many, if not all of these factors should be addressed to ensure the future viability of Job Network providers. Currently there are no initiatives being funded to improve management and business systems which could provide Job Network providers with sound business practice for the future. ACCI supports the view that some assistance and/or support be provided to a targeted group of Job Network providers to assist them become more commercially focused.

Indigenous job seekers

ACCI and members have undertaken an Indigenous Education and Employment Project in various configurations over the last ten years. In recent times a number of key issues have emerged, including:

- the highly variable nature of the performance of Job Networks in delivering services to Indigenous job seekers;
- the lack of appropriate skills of Indigenous job seekers to fill identified vacancies;
- the considerable potential CDEPs offer to fill vacancies identified in the private sector;
- the lack of incentives to Registered Training Organisations and Group Training Organisations to place Indigenous people in employment;
- the lack of early intervention strategies for Indigenous young people, including access to vocational education and training in schools opportunities in Years 9 and 10; and
- the critical need in business, Indigenous community leaders and training and employment providers to work together to achieve substantial employment placements at a regional and company level.

ACCI has concerns about the effectiveness of Job Network for indigenous job seekers. The recent evaluation of the Job Network by DEWR revealed that Indigenous job seekers were the only job seekers to have both low participation and low outcomes for Job Search Assistance and Intensive Assistance.

The critical point to note here is that any programs which offer labour market assistance to indigenous job seekers need to be pathways which move progressively to long term outcomes, rather than short term quick fixes.

Such opportunities exist under the CDEP program. ACCI and members strongly support strategies which would link the CDEP program to New Apprenticeships and skill shortages initiatives.

Under the current arrangements the CDEP program does not provide a qualification for participants. Linking the program to the New Apprenticeship system would ensure that participants receive a qualification in an occupation which is transportable in the labour market. This also strategy provides participants with private sector work experience which should they choose to, can enable them to return to their communities to provide skills and knowledge they have gained.

Job Network can play a vital role in encouraging strategies such as these which would provide sustainable job opportunities not only for indigenous job seekers, but also for their communities.

Incentives and Subsidies

ACCI acknowledges that there are some employers who see a role for incentives to employ long term unemployed people (eg. 'Jobstart') and would like to see this type of arrangement returned.

Under the current arrangements, Job Network providers are able to develop their own strategies and policy on employer incentives. Some Job Network providers pass on financial incentives to employers, some don't.

The current arrangement which requires employers to negotiate incentives on a case by case basis may not be attractive to these employers. They may view the practice of negotiating incentives as underhanded.

ACCI supports a balanced approach to the issue of incentives and subsidies. As we have observed with incentives for New Apprentices, employers are often confused by highly structured incentive arrangements and the process for obtaining them. ACCI recommends an incentive system which provides both flexibility and structure for employers.

New Training Credits

ACCI is very supportive of rewarding job-seekers' effort with assistance to commence nationally recognised training. However, there are a significant number of issues relating to the introduction of training credits, including:

- the lack of connection between the reforms undertaken to the national training system and successes in the introduction of New Apprenticeships and activities undertaken by the Job Network;
- the lack of knowledge by community work coordinators and other labour market assistance brokers in undertaking training needs assessment and knowledge of training provision within a particular area;
- the need to link any activity undertaken through training credits to contribute towards a national industry recognised qualification, rather than a non-accredited specific activity;

- the basis upon which the maximum figure of \$800 was calculated given that most nominal hours set to achieve qualifications far exceed this amount and will State/Territory Governments meet the residual amount;
- the flexibility an employer may have in utilising these funds to offset costs related to employing the individual through a New Apprenticeship;
- procedures put in place to ensure that, where a employment program provider is also a Registered Training Organisation, the job seeker or their potential employer is provided with sufficient choice of training provider;
- the extent Certificate 1 will be revived as a pathway for job seekers in relevant industry areas to make new entrants to the labour market more attractive. It may be possible for some providers to provide pre-vocational training on a fixed cost basis for group intakes at a lower cost;
- whether funds can be used by the individual to satisfy entry requirement costs. For example, fees and costs of text books, etc;
- the need to make connection with other Commonwealth or State/Territory programs (e.g. New Apprenticeships Access Programme).

