

**Head Office**

Employers' House  
196 Flinders Street  
Melbourne Victoria  
Australia

Postal Address  
GPO Box 4352QQ  
Melbourne VIC 3001

Telephone (03) 8662 5333  
Facsimile (03) 8662 5462  
E-mail [vecci@vecci.org.au](mailto:vecci@vecci.org.au)  
Web [www.vecci.org.au](http://www.vecci.org.au)

**Training Centre**

50 Burwood Road  
Hawthorn Victoria 3122

Telephone (03) 9251 4300  
Facsimile (03) 9819 9002  
E-mail [training@vecci.org.au](mailto:training@vecci.org.au)  
Web [www.vecci.org.au](http://www.vecci.org.au)

**Regional Offices**

Victorian Business Centre  
48 Camp Street  
Ballarat, Victoria 3350  
Telephone (03) 5320 5930  
Facsimile (03) 5331 6112  
E-mail [ballarat@vecci.org.au](mailto:ballarat@vecci.org.au)

196 High Street  
Bendigo, Victoria 3350  
Telephone (03) 5443 4478  
Facsimile (03) 5441 4865  
E-mail [bendigo@vecci.org.au](mailto:bendigo@vecci.org.au)

Victorian Business Centre  
69-71 Moorabool Street  
Geelong, Victoria 3220  
Telephone (03) 5222 4666  
Facsimile (03) 5222 4845  
E-mail [geelong@vecci.org.au](mailto:geelong@vecci.org.au)

61 Hotham Street  
Traralgon, Victoria 3844  
Telephone (03) 5174 1231  
Facsimile (03) 5174 7100  
E-mail [traralgo@vecci.org.au](mailto:traralgo@vecci.org.au)

30 October 2001

Job Network Review  
Productivity Commission  
PO Box 80  
BELCONNEN ACT 2616

Dear Sir / Madam

The Victorian Employers' Chamber of Commerce and Industry (VECCI) welcomes the opportunity to make this submission to the Productivity Commission's Independent Review of the Job Network.

The outcomes of the Review will arguably shape the direction of continuing reform to Australia's employment and labour market services, and therefore will have a significant impact on all sectors of the community, including business.

VECCI is Victoria's peak business organisation and Australia's leading multi industry employer association, with more than 11,000 direct and indirect members.

VECCI draws its membership from almost every sector of industry and commerce including manufacturing, retail, tourism, leisure and hospitality, health, business services, local government, building and construction, road transport and related industries, and the trade sector. The bulk of its members are in the small business sector.

In addition to its own membership base, VECCI works closely with the majority of other employer associations in Australia. Through its membership of the Australian Chamber of Commerce and Industry (ACCI), VECCI also has established links with State Chambers' of Commerce and Industry in all other States and Territories, and nationally, with an extensive network of local Chambers' of Commerce and Industry.

VECCI contributed actively in 1994 to the development of the Keating Government's Working Nation strategy and, more recently, to the Work for the Dole and New Apprenticeship programs of the current Government.

VECCI is a key player in the development of the Victorian training system, and contributes significantly to the strategic direction and policy debate at both the state and national level on the extensive range of issues associated with the development of vocational training. This influence covers such areas as legislation changes, industrial relations, the regulatory environment, industry advisory arrangements, education, training delivery, accreditation, and strategic planning.

VECCI works pro-actively with government and government agencies to ensure the demands and expectations of business are taken into account in the development of education and training policies, and to provide accurate and timely advice to the business community about education and training policies, programs and initiatives.

This submission does not attempt to address all of the issues raised by the discussion paper produced by the Productivity Commission. Rather it focuses on those issues of most concern to our members and the wider employer community.

Our submission also seeks to draw to the Commission's attention a number of critical issues that VECCI believes need to be considered in determining the extent to which the Job Network has achieved the objectives that were set when it was established.

In the lead up to the introduction of the Job Network in 1998, the Government argued that it should become the purchaser of labour market services rather than the main provider.

It also argued that the introduction of the Job Network would deliver better quality assistance and more sustainable outcomes for job seekers. This would be achieved by the introduction of:

- A competitive structure which would drive efficiency;
- A structure that was more effective than the arrangements it was replacing ; and
- A structure that gave choice to the users of the service.

