



Megan Lilly, Head of Education and Training with the national employer association Ai Group Address to Jobs and Skills Summit

11:40am session Friday 2 September:
Boosting workforce participation: Challenges and opportunities.

Lifting participation: demand perspective

I will firstly identify the issues and then talk briefly about solutions: what business can do and what governments can do.

The current extremely tight Australian labour market provides us with a rare opportunity to tackle the seemingly entrenched disadvantage too many individuals persistently face in obtaining employment. Multi-faceted strategies are required. These include increased investment in our training system and further workplace reform.

Definition of disadvantage

Disadvantage is not limited to financial poverty or low incomes, but extends to social exclusion, material deprivation and higher expenditure needs. Women, first nations people, refugees, people with disability, culturally and linguistically diverse people are often overrepresented among those who are disadvantaged.

One-size-fits-all strategies and solutions to lift the employment participation of such individuals rarely succeed because disadvantage can impact an individual's life in often complex ways. This is an important starting point for employers to understand.

Business – demand side perspective

Many businesses are already employing individuals that have come from disadvantage. Some large companies in particular embed diversity and inclusion in their core employment practices.

However, the tightness of the current labour market has prompted many more businesses to reach out and recruit beyond traditional cohorts and traditional methods.

We are seeing some success here but if we wish to see a step change in lifting participation, we need deeper understanding of the needs of business and strategies to build success.

What business needs to lift demand

Lifting participation should also be about diversity of employment arrangements to attract larger cohorts of unemployed or underemployed in our community who want more work. This includes ensuring our IR system is responsive and flexible to accommodate how working arrangements have evolved recently, including through widespread remote and flexible work opportunities.

Our training system needs to fully embrace lifelong learning, enabling all working age Australians to develop skills and to keep them up to date. This will involve developing new models of training that among other things are more accessible. Full qualifications remain important but need to be supplemented by the expansion of funded micro-credentials, skill sets and other shorter form credentials that are aligned to the skill needs of the labour market.

Expansion of other work-based learning models may also expand the opportunity for employers to engage more disadvantaged individuals.

Structured Work Integrated Learning (WIL) projects, internships and cadetships all enable individuals to gain genuine work experiences building the individual's employability and work readiness.

Digital skills need to be developed in pre-employment programs to ensure that people do not remain on the wrong side of the digital divide. Digital fluency, the other side of that divide, in fact can help ameliorate disadvantage.

Businesses will need toolkits to enable them to develop and implement successful strategies that can facilitate sustainable employment outcomes.

How government can help

There is ongoing need for policy to ensure that individuals and groups who face barriers to economic and social participation are encouraged and facilitated to seek opportunities. Similarly, policies are needed to develop these opportunities. Included here are just a few examples of initiatives the Government could embrace in the short term:

1) Ensure that income support arrangements for Jobseeker, and aged, disability and veteran payments do not serve as unnecessary barriers for people who wish to enter or re-enter the workforce

High effective marginal tax rates concentrate income support on those who need it most. But in so doing they create what are called "poverty traps" because income from extra work is significantly offset by reductions in income support received.

The Government can help by selective easing of income test parameters and also look at how limitations on superannuation contributions and requirements about the withdrawal of superannuation can impact on rewards for work.

2) Employ My Ability

Employ My Ability, and a huge shoutout to Dylan Alcott who led the development of this strategy.

Employ My Ability 2021-2031 is our national Disability Employment Strategy that has a 10-year commitment to improving employment outcomes for people with a disability. This program now needs to be energetically promoted and embraced and measured.

3) (Draft) National Foundation Skills Strategy (2022-2032)

We have a draft National Foundation Skills Strategy (2022-2032) – draft being the operative word. This strategy urgently needs to be endorsed and implemented across the nation.

Government investment in increasing the literacy skills of adults has a direct and positive impact on labour productivity and on economic growth with the greatest impacts to be gained by investing in improving the skills at the lower levels.

4) Apprenticeship Disabled Support Wage Support Program

And a final but specific example that is indicative of some of the barriers in place is the Apprenticeship Disabled Support Wage Support Program.

Making the apprenticeship system more accessible for people with disabilities must be a key consideration for increasing workforce participation for all. The latest data from the National Centre for Vocational Education Research shows that people with disabilities make up less than 3.5% of apprenticeship commencements in a calendar year.

The existing Disabled Australian Apprentices Wage Support Program could help but its pay rates have lagged far behind inflation. In fact, the last time they were reviewed was in 2002, 20 years ago. Clearly, it's time to have a look at that incentive.

In conclusion, success in raising participation among disadvantaged groups is not just about increasing hires. It is also about the experience in the workplace, about retaining people and about equipping people with generic and specific skills that will help their continuing participation.

Employers can play an important role in all of these areas but they can't do it alone.