Given its extensive experience in this area, ACCI and members would be keen to have further dialogue with the relevant agencies on arrangements to introduce this important initiative.

An independent regulator

The OECD has recommended in their review of Australian labour market policies, *Innovations in Employment policies: The Australian Way* a separate regulatory body to supervise the activities of Job Network. An independent regulator would provide an external check that government is keeping the playing field as level as possible across providers and safeguard Job Network interests when the government modifies parameters of the system.

DEWR currently manages Job Network activities on behalf of the Commonwealth. DEWR goes to significant lengths to ensure probity in the tender process and equal treatment of all Job Network members. In addition to DEWR's role, there is considerable scrutiny on Job Network activities from other external agencies such as Ombudsman, ACCC and the Privacy Commission.

The previous Employment Services Regulatory Authority (ESRA) model did not necessarily lead to improved outcomes for employers. Therefore if an independent regulator is established, a clear improvement in service provision to all clients (ie. Employers and job seekers) must be demonstrated prior to introduction. In addition, the level of resources allocated must be justified.

An alternative way to regulate Job Network could involve a tri-lateral group similar to the CES Advisory Committee which could oversee the performance of the Job Network and advise government on any changes which needed to be made to improve performance.

Tendering process

ACCI supports an open and transparent tendering process for the Job Network.. We view the tendering system as an essential part of ensuring high standards of service provision for the Job Network. In previous labour market arrangements, those organisations that were not exposed to tendering arrangements or were only tested infrequently became ineffective. This also prohibits the entry of new service providers into the market.

A six year period for testing is too long and it is recommended that testing should occur every three years. For continuity of service, the tendering process could be staggered so that all providers are not changing at one time. Staggering the process would also help to reduce the administrative burden.

JOB NETWORK SURVEY FINDINGS

SOURCE OF RESPONSES

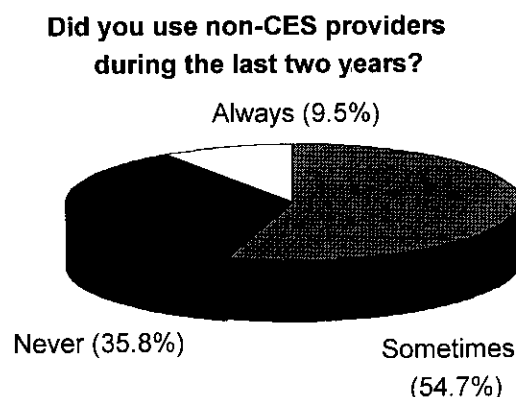
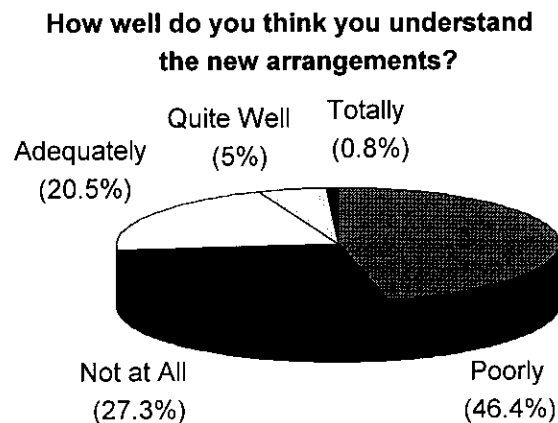
Introduction

ACCI is the peak business organisation in Australia representing more than 350,000 employers across all States and Territories and almost all industry sectors. This includes the top 100 companies, 55,000 medium sized enterprises and 280,000 small enterprises. On 1 May the Federal Government implemented major changes to arrangements for labour market assistance in Australia. Job Network came into effect and replaced the Commonwealth Employment Service as the provider of labour exchange services to the unemployed. To determine whether Job Network is meeting the needs of employers, ACCI surveyed more than 1200 members across all States and Territories and major industry organisation.

The survey took the form of a comprehensive questionnaire circulated to members in November last year. This is the first major national survey about Job Network from an employer perspective.

