

Part 3: APEC Member Economies' Policies and Programmes

AUSTRALIA

Environment

The Australian economy remains strong despite the weakness of a number of Australia's major Asian trading partners and uncertainty in global financial markets, reflecting the sound fundamentals underpinning domestic spending.

Inflation remains low and interest rates are at historically low levels. The CPI fell by 0.08 per cent during the March quarter 1999 but rose by 1.6 per cent over the year to the March quarter 1999 (in original terms). The Reserve Bank reduced official interest rates from 5.0 per cent to 4.75 per cent on 2 December 1998. This has brought the total reduction in interest rates to 2.75 percentage points since June 1996. Variable home mortgage interest rates are now at their lowest level for around three decades.

The outlook for future employment growth is positive. Employment rose by 2.1 per cent in seasonally adjusted terms in the year to June 1999. The seasonally adjusted unemployment rate has fallen from 8.2 to 7.2 per cent over the last twelve months. Economic indicators support an outlook of continued employment growth. The economy grew by 4.8 per cent in the year to the March quarter of 1999. In seasonally adjusted terms, the number of long-term unemployed (those unemployed for longer than twelve months) rose by 3.1 per cent in May 1999 to 219,400. This compares with long-term unemployed in May 1998 of 237,100.

These fundamentals are, in turn, underpinned by sound macroeconomic policies which have concentrated on fiscal consolidation and the maintenance of low inflation in a credible monetary policy framework. The relatively modest slowdown in export volume growth to date also reflects the more responsive and flexible nature of the Australian economy. As the IMF noted at the conclusion of its examination of the Australian economy in October 1998:

- Growth has been underpinned by an improved policy framework and regulatory reforms that have promoted investment and boosted productivity.

One feature of the recent strength of the Australian economy is the rise in measured labour productivity. Measured labour productivity in Australia has grown strongly in recent years, increasing on average by around 4 per cent per annum since late 1995, compared with an average productivity performance of around 2 per cent per annum over the last 20 years.

The benefits to the economy of the recent strong productivity performance are widespread. The strong growth in labour productivity over the last two years in particular, coupled with moderate growth in nominal wages, has contributed to the maintenance of low inflation, providing a direct benefit to consumers and business.

Real wages have increased relatively strongly during the 1990s, without putting significant upward pressure on real unit labour costs. This, in turn, has contributed to the strong growth in corporate profitability over this period. Increases in real wages

have also supported growth in household income, which has contributed to ongoing growth in consumption spending.

Over recent years the Government has also carried out significant workplace relations reforms throughout the economy. This has created a system with an effective safety net protecting the low paid whilst encouraging, at a local level, high labour productivity, higher wages, workplace choices and individual freedoms.

Ongoing reform in the labour market should reinforce the improvement in productivity. However, some cyclical slowing in productivity growth is expected in 1998–99 as employment continues to grow solidly in response to the stronger activity in 1997–98, and output growth slows as a result of the Asian crisis.

Policies in Place

The Australian Government has recently implemented a number of reforms and initiatives to improve the performance of the labour market. These are part of a programme of ongoing economic reform across a broad front—building on reforms undertaken over the past two decades.

Employment of Workers

On 1 May 1998 the Australian Government introduced Job Network to replace the Commonwealth Employment Service and most labour market programmes. The Australian Government previously provided assistance for job matching, job training and a range of labour market programmes covering vocational training and work experience placements for long term unemployed people via the public provider, the Commonwealth Employment Service (CES).

Rationale

Experience in Australia and overseas shows that many disadvantaged job seekers, especially long term unemployed people, are ill-equipped to compete for jobs even in periods of strong economic growth. Well targeted and well designed employment assistance can play an important role in giving people a clear pathway to employment. The introduction of the competitive employment services market, Job Network, on 1 May 1998, was designed to assist in this process.

The Government's key considerations in reforming the employment services market were:

- to deliver a better quality of assistance;
- to ensure better and more lasting employment outcomes for job seekers;
- to achieve better value for money in the expenditure of taxpayers' funds;
- to give clients (job seekers and employers) a greater choice of service provider; and
- to ensure clients have easier access to services.

Job Network

Job Network is a national network of around 300 private, community and government organisations which have been contracted by the Government to find jobs for unemployed people, particularly those who are long term unemployed. Job Network organisations offer flexible and tailored assistance to job seekers depending on their

level of need. Job Network members operate from more than 1400 outlets across Australia.

