

30 November 2022

Employment White Paper Taskforce
Treasury
Langton Cres
Parkes ACT 2600

Via online submission

Dear Employment White Paper Taskforce,

The Victorian Chamber of Commerce and Industry welcomes the opportunity to make a submission on the Employment White Paper.

As Victoria's leading business and industry body, each year the Victorian Chamber informs and services more than 65,000 members, customers, and clients across the state. Our work encompasses all industry sectors, spanning small, family, medium, and large-sized enterprises.

The position presented in this submission has been informed through our ongoing member consultation. We would be happy to meet and discuss this submission and the subsequent white paper.

If you would like to discuss this in more detail, please contact Dylan Broomfield, General Manager, Policy and Advocacy on 0427 107 793 or DBroomfield@victorianchamber.com.au.

Yours sincerely,



Paul Guerra
Chief Executive

Introduction

The Victorian Chamber of Commerce and Industry welcomes the opportunity to make a submission on the Employment White Paper, 2022.

As the 'Education State' and a critical business and economic hub, Victoria's perspective is vital to addressing the challenges outlined in the White Paper Terms of Reference, including nationwide skills and labour shortages.

In 2021, the Victorian Chamber hosted the [Victoria Summit](#), a unique opportunity for thought leaders from industry, unions, governments, the community and educational institutions to work together to create a shared, bold, compelling and aspirational vision for Victoria. This included a path for economic recovery and long-term prosperity, culminating in over 10,000 hours of work. While the Summit was focused primarily on Victoria, learnings and recommendations from that large consultation process will be utilised here.

The Victorian Chamber notes that the Australian Government is currently undertaking several workstreams which will have an impact on the employment environment. These include the Migration Review, Industrial Relations Bill (currently underway at the time of this submission), the Higher Education Review, a new model in Workforce Australia, a newly established Jobs and Skills Australia, work undertaken by the Productivity Commission, and more. We will continue to provide feedback on these workstreams.

The White Paper's Terms of Reference are extremely broad, covering all facets of the labour and employment system. It is in this context that we will address the key themes of the education and training system, workforce participation, and labour productivity. These themes were included in the [Victorian Statement for the Jobs and Skills Summit 2022](#).

Summary of recommendations:

1. Fund local initiatives that work by identifying programs with successful outcomes, scaling them up, and applying learnings to other programs to increase inclusive workforce participation.
2. Centre co-design and partnership in the design of new employment programs with targeted cohorts, such as First Nations or youth, to build better outcomes.
3. Further invest in childcare and early education schemes to provide more flexibility for parents to work.
4. Incentivise and promote women into areas of underrepresentation to increase employment and address ongoing skills shortages.
5. Equip the Australian unemployment support system to provide proven wraparound services, flexible solutions for ongoing barriers, and supports and incentives for businesses.
6. Remove secondary income tax and income restrictions for workers to increase participation, increase incomes, and decrease underemployment.
7. Consider allowing pension-recipients to work up to three days a week on an ongoing basis, to allow them to participate more in the workforce and to help address skills and labour shortages.
8. Increase the permanent migration intake, including a significant increase in the cap for skilled migration to 200,000 for the next two years at least, to replenish the skills lost during the pandemic.
9. Enable pathways to permanency for all temporary skilled migrants to increase attractiveness of Australia and secure longer-term skills and labour pipelines.
10. Remove migration barriers and inefficiencies, including removing labour market testing for skill occupations to speed up processing times and increase productivity.