Key Survey findings

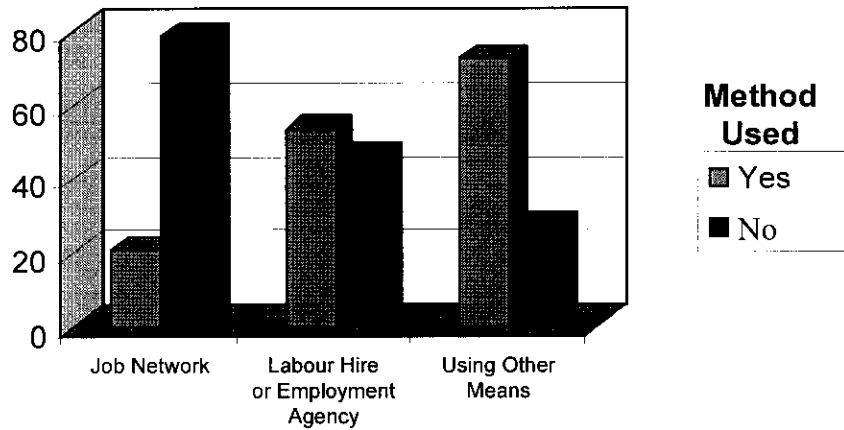
Previous Use of Employment Services Agencies



In the two years leading up to the survey nearly two thirds of those surveyed had never used the CES to fill vacancies and nearly three quarters used other employment agencies including labour hire companies or other means to recruit staff.

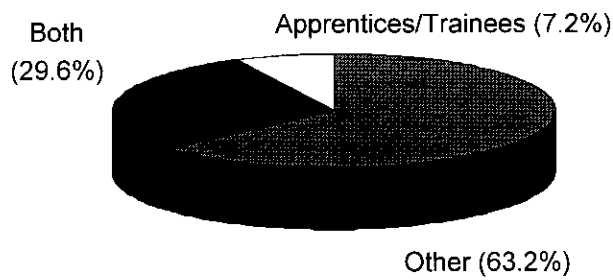
- Over one third of staff recruited in this two year period involved the recruitment of apprentices and trainees as well as other staff.

How Vacancies Were Filled

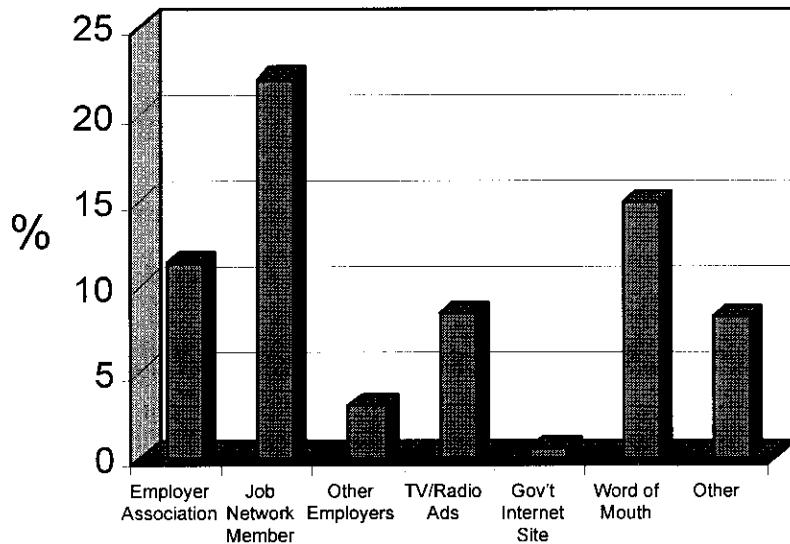


- Just over 20% of employers have used Job Network providers and over 50% used labour hire companies or other employment agencies. Almost three quarters of those surveyed also used other means to recruit staff such as advertising in the press or 'head hunting'.

Which categories of staff did you recruit?

