

Opportunity

for All

Joint Statement by
the Australian Council of Social Service (ACOSS),
Business Council of Australia (BCA)
and Australian Council of Trade Unions (ACTU).

What is this statement?

The aim of this statement is to outline the shared vision and principles underpinning a new commitment by three peak bodies to work collaboratively towards two inter-related objectives:

- Providing opportunities for Australians who are disadvantaged in the labour market, and
- Giving employers access to workers who meet their skills needs.

The statement identifies key challenges that have moved our organisations to act now, some initial joint activities, and calls for policy action.

Preamble

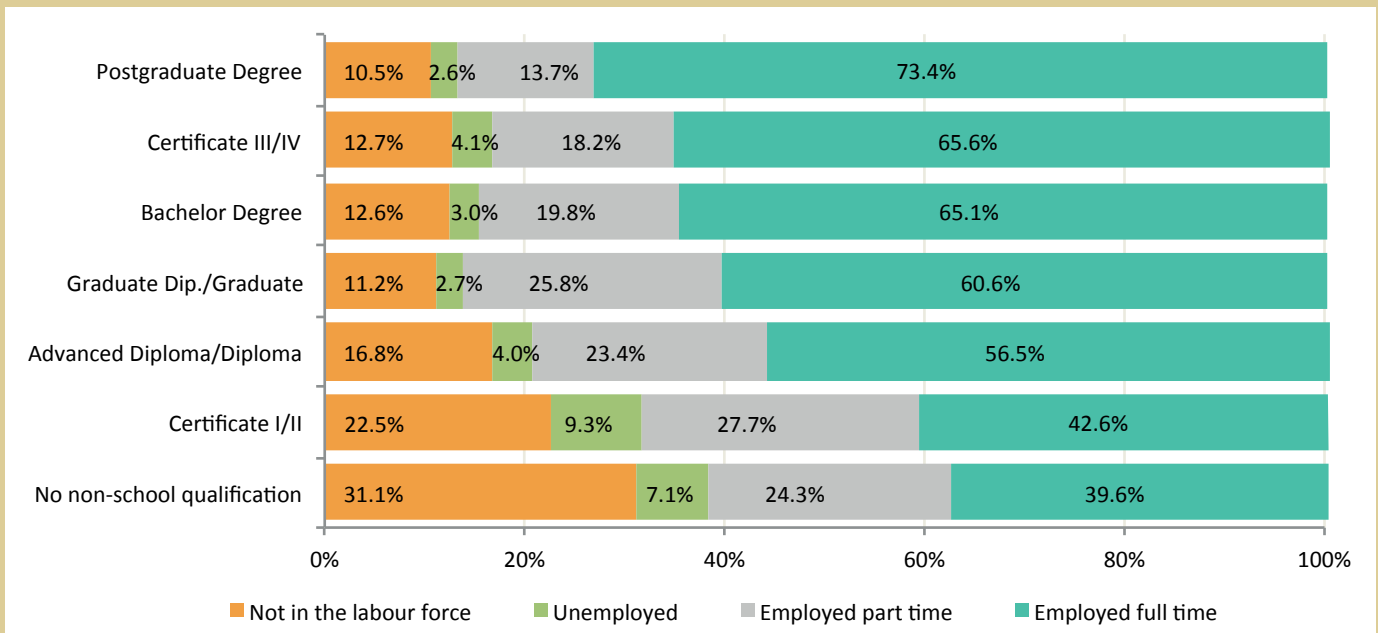
While much of the developed world still suffers the after effects of the global economic downturn, Australia continues to enjoy a sustained period of growth and prosperity. Thanks, in large part, to our sound macroeconomic policy and proximity to the rapidly growing Asian economies, Australia's economy continues to grow and average standards of living continue to rise.

Although the high Australian dollar is affecting the competitiveness of some sectors, the last decade has seen a bigger proportion of the Australian working age population employed than ever before and unemployment close to its lowest level in more than 30 years.

In this environment of opportunity for most, there are groups of Australians – such as people who are unemployed long-term, people with fewer skills including those who left school early, women caring for a child alone, people with disabilities, many Indigenous Australians, and a number of migrant communities – who remain excluded.

As the population ages over the coming decades, labour shortages will become an impediment to economic growth. The technological and information revolution is transforming the nature and organisation of work, requiring an ongoing commitment to improving the education and skills of our workforce.

Labour force status by qualification, 2011



Source: ABS 2011, Education and Work, Australia, May 2011, cat no 6227.0

In some industries and regions, employers are already struggling to find enough people to fill critical job vacancies, while at the same time there are many Australians unable to find work or who would like to work more hours. To build prosperity and share it widely, it is vital that we bring into the workforce those people who have been left out or are being churned between work and unemployment. Having come together to consider these issues, our three organisations agree that while the economic opportunity is there to do so, we will work together to reduce entrenched disadvantage and reduce long-term unemployment. Everyone wins if we can bring people currently excluded from the labour market into regular decent work – that is, work that is productive and delivers a fair income in conditions of freedom, equity and security in line with human dignity - poverty and reliance on social security are reduced, labour shortages are eased, and the economy can grow faster without coming under inflationary pressure.