11. Improve recognition of prior learning and skills in the migration system to ensure faster, more appropriate utilisation of the skills available to us by visa holders.
12. Remove the Skilling Australians Fund Levy to decrease barriers and costs of bringing in necessary skills to Australia.
13. Review and streamline the skills assessment processes to make use of technological advances and enable a more holistic assessment.
14. Speed up processing times by maintaining extra personnel and monitoring prioritisation to ensure small businesses are not disadvantaged.
15. Instil the principles of partnership, consultation, and efficiencies in the industrial relations system to reduce delays, improve outcomes, and increase productivity.
16. Create a strategy for the future of work – growth industries, new ways of working, and new skill requirements to future proof Australia's growth.
17. Embed careers development into high school curriculum, including modernising careers advice (e.g., gamifying) and promoting different types of qualifications equally, to make students aware of multiple career pathways and increase employability.
18. Provide targeted wrap-around support services for TAFE trainees and employers (e.g., 24/7 apprenticeship mentoring services) to increase apprenticeship completion.
19. Commit to subsidies for apprenticeships and trainees with a wage subsidy breakdown of: Year one – 25 per cent wage subsidy; Year two – 15 per cent wage subsidy; and Year three – 10 per cent wage subsidy; to continue commencements and ensure crucial skills pipelines.
20. Ensure apprenticeship completion data is fit-for-purpose to provide a clearer picture of Australian apprenticeships and to inform targeted investment.
21. Establish a formal internship framework (e.g., template of internship agreement) for industry and education institutions to easily develop partnerships and incentivise businesses (e.g., through tax breaks) to invest in internship programs to provide immediate labour-shortage relief.
22. Establish an annual industry and education engagement summit to showcase best practice engagement and provide open, clear, and formal avenues for collaboration.
23. Develop a standardised micro-credential framework, including defining the role, accreditation requirements and funding mechanisms of micro-credentials to enable the rapid reskilling and upskilling of the workforce. Accreditation should be fast and agile to make sure courses are accredited quickly to be relevant.
24. Develop incentives or measures that enables workers to upskill and gain further qualifications while in work to enable lifelong learning.
25. Invest in the digital skills of the workforce to ensure employee productivity when using digital platforms and emerging technologies.
26. Dedicate funding for First Nations co-designed digital capability and readiness for future jobs for emerging technology initiatives to meet the specific needs of First Nations communities.
27. Review the training and assessment qualification required for industry practitioners to encourage more experienced people to become full or part-time VET trainers.

Opening remarks

Meeting the skills and labour needs of businesses is essential for thriving communities. Businesses provide essential goods, services and employment; as well as vital opportunities for people to develop, upskill, and connect to society.

The Victorian Chamber commends the intention of the White Paper, including building '*a bigger, better-trained and more productive workforce*', as outlined in the Terms of Reference.

While some occupations and industries have experienced long-term skills and labour shortages, current shortages are at historic levels. Exacerbated by the COVID-19 pandemic, skills and labour shortages are now the most critical challenge facing Australian businesses, holding back growth, straining operations, and preventing productivity.

Labour market conditions are extremely tight, with unemployment at a 50 year low of 3.4 per cent.¹ In Victoria, 373,000 additional workers will be needed by 2025 to meet growing market demands.²

Considering skills mismatches and the dislocation between job and available people, alongside equal job vacancy and unemployment numbers, it is clear the current labour market cannot deliver the growth Australia needs.

Theme 1: Workforce participation

With Australia experiencing severe labour and skills shortages, maximising the participation of individuals in the workforce is crucial. Ensuring people are working to their strengths, minimising underemployment, and working towards the Government's objective of full employment are key. To achieve these aims, significant effort and resources need to be allocated to support workers and businesses. Recently, inclusive employment has become a necessary part of achieving these goals, with an increasing focus on the employment of women, people living with a disability, older workers, youth, First Nations people, those with a culturally and linguistically diverse background, neurodivergent backgrounds, people experiencing hardship and disadvantage, and more.

Inclusive employment measures need to be centred on identifying what works, through a co-designed, outcomes focused approach. Scaling up programs that work, rather than trying to 'reinvent the wheel', and applying them across different scenarios is an effective approach. The co-design of these programs with both employers and target cohorts, for instance with First Nations communities, is key to the success of program design. Support for employers to ensure these programs are successful include wage subsidies, culturally safe training, mentoring support, tax breaks, and more. This could include new ideas, such as introducing a one-year employer national insurance contribution holiday for Small Medium and Family Enterprises (SMFEs) that recruit people facing disadvantage.

The focus on women in work needs to come with the removal of barriers to participation, including improved funding and access to quality early childhood education, and before and after school care. While women represent over 50 per cent of the population, they represent only 2 per cent of the trades' workforce. We need to tap into this potential cohort of workers by tackling the stereotypes around trades that reduces the appeal to women, through better access to information and promotion about trades and VET pathways. This can be done through measures such as the Mid-Career Checkpoint Program, which the Victorian Chamber has delivered as a pilot through 2022 to much success.

¹ [ABS, 2022.](#)

² [Victorian Skills Authority, 2022.](#)

We need to set the unemployment support system up for success and ensure unemployed Australians are supported and accessible to employers. The new Workforce Australia system needs to be accompanied by adequate funding to reduce servicing ratios and enhance services to those most in need. Employers need to be able to access this pool of workers with vacancies, and employment service providers need to be able to support people with training, and overcoming barriers such as housing, personal protective equipment (PPE), uniform, transportation, and more. A flexible funding mechanism needs to be established, or current schemes need to be expanded to enable this to happen.