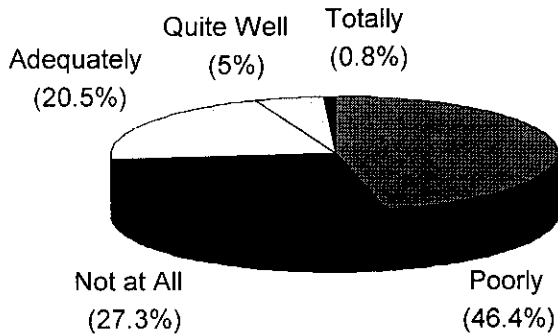


Method of Finding Providers

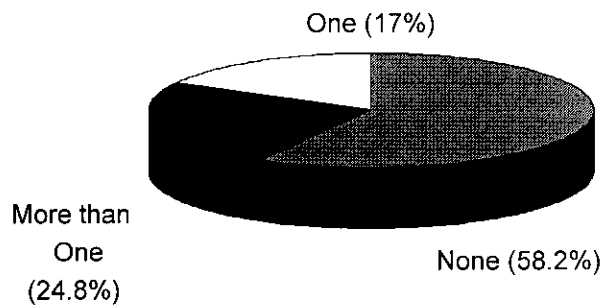


- Just over one quarter of employers understand the new Job Network arrangements at an adequate level or better. More than half of those surveyed know one or more Job Network providers in their region and of these more than one third found out through employer associations or Job Network members. Other means of obtaining information such as from TV and radio advertising, Internet services and word of mouth did not play a significant role.

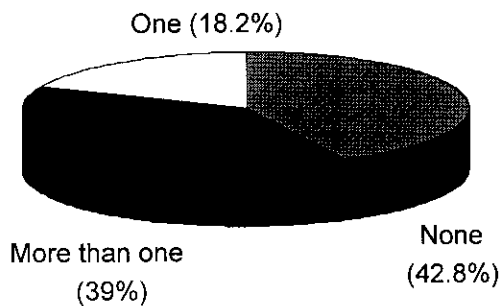
How well do you think you understand the new arrangements?



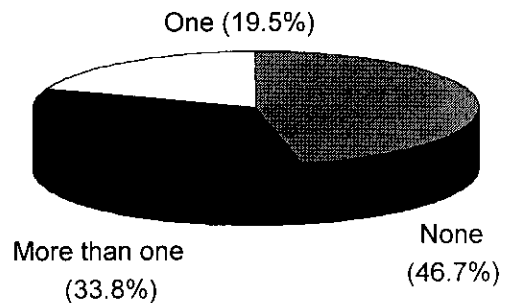
Has a Network Provider approached you?



How many services are you aware of?



How many Job Network providers do you know?

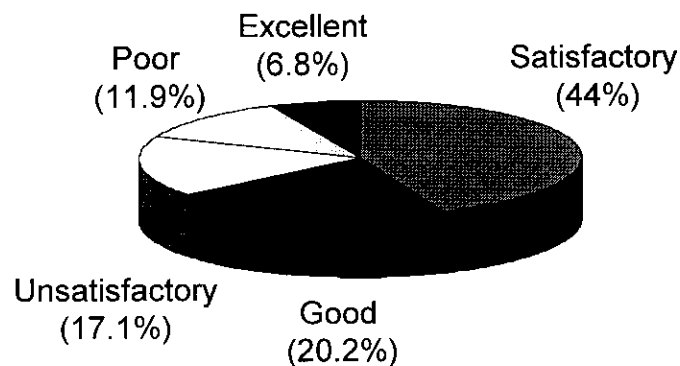


Comparison of Job Network With CES by Businesses Which Have Used Job Network

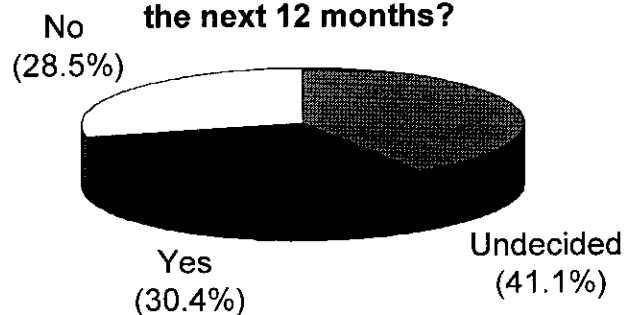
COMPARISON WITH CES					
AREA	Much Better	Better	About the Same	Worse	Much Worse
Choice of Provider	23.7	32.4	27.2	11.6	5.2
Level of Service	16.4	33.3	28.8	13.6	7.9
Range of Services	13.4	32.3	38.4	12.2	3.7
Quality of Applicants Referred	12.1	20.8	44.5	16.2	6.4
Competition Between Providers	16.8	34.2	32.9	11.6	4.5
Fees and Charges	5.2	9.2	35.9	24.2	25.5