There are currently six employment services available under Job Network:

- *Job Matching*—involves canvassing employers for vacancies and matching and referring suitable unemployed people to these vacancies.
- *Job Search Training*—providing training in job search techniques (resumes, interview techniques, presentation) to prepare unemployed people to apply for jobs and give them the skills and confidence to perform well when speaking to employers.
- *Intensive Assistance*—individually tailored help for long term unemployed and other disadvantaged job seekers to address any employment barriers and place them in jobs.
- *New Enterprise Incentive Scheme (NEIS)*—assistance for eligible job seekers with a viable idea for a new small business to establish the business.
- *Project contracting (Harvest Labour Services)*—supplies labour in regions that require considerable numbers of out-of-area workers to supplement the local labour force in order to harvest crops.
- *New Apprenticeship Centres*—provide integrated and streamlined apprenticeship and traineeship services to employers and job seekers.

Objective

The objective of the employment services market is to tailor assistance to the needs of individual job seekers and to ensure that this assistance is focussed on getting people jobs as efficiently and effectively as possible. The Government's aim is to make employment services more effective, focussing on results—getting unemployed people into jobs—and providing help that genuinely makes a difference to those who need it.

Job Network members providing Intensive Assistance have the flexibility to decide with the job seeker the best form of assistance to get them a job and may provide this assistance themselves or pay other organisations to provide it. This may include using their fees to provide personal development, job search training, relocation assistance, vocational training, language and literacy training, or other assistance such as work place adjustments or wage subsidies.

Underpinning the model is a strong focus on outcomes; the role of government changing to that of a purchaser rather than a provider of assistance; and the use of competition to drive greater efficiency and increased choice for consumers.

Target group

Eligibility for Job Network services varies depending on job seeker need. Generally, eligible job seekers are:

- recipients of unemployment allowances or other forms of qualifying Government income support, excluding Age Pension and Mature Age Allowance;
- young people aged 15–20 years registered as unemployed and not in full-time education or training, irrespective of income support; and/or

- Aboriginal peoples and Torres Strait Islanders participating in the Community Employment Development Projects (CDEP) Scheme.

Other job seekers not in receipt of income support and working less than 15 hours a week are eligible for Job Matching services.

Job seeker access to Intensive Assistance is determined by Centrelink, a government run authority, through the application of the Job Seeker Classification Instrument (JSCI). The JSCI identifies those job seekers whose personal circumstances and labour market skills suggest that they could have barriers to attaining employment. The JSCI is a computer-based device providing a relative and not an absolute measure of job seeker disadvantage in the labour market. Based on reference to their JSCI score, job seekers will be able to access more intensive forms of assistance available through Job Network.

In some cases, the JSCI may indicate the existence of potentially severe personal barriers which make it unlikely that the job seeker will be able to benefit from employment assistance. This may lead to further testing to assess the job seeker's employment barriers. If the test reveals that a job seeker is *not ready* to benefit from employment assistance, the job seeker may volunteer for assistance under the Community Support Programme (CSP).

Organisation(s) responsible for its operation

The Australian Government, through the Department of Employment, Workplace Relations and Small Business (DEWRSB), is the purchaser of Job Network services. Organisations contracted to provide employment services range from small not-for-profit community organisations, to local governments, and to large national organisations.

Financial support

Job Network was funded by "cashing out" most of the funding previously provided for labour market programmes and case management. Over the next three years (1999–2002), the Government will provide A\$3.6 billion to help more Australians find jobs and boost employment growth through Job Network and Mutual Obligation (refer to sub-theme 2: social safety nets). About A\$3 billion of this funding will be for employment assistance through Job Network.

Delivery system

In designing its reforms the Government closely examined the full range of labour market services traditionally provided by the public sector, with a view to identifying those which should remain the province of the public sector alone and those which would better be delivered under contestable market arrangements. The factors weighed in this assessment included considerations of national consistency, client privacy and accountability for the commitment of public funds.

The Government concluded that the public sector should continue to provide a uniform national service for the registration of job seekers; for the administration of unemployment benefits; for the assessment of job seekers' eligibility for labour market assistance; for the referral of clients to assistance in the employment services market; and for administering the activity test and enforcing compliance with conditions of assistance.

As such, a new Commonwealth statutory authority, known as Centrelink was established as the key point of public contact for people seeking integrated access to the income support facilities of the Department of Social Security, some of the functions of the CES, and other Government services. The key objectives of this integration of services was to remove duplication of work, increase access and simplify processes for clients, and to offer the highest possible standards of quality and consistency of service. There are around 290 Centrelink Customer Service Centres across Australia.