Let's remove barriers to further participation, such as secondary income tax and income restrictions for pension recipients. Reducing barriers to working more than one job increases workforce flexibility and utilisation. According to National Seniors Australia data, 20 per cent of pensioners say they would consider re-entering paid employment. Income is not the only reason however, with public spirit and a desire to serve and help fill skills shortages also found as motivators.³

Recommendations:

1. Fund local initiatives that work by identifying programs with successful outcomes, scaling them up, and applying learnings to other programs to increase inclusive workforce participation.
2. Centre co-design and partnership in the design of new employment programs with targeted cohorts, such as First Nations or youth, to build better outcomes.
3. Further invest in childcare and early education schemes to provide more flexibility for parents to work.
4. Incentivise and promote women into areas of underrepresentation to increase employment and address ongoing skills shortages.
5. Equip the Australian unemployment support system to provide proven wraparound services, flexible solutions for ongoing barriers, and supports and incentives for businesses.
6. Remove secondary income tax and income restrictions for workers to increase participation, increase incomes, and decrease underemployment.
7. Consider allowing pension-recipients to work up to three days a week on an ongoing basis, to allow them to participate more in the workforce and to help address skills and labour shortages.

Theme 2: Increasing labour productivity and the future of work

Over the past two decades, Australia's productivity performance has been waning, with labour productivity growth hovering around 1 per cent per year and multifactor productivity barely growing at all. Australia is only a middle ranking economy in terms of productivity — behind most comparable countries, including the United States, United Kingdom, Germany and France.

A well-functioning labour market is a critical contributor to productivity growth, particularly through the matching of jobs and people with appropriate skills and know-how.

Equipping Australia with sustainable migration settings will mean Australia can continue to meet skills needs, upskill Australians and improve labour productivity and utilisation through knowledge sharing, and remain globally competitive. Actions to achieve this include ensuring pathways to permanency for skilled migrants, speeding up processing times, and increasing the permanent migration intake. Reducing labour market testing for skilled occupations will also reduce compliance

³ [National Seniors Australia, 2022.](#)

and waiting times, freeing up the Australian system. Further, improving the recognition of prior learning and experience in the migration system is equally important, with licensing and quality assurance timelines and processes long and confusing. Many of these points are consistent with comments made in the Productivity Commission's 2022 Interim report on labour market productivity.⁴ The Skills Australians Fund levy should be removed, as it increases the costs of bringing in much needed skills. The commitment to training Australians could be demonstrated instead by evidence of strong investment by the sponsoring employer in training, as proposed by the Joint Standing Committee on Migration (JSCOM) in its Interim Report in relation to its Inquiry into Australia's Skilled Migration Program.

The industrial relations system needs to be clear, easily understood, well regulated, and needs to facilitate flexibility and economic growth. Changes to our industrial relations system are likely to be legislated by the time of the White Paper's release, but the principles underpinning the system should ensure good behaviour from all parties, be clear, not detrimentally impact small business, and be carefully considered to prevent unintended consequences. Currently planned legislative changes risk increased costs to business, higher burden for smaller businesses, and a poorly designed bargaining system. The Victorian Chamber are concerned that changes are being confirmed at pace, without adequate consultation. Overall, principal concerns for business in the industrial relations system are confusing, complex and highly regulated conditions such as awards and complicated bargaining practices, which impact on productivity. These take time just to make sense of, let alone undertake, which significantly reduced output and business growth. As highlighted by the Productivity Commission in their Interim report on *A Productive Labour Market*, multi-enterprise bargaining risks diminishing the productivity benefits associated with firm-level bargaining, requires firms to compromise on their firm specific requirements and flexibilities. If we are to raise productivity growth and lift living standards in the future, then Australia needs a better functioning labour market that enables labour to move freely across the economy, has the flexibility to adapt to the changing demands of business and supports innovation.

The future of work is a term that encompasses changes in work, the workforce, and the workplace. Not only does it capture high growth and emerging industries such as the care industry, renewable energy, etc., but also digitisation and technological advancements. Lifelong learning, explored more in the section below, is crucial to not only increasing national productivity, but maintaining Australia's position as a highly skilled nation, as well as protects worker employability. The Australian labour force needs to be prepared for ongoing training and upskilling, career transitions, and new training needs, as discussed below. It is imperative that productivity gains from new technologies are not held back by lack of access to technology, lack appropriately skilled staff, or slow uptake and education. Policy measures need to help transition businesses, workers, and the economy through this process.