- Approximately 80% of those surveyed believe that the new Job Network is about the same or better than the CES in terms of choice of provider, level of service, range of services, quality of applicants referred and competition between providers. In the area of fees and charges the CES was seen to be the same or better.
- Over 70% of employers rate the level of Job Network services as satisfactory or better. Just over 30% would consider using the Job Network in the next twelve months with a further 40% undecided.

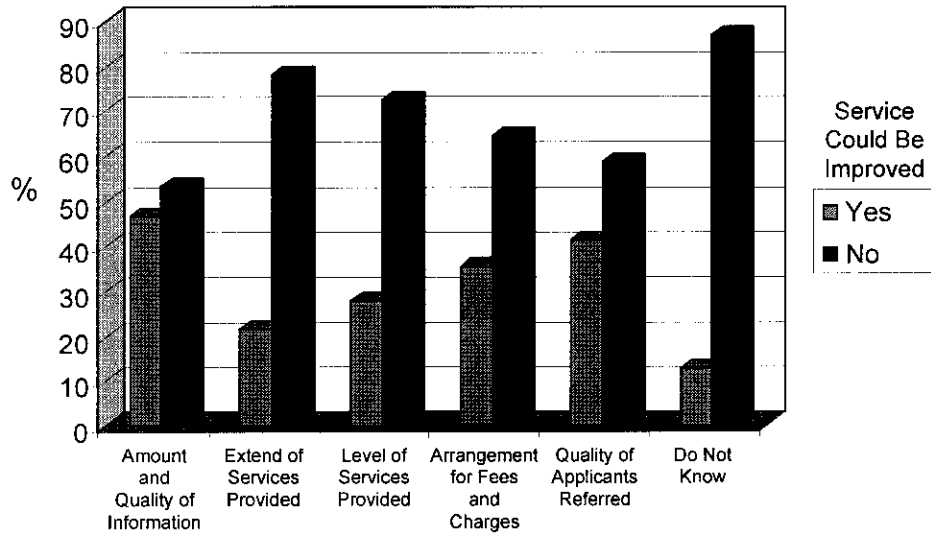
How would you rate the level of service?



Would you consider using Job Network in the next 12 months?



Which services could be improved according to businesses that have used Jobsnet?



- Over 40% of employers believe the amount and quality of information on Job Network and the quality of applicants referred needs to be improved. Over one third believe that the fees and charges need to be improved.

Expected Future Use by Employers of Job Network

How Often Will Various Means Be Used To Recruit Staff By Businesses Which Have Used Jobsnet?

FREQUENCY OF USE				
AREA	Always	Usually	Sometimes	Never
Jobs Network Provider	8.8	23.5	57.6	10.0
Advertise in Press	14.9	37.4	38.5	9.2
Labour Hire Companies	4.3	10.0	47.1	38.6
Group Training Companies	2.4	7.2	42.4	48.0
Head Hunters	5.4	11.6	55.1	27.9

How often will various means be used to recruit staff by businesses which have not used Jobsnet?

FREQUENCY OF USE				
AREA	Always	Usually	Sometimes	Never
Jobs Network Provider	3.4	5.2	43.1	48.8
Advertise in Press	21.4	34.7	33.5	10.4
Labour Hire Companies	7.6	18.4	43.2	30.8
Group Training Companies	4.3	5.9	30.5	59.3
Head Hunters	7.3	13.7	52.4	26.5

- Over one third used CES and over two thirds used other providers over previous two years.
- Around 20% used Job Network in the last six months.
- Apprentices and Trainees were involved in the recruitment process in 37.4% of those surveyed
- firms who have not used the Job Network prepared to utilise the service for some recruitment.