In this way we can pursue social and economic objectives at the same time, in Australia's national interest.

Our vision for shared prosperity

Our vision for shared prosperity is based on the following key principles:

- A strong economy with competitive businesses and enterprises
- Robust public institutions that engender confidence
- Healthy, safe, productive and fair workplaces
- Greater access to employment for those currently missing out
- Access to lifelong education and training opportunities
- A social safety net that provides adequate income support without impeding transition to paid work; and

- Effective and efficient support services targeted to those in most need.
- Australia's ongoing prosperity depends on the capacity of our enterprises to remain competitive. At the same time, improving people's access to decent paid work is one of the best ways to ensure that prosperity is shared by people who are currently missing out.

Among other things, this requires a level of income support for job-seekers that allows them to live decently and respond as job opportunities arise without creating disincentives to work. It also requires timely access to education and training, and job placement and other support services that are responsive to the needs of both job seekers and employers.

Characteristics of people receiving Newstart and Youth Allowance (other) (August 2010)

	%
Under 25 years	27%
25-44 years	41%
Over 44 years	32%
Over 1 year on income support ¹	57%
Over 3 years on income support	27%
Indigenous	10%
Disability ²	16%
Sole parent	6%
All	617000

Source: DEEWR 2010, Response to Senate Education Employment and Workplace Relations Committee Question on Notice EW0534_11.

Notes:

1. This figure has increased since 2010, with DEEWR labour market statistics as at October 2012 indicating that 62% of recipients now spend more than one year on income support.

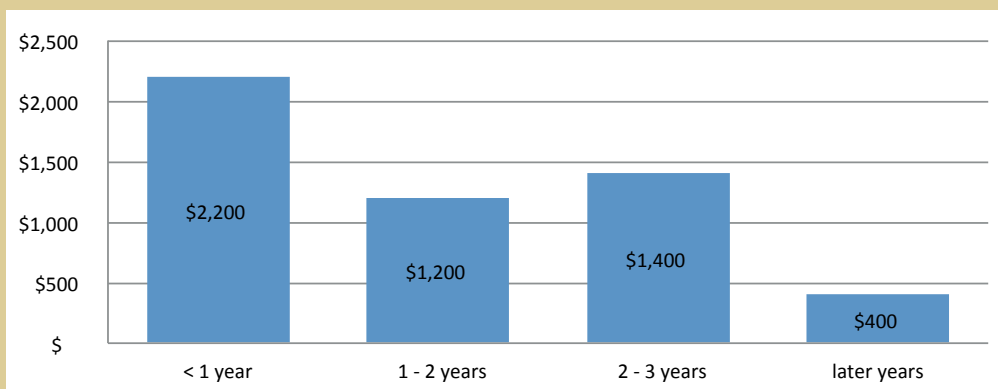
2. 'Disability' here refers to recipients with a partial work capacity (formally assessed as 'able to work' fewer than 30 hours a week).

Our shared challenge

While unemployment is at its lowest in decades and some employers face labour shortages, the profile of those people who are out of paid work has become more disadvantaged. Among the 650,000 people on unemployment payments, two fifths have less than Year 12 qualifications, one third are over 45 years old, one in six has a disability and one tenth are Indigenous Australians. Unemployment is increasingly concentrated among individuals who have been out of paid work for a long time, families where no one has paid work, and communities where opportunities are scarce.

This changing profile of unemployed people calls for a new approach to employment services. To resolve the growing mismatch between jobseekers and job vacancies, we need not only to lift the skills and work capacities of disadvantaged jobseekers, but to connect them early with employers who can offer a pathway towards secure employment. We need a new approach and more tailored support services to give individual Australians the best chance of making a successful transition to work.

Funding of Job Services Australia services for a 'Stream 3' jobseeker, by duration of unemployment



Note: excludes outcome payments, the average value of which is difficult to calculate from publicly available data.

The present employment services system is supply rather than demand-focussed. Employers who are actively looking to recruit disadvantaged jobseekers find the systems designed to support them difficult to navigate. The employment services system is not consistently providing the kind of pre-employment preparation or post-recruitment back-up needed to support successful placements.

Further, as the graph indicates, the longer a person is unemployed the less funding they receive for employment assistance. Yet long-term unemployed people generally need more not less help to secure a job.

Employment service providers need better resources and incentives to work intensively with unemployed people, employers and other services (including training organisations) to overcome entrenched barriers to employment.