Recommendations:

8. Increase the permanent migration intake, including a significant increase in the cap for skilled migration to 200,000 for the next two years at least, to replenish the skills lost during the pandemic.
9. Enable pathways to permanency for all temporary skilled migrants to increase attractiveness of Australia and secure longer-term skills and labour pipelines.
10. Remove migration barriers and inefficiencies, including removing labour market testing for skill occupations to speed up processing times and increase productivity.
11. Improve recognition of prior learning and skills in the migration system to ensure faster, more appropriate utilisation of the skills available to us by visa holders.

⁴ [Productivity Commission, 2022.](#)

12. Remove the Skilling Australians Fund Levy to decrease barriers and costs of bringing in necessary skills to Australia.
13. Review and streamline the skills assessment processes to make use of technological advances and enable a more holistic assessment.
14. Speed up processing times by maintaining extra personnel and monitoring prioritisation to ensure small businesses are not disadvantaged.
15. Instil the principles of partnership, consultation, and efficiencies in the industrial relations system to reduce delays, improve outcomes, and increase productivity.
16. Create a strategy for the future of work – growth industries, new ways of working, and new skill requirements to future proof Australia's growth.

Theme 3: Education and Training System

The Education and Training system is central to delivering the skills Australia needs and addressing and preventing skills and labour shortages in the future. Ensuring the system evolves with industry has many benefits to Australia's economic productivity. This can be achieved through several measures, including alignment of the the measurement and outcomes of VET and higher education.

An evolving education and training system also increases the resilience of the economy. For instance, as industries grow, for example in the energy transition or as Australia moves up the value chain, or as economic shocks occur, having a flexible education and training system capable of responding to sudden changes helps workers move between industries and minimises unemployment. It can also decrease the impact of skills mismatching as the skills needed in the labour market are produced in line with jobs.

Careers development should be expanded to provide a foundation for Australians entering the education and training system, and equipping them with the skills they require to navigate their careers. A transformed careers education strategy would meet the needs of industry and students. Students want more practical work experience that is tailored to their specific interests. Similarly, employers find careers development skills in their staff inadequate. We need to increase collaboration between students and industry, by bringing more industry partners into the classroom, to provide more real-world education and training. By embedding careers development into curriculums, students would be more engaged at school, with the potential of early school leavers decreasing.

Apprenticeship commencement and completion rates should continue to be increased through targeted support for employers and apprentices, as well as other measures. International research highlights apprenticeship success factors must be underpinned by a range of conditions and contextual factors.⁵ Key factors include the support delivered to apprentices and the preparation for the apprenticeship, including matching with the trade, the employer, pre-program testing, and more. Mentoring of apprentices needs to be ramped up in Australian apprenticeships, as well as capacity-building for the employers of apprentices – particularly for small and medium businesses. Subsidies should also continue (for instance with a wage subsidy breakdown of: Year one – 25 per cent wage subsidy; Year two – 15 per cent wage subsidy; and Year three – 10 per cent wage subsidy) to support small businesses and continue to increase completions and alleviate ongoing shortages. Measurement and data pertaining to apprenticeship completions also needs to be fit for purpose. For example, if an apprentice changes apprentice type or has a change of contract, this should not be recorded as a non-complete, as it is currently.

⁵ [Mieschbuehler & Hooley, 2016.](#)

Internships should be made easier through the establishment of an Australian internship framework, where employers and education institutes can access internship tools, templates, and best practice plans. This would decrease the complexity for both employers and educators. Internship programs provide interns with the practical training to turn them into job-ready grads that have the skills required to enter the workforce. Internships also enable businesses to teach industry-specific skillsets to new grads and fill job vacancies. Incentivising businesses to develop paid internships for both local and international students would improve student employability and therefore the overall productivity of the newly graduated workforce. Further, industry-education engagement should be made easier to understand for both industry, and education providers, through an annual industry engagement summit where best practice and learnings are shared.

The education and training system's capacity needs to be considered, so it can deliver the training and skills needed in the labour market, ensuring VET is fit-for-purpose. For instance, investment in TAFE needs to go beyond free TAFE, to investment in training placements, training infrastructure, and the development of 'future' training to meet technological and market changes. The shortage of VET trainers is a well-acknowledged limitation within VET, which should be addressed by making the VET teaching training qualification easier, faster, and more relevant for industry experts becoming