It is therefore critical that the findings of the Commission's Review indicate clearly whether these benchmarks are being achieved.

VECCI's experiences of the Job Network are largely anecdotal and, in part, were informed by a preliminary survey of members in early 2000. This found that most of the employers surveyed had little understanding of the Job Network or the role that individual providers played. While the level of employers' knowledge may well have changed since our survey, it would nevertheless be timely for the Review to test the current levels of knowledge and understanding of employers, and the impact of communication strategies for raising awareness with them about the Job Network.

In philosophical terms, VECCI strongly supports the rationale behind the introduction of the Job Network.

In VECCI's view the replacement of the public sector monopoly (the CES) with a range of private and public organisations was an appropriate public policy response to the protracted problem of unemployment in Australia.

However, the ultimate test of the Job Network should be whether it is creating sustainable employment opportunities for unemployed people. That is to say employment opportunities that remain viable beyond the initial period of training.

While VECCI accepts that this outcome may require intermediate steps (ie. short term work placements and training programs), it is our firm view that the placement of unemployed job seekers in "real jobs" should be the primary benchmark by which the success of the Job Network is measured.

Anything less leads to "churning" and has the potential to encourage activities that benefit providers rather than the unemployed.

VECCI supports the broad economic agenda pursued in recent years by the Government. It believes that these policies have been instrumental in reducing unemployment and creating the environment for sustainable jobs growth.

Notwithstanding this support, however, VECCI believes that one of the micro economic changes that accompanied the establishment of the Job Network (ie. the abolition of employer wage subsidies) impacted adversely on the creation of sustainable jobs *for the unemployed*, particularly in the small and medium enterprise sectors.

In this context, VECCI is regularly approached by members seeking advice as to the assistance available to them if they employ unemployed, particularly long term unemployed, job-seekers.

Our advice is that in these circumstances, the employer needs to negotiate arrangements on an individual basis with Job Network providers. Employers generally are reluctant to do this because, in their view, it involves too much bureaucracy. Alternatively those employers who approach Job Network members find that the providers are very reluctant to provide meaningful wage subsidies because to do so would impact on their "bottom line". Instead the providers appear to prefer temporary work placements/training arrangements that achieve the milestones for their payments, but often do not improve the employment prospects of their unemployed clients.

Moreover, faced with the disappearance of wage subsidies, employers have embraced the New Apprenticeship system in large numbers as a means of achieving wage subsidisation. While this may have the effect of creating job opportunities, it tends to undermine the fundamental training focus of the New Apprenticeship system. In VECCI's view this is an undesirable consequence.

It is also a consequence which, in large part, is due directly to the funding of the Job Network from wage subsidies that were formerly available to employers through the Job Start and similar programs.

Given that the fundamental aim of the Job Network is to improve sustainable employment outcomes we believe those elements of assistance purchased by the Government on behalf of the unemployed should focus on preparation and training for employment. Preparation for employment gives job seekers the best opportunities in the job market and provides employers with a greater level of confidence in the services provided through the Job Network. Good preparation is also more likely to lead to successful recruitment of the right person and the greater potential for a sustainable employment outcome.

With regard to training, once a job seeker is placed in employment there is some anecdotal evidence to suggest that Job Network providers are not providing job seekers with appropriate training, even though they have a contractual obligation to do so. While VECCI is not in a position to verify this, it is an important issue and should be considered by the Commission in its Review.

Finally, VECCI urges the Commission to test the claims of the Departments of Education, Training and Youth Affairs and Employment Workplace Relations and Small Business as to the effectiveness and efficiency of the Job Network. In VECCI's view testimonies by those agencies responsible for developing and managing the Job Network should be subject to public scrutiny. The Commission's Review provides an opportunity for this to occur in an objective and independent manner.

We would welcome the opportunity to discuss these issues with the Commission during the course of the Inquiry. Should you require any further information on this submission, please contact Ms Pam Jonas, Manager Employment, Education and Training Policy, (03) 8662 5338.

Yours sincerely

Neil Coulson  
Chief Executive Officer