Part of the infrastructure for Job Network is the National Vacancy Database. It provides job seekers with immediate access to thousands of vacancies which have been lodged by employers Australia-wide. Job seekers can access jobs entered on the database via the Australian Job Search (AJS) Service which is available through the Internet, through touch screens located in all Centrelink offices and also located in some shopping centres and airports. This service is free of charge.

All job seekers can also access free of charge the job search facilities provided through Job Network Access which is being implemented progressively in Centrelink Customer Service Centres. Through Job Network Access, job seekers can use job vacancy touch screen units, personal computers and printers, photocopiers, facsimile machines, telephones and relevant newspapers as well as obtain information on local Job Network members.

Organisational participation

The Employment Services tender process was highly competitive with more than 1,000 organisations tendering to become part of Job Network. The process was underpinned by a Probity Plan, released with the Request for Tender, to ensure that all tenders were assessed objectively and consistently. Over 300 organisations received contracts.

Under Job Network, the public sector continues to play a role in the delivery of employment services through the corporatised entity Employment National. In the interests of a fully contestable market for the delivery of employment services, Employment National is required to operate on exactly the same terms and conditions as its private and community sector competitors.

Measurement and evaluation

Job seekers assisted under Job Network are protected by a Code of Conduct. The Code aims to ensure the best possible results for job seekers and employers by encouraging Job Network members to deliver a quality service. Compliance with the code is continually monitored, and, if a breach occurs, sanctions are applied.

DEWRSB has also developed a programme of customer satisfaction surveys to monitor services delivered by Job Network members and by Centrelink. The service arrangement between Centrelink and DEWRSB and all contracts between DEWRSB and Job Network members include explicit Key Performance Indicators of service quality and customer satisfaction.

This is part of an ongoing programme of monitoring and evaluation of the employment services market. A large sample of job seekers will be selected and invited to complete a questionnaire or participate in a focus group. Data will be collected at provider level and will enable DEWRSB to:

- obtain information on job seeker satisfaction with access to and quality of assistance;
- assess the effectiveness of services and customer satisfaction levels delivered;
- provide information against the Key Performance Indicators in the service contracts;
- ensure that the department receives value for money in purchasing these services; and
- provide feedback to Job Network members to facilitate their ongoing processes of improvement.

In 1999 DEWRSB will report to the Government on the implementation of Job Network and on issues arising from the implementation. A comprehensive evaluation will be completed by December 2001 and there will also be an independent review of the policy framework in 2001 which will examine the role of DEWRSB and Job Network members in Job Network. Data collections for the evaluation will measure the effectiveness of Job Network in terms of the type, level and quality of assistance being provided to all job seekers.

Social Safety Nets to Alleviate Poverty

Australia has in place a comprehensive social security system that provides a safety net for the Australian population. It provides income support that does not have any time limit but is heavily means tested and therefore targeted to those most in need. The funds for this income support are provided out of general revenue and not by an insurance system. A major component of the system is extensive income support for unemployed persons.

Mutual Obligation

Objective

The Government's principle of mutual obligation is based on the simple proposition that unemployed job seekers, supported financially by the community, should actively seek work, constantly strive to improve their competitiveness in the labour market and give something back to the community that supports them.

The aim is to provide more long-term unemployed people with the opportunity to enhance their job prospects and competitiveness in the labour market and encourage their involvement with the community which supports them. The initiative imposes additional obligations for the receipt of unemployment allowances to encourage young people to look for work more actively and to participate in activities which will improve their skills and work habits.

Date of implementation and target group

From 1 July 1998, mutual obligation arrangements were applied to 18 to 24 year old job seekers who had been on unemployment payments for six months or more.

From April 1999, Year 12 school leavers who have been receiving Youth Allowance as a job seeker for three months or more are required to participate in Work for the Dole projects. This initiative was implemented in April 1999 so that 1998 Year 12 school leavers could have the opportunity to participate.

From 1 July 1999, job seekers aged between 25 and 34 who reach 12 months on unemployment payments will also be expected to satisfy their side of mutual obligation.

Organisation(s) responsible for its operation

The Commonwealth Government, through the Department of Employment, Workplace Relations and Small Business, the Department of Education, Training and Youth Affairs, and the Department of Family and Community Services, is responsible for the purchasing and management of mutual obligation.