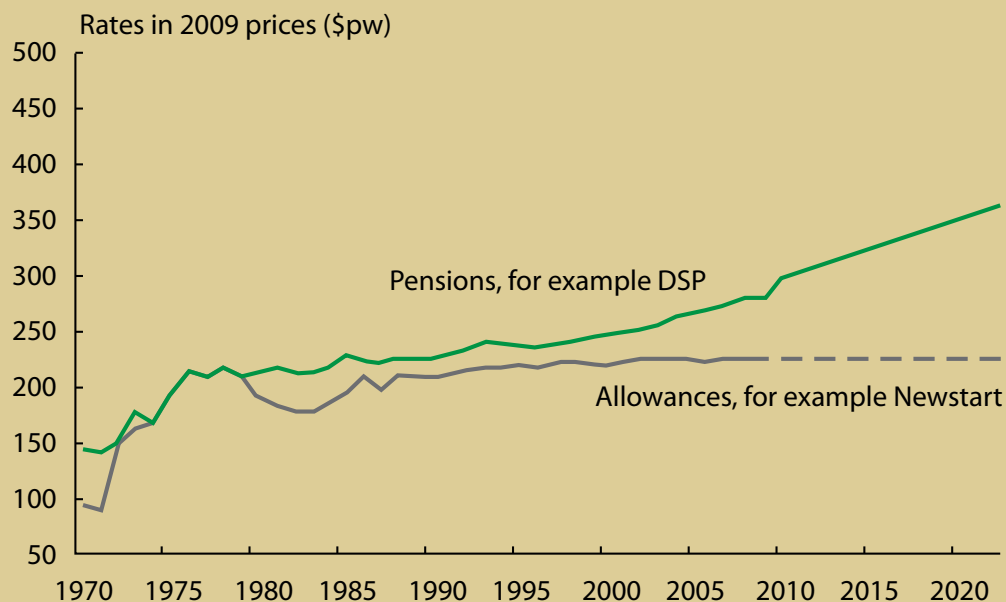
The education and training system should promote life-long learning and be able to provide training that is relevant to the needs and circumstances of people who are disadvantaged in the labour market. This means establishing clearer connections between training and a job through greater engagement between employers, employment services and those in the training system, as well as targeted support to ensure people can complete their training.

The social security system for people of working age needs restructuring to ease hurdles to employment. Indexation arrangements for the Newstart Allowance mean the living standards of unemployed people are falling further and further behind. This and other allowance payments have not been increased in real terms for 20 years. From 1996 to 2009, the single rate of the Newstart Allowance fell from 92% of the poverty line to 72% (a gap of \$74 per week).* Over the same period, it fell from 54% of the minimum wage (after tax) to 45% .

By redesigning these systems, poverty, social exclusion and labour shortages can all be tackled at the same time.

*There are a number of different ways to measure poverty and in this case a poverty line set at 50 per cent of median household income was used.

Pensions and allowances over time



Joint advocacy

With these challenges and this important opportunity in mind, our three organisations have agreed to join forces to promote action in three core areas:

1. First, we are calling for an official inquiry to deepen our understanding of the nature and extent of entrenched disadvantage, and the most effective pathways out of it.

Such an economic and social study would not only throw more light on the problem, but could provide a hard-headed assessment of the benefits to the nation as a whole of overcoming entrenched disadvantage. Given the critical importance of employment as a pathway, the inquiry could help identify effective strategies for promoting access to employment, the level of investment this would require, and the economic and fiscal case for making such an investment.

2. Second, we are calling for the government to establish a public and independently-led review of the employment services system for the most disadvantaged jobseekers by the end of this year. The review would focus on how to build on the system's strengths, tackle its weaknesses and ensure that the best possible approach is in place for the 2015 contracts.

The review should strengthen the focus of JSA contracts on sustainable employment outcomes and the incentives providers need to take on more disadvantaged jobseekers. It should evaluate alternative approaches to achieving satisfactory employment outcomes for more disadvantaged jobseekers, especially purchasing arrangements that encourage partnerships between employment services, employers and local training and social support services.

3. Third, as recommended by the Henry Report, we are calling for an increase in the Newstart Allowance and reform of indexation arrangements to keep it in line with growth in overall community living standards.

Joint activities

To support reform in each of these key areas, the three organisations will:

- Convene an expert roundtable to discuss best practice policies that support 'demand-led' employment assistance for disadvantaged jobseekers. Under this model, employers commit to offer jobs and training, and employment services and training organisations prepare disadvantaged jobseekers for those jobs, and support them through the early post recruitment period.
- Investigate options for better linking of pre-employment training initiatives with demand-led approaches; and
- Host a forum to explore the importance of reducing inequality and entrenched disadvantage for Australia's future economic growth and prosperity.

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(L-R): Jennifer Westacott (BCA), Tony Shepherd (BCA), Ged Kearney (ACTU), Cassandra Goldie (ACOSS)



Level 2
619 Elizabeth Street
Redfern NSW 2016



Level 42
120 Collins Street
Melbourne Victoria 3000



Level 6
365 Queen Street
Melbourne Victoria 3000
t 03 9664 7333
f 03 9600 0050
w actu.org.au