SUMMARY

The majority of employers who have used Job Network believe it has more to offer than the CES. The difficulty is that almost three quarters of employers

POLICY BRIEF

EMPLOYMENT POLICY

Principles of Employment Policy

All Australians have a shared responsibility in developing Australia's employment system. Like other stakeholders, employers can play an important role in shaping this system. While it is not the role of enterprises to employ people at the expense of the capacity of business to compete in the marketplace; employers can help expand employment opportunities for all Australians and particularly for young people.

ACCI supports an employment system which enables all Australians to be competitive in the employment market. This means providing people with marketable skills and developing a training system which keeps pace with the skill needs of business. Government policies must foster a commitment to work and lifelong learning.

Any employment system must be reliant on an economic framework which promotes per capita growth and it must operate within a labour market which meets the needs of employers. This is critical in meeting two key employment policy requirements:

- business being able to offer more jobs; and
- the unemployed having the needed skills to take employment opportunities as they arise.

Policy Objectives

ACCI advocates the following employment policy objectives:

- **Strong Rates of Economic Growth.** This involves:
 - containing public sector spending;
 - avoiding deficit financing to stimulate growth; and
 - continuous assessment of the impact of interest rate and monetary aggregate adjustments on growth and employment.
- **Introducing wider micro economic reform** including:
 - structural changes to improve the adjustment capabilities of the economy which enables labour to move more easily between contractions and expansions; and
 - reforms to competition laws, the financial system, industry policy and the industrial relations system to enable resources to flow as quickly as possible to where they are best employed.
- **Stimulating productivity growth while containing the cost of labour.** This involves:
 - raising productivity and ensuring growth in the cost of labour does not exceed productivity growth;

- allowing relative wages to adjust to reflect labour market needs; and
 - restraining minimum wages to minimise the number of people who are locked out of the labour market.
- **Amending the taxation and social security system so that it does not discourage work.** This includes:
 - a system which encourages people to work when job opportunities become available;
 - eliminating poverty traps; and
 - embracing the approach of mutual obligation.
 - **Continuously developing labour force skills and knowledge** including:
 - expanding education, training and employment pathways;
 - improving education and training as a demand driven system based on needs which are specifically aligned to industry;
 - enhancing schools-industry links programs;
 - promoting awareness of the labour market and the world of work, particularly to young people;
 - reducing the points of regulation in the States and Territories;
 - implementing mutual recognition of nationally recognised qualifications and training providers;
 - focusing on nationally endorsed training packages which comprise competency standards, assessment and qualifications linked to a national framework; and
 - targeting areas where skills shortages prevail.
 - **Designing labour market programs to meet individual needs.** This must focus on:
 - using active labour market policies such as job creation initiatives, job placement schemes, employer incentives and training programs as support for macro level reforms which lead to improved growth and a more efficient economy; and
 - using direct and simple labour market policies such as wage subsidies for employers.
 - **Increasing co-operation between Federal and State agencies.** This involves:
 - eliminating duplication of efforts within and across regions, States and nationally; particularly in relation to consultative arrangements;
 - minimising bureaucratic intervention and reducing the pressure on employer resources;

- removing inconsistencies in employment policy between States and Territories; and
- developing proactive co-ordinated mechanisms with the involvement of employer organisations and employers to address the issues relating to Federal and State government programs and seminars impacting on business.

Strategies to achieve policy objectives

- working closely with Government at all levels to ensure that the needs of business are taken into account in the development of employment policies;
- supporting an ongoing partnership between industry, government and the community in reforming the employment system;
- encouraging industry, business and employers to promote employment and training opportunities;
- promoting the need for wider micro-economic reform, particularly in terms of competition laws, the financial system, industry policy and the industrial relations system; and
- supporting direct and simple labour market programs such as wage subsidy for employers.

The Policy Framework

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

ACCI supports an increased and ongoing partnership between industry, government and the community. For this purpose, a range of forums and consultative committees have been established which enable industry and Government to work together in reforming the employment system to better meet the needs of industry.

For further information:

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