Financial support

In the 1999 Budget, the Government has allocated A\$228 million over the next four years to fund a broad and phased expansion of existing mutual obligation arrangements. The key element of this expansion is a doubling of Work for the Dole places from 25 000 in 1998–99 to 50 000 places per year from 2000–01.

Delivery systems

All job seekers who become eligible for mutual obligation are interviewed by Centrelink to discuss their options for satisfying their mutual obligation and to allow them to make their own arrangements for part-time or voluntary work or to obtain an education or training place. Those who are unable to meet their mutual obligation in other ways will be required to participate for six months in a Work for the Dole project. Examples of some options available to meet mutual obligation include:

Work for the Dole

The aim of the initiative is to provide work experience that will foster work habits and attitudes; improve participants' self esteem; and contribute to local communities by the establishment of projects of value to the community. Work for the Dole projects are primarily located in areas of high youth unemployment across Australia.

Literacy and Numeracy Training

The aim of the initiative is to improve the literacy and numeracy competency for unemployed people who have been formally assessed as having poor literacy and numeracy competency, thus improving their chances of obtaining sustainable employment. Many training providers will offer conventional classroom-based literacy and numeracy training. Others will use distance education packages to assist young people in rural and remote areas of Australia. This could involve the use of computers, video or cassette tapes, or other training material provided by the contracted trainer.

Job Search Training

Job Network members provide training in job search techniques to prepare unemployed job seekers to apply for jobs and give them the skills and confidence to perform well when speaking to employers. Assistance includes access to telephones, computers and newspapers and a range of activities which may include training in interview techniques, resume writing and job search skills.

Intensive Assistance

Intensive assistance provides individually tailored help to eligible job seekers who are long term unemployed or are otherwise disadvantaged in the labour market. Job Network members providing intensive assistance can arrange counseling, vocational

training, work experience, help in job search techniques and support after job placement to job seekers.

Job Placement, Employment and Training

Job Placement, Employment and Training (JPET) provides a holistic approach to assisting young people overcome problems preventing them from maintaining stable accommodation and entering into full-time education, training or employment. JPET offers ongoing support and referral services to young people to help overcome a range of problems, including housing, substance abuse, family difficulties, sexual or other abuse, lack of self esteem, income support, and other barriers to participation in employment, education or training.

Green Corps

Green Corps undertakes priority environment and heritage conservation projects developed in conjunction with non-government conservation organisations, community groups and local, State and Territory Governments across Australia.

Organisational participation

The community, business and private sector are actively involved in mutual obligation. A national competitive tender process is conducted for the implementation of both Work for the Dole and Literacy and Numeracy Training initiatives. Submissions from community, government and professional literacy and numeracy assessment and training providers are received.

Measurement and evaluation

An evaluation methodology for the mutual obligation arrangements is currently being finalised.

In May 1999 the Department of Employment, Workplace Relations and Small Business released an evaluation of the Work for the Dole Pilot Programme. The evaluation:

- examined how selected projects performed against the initiative's objectives (fostering appropriate work habits, involving the community, providing projects of value);
- examined other impacts of the initiative such as changes in participant self esteem;
- assisted in any future implementation of the initiative by identifying best practices and successful models; and
- reported on implementation.

The evaluation combines qualitative and quantitative methods. Focus groups, in-depth interviews, administrative records and questionnaires were used. Expert advice was sought to help choose measures and analytic techniques available for estimating changes in work habits and self esteem and the value of projects to the community.

The key findings of the report were:

- three months after leaving their placement, 34 per cent of participants were working (excluding those who go on to further employment assistance). A further 8 per cent were participating in education or training;

- there is strong support from all stakeholders for the Work for the Dole programme;
- the majority of participants would strongly recommend Work for the Dole to other job seekers and they appreciate the opportunity to gain valuable experience in a work environment; and
- Work for the Dole is meeting its objectives of developing work habits in young people and involving the community in quality projects.

Workplace Practices that Contribute to Enhanced Productivity and Greater Stability

Australia has in place a comprehensive workplace relations system that provides a basis for competitive and flexible workplaces as well as an effective safety net for low-paid employees. Major components of this system include a minimum pay award system—including junior wage rates and a focus on workplace agreements in determining actual wages and conditions of employment.

Workplace Relations Act 1996

Objective

The principle objective of the *Workplace Relations Act 1996* is to provide a framework for cooperative workplace relations which promotes the economic prosperity and welfare of the people of Australia.

Target group

All Australians in the labour market.

Implementation date

Major changes to the Australian workplace relations system have been delivered since early 1997 with the replacement of the *Industrial Relations Act 1988* with the *Workplace Relations Act 1996*. The Government's current priority is to implement its 1998 election programme in which it foreshadowed further evolutionary improvements to workplace relations arrangements.

Organisation(s) responsible for its operation

The Government through the Department of Employment, Workplace Relations and Small Business is responsible for the operation of the Workplace Relations Act, including the Australian Industrial Relations Commission and the Office of Employment Advocate.

Delivery systems

Workplace Agreements

Workplace agreement-making is the primary focus of the reformed workplace relations system. Workplace agreements are seen to deliver genuine and lasting improvements to living standards and business productivity by ensuring that the primary responsibility for determining matters affecting the relationship between employers and employees rests with the employer and employees at the workplace or enterprise level. The Act provides a framework of rights and responsibilities for employers and employees, and their organisations, which supports fair and effective agreement—making and ensures that they abide by awards and agreements applying to them.

Australian Workplace Agreements (AWAs) and Certified Agreements (CAs) are available with:

- a no disadvantage test so that, when considered as a whole, no worker making an agreement will be worse off than the relevant award and any relevant laws;
- effective laws ensuring that agreements are made without duress or coercion, and that employers and employees have the free opportunity to take full advantage of all agreement-making options to meet their particular needs and circumstances; and
- a right to take limited protected industrial action in relation to agreements.

Awards and the Australian Industrial Relations Commission (AIRC)

Australia has an award system which, through the no-disadvantage test, provides a foundation of minimum standards for agreements at the workplace or enterprise level. The AIRC is required to establish and maintain a safety net of fair minimum wages and conditions, having regard to several considerations including economic factors and, when adjusting the safety net, the needs of the low-paid.

Voluntary Mediation

The Government intends to give formal legislative recognition to mediation services in industrial disputes, for use on a voluntary basis as an alternative or supplement to the AIRC. These services are likely to be particularly useful for small business and for resolving disputes in the agreement-making process, during periods of serious or protracted industrial action, or as a substitute for tribunal-based involvement.

Compliance

The Act provides for fair and effective agreement-making through requirements for employee consultation and genuine consent to agreements, and ensures employers and employees abide by awards and agreements applying to them. The AIRC encourages agreement-making through conciliation and can make recommendations at the request of the parties who must agree to comply with the recommendations. The Office of the Employment Advocate provides assistance and advice to employees and employers as well as investigating alleged breaches or contraventions of particular provisions of the Act.

Unfair Dismissals

The Government is seeking to remove legal uncertainty and promote job creation, by introducing new unfair dismissal provisions which will require new workers to have worked for six months with their employer before being eligible to lodge an unfair dismissal claim. The new provisions will permanently exempt small businesses employing fewer than 15 employees from unfair dismissal claims by newly-employed workers.

Small Business

Decentralisation of the workplace relations system, together with proposed reforms to ensure streamlined agreement-making processes and improved service delivery by industrial tribunals, will enable small businesses to fully participate in the system with a minimum of cost and red tape.

Young Australians

The Government is seeking to permanently retain age-based youth wages in awards, and to make the reduction of youth unemployment and the protection of their competitive position in the labour market a specific object of the *Workplace Relations Act 1996*.

Women

The workplace relations system will continue to protect women's workforce entry, participation and choices, without discrimination, and according to merit and equal opportunity. The Government has retained the role of the Affirmative Action Agency (which will be renamed the Equal Opportunity for Women in the Workplace Agency) but will seek to improve its operation with stronger workplace links and an incentive-based, educational and conciliatory approach to compliance.

Families

Policies promoting the better integration of work and family responsibilities, including improved access to employment options (such as regular part-time work) and arrangements for flexible participation in the workforce will continue with proposed changes to advance award simplification and streamline the workplace agreement-making process.

Registered Organisations

The Act ensures freedom of association and ensures that employers, employees and independent contractors are free to join or not join appropriate industrial associations of their choice. The Government also intends to introduce changes to ensure increased accountability of employer and employee associations to their members in financial and decision-making matters.

State Workplace Relations Systems

The Government is continuing to work co-operatively with the States to harmonise the operation of Federal and State workplace relations systems, to retain workplace choice over the preferred agreement-making jurisdiction and to reduce duplication, red-tape and cost in the provision of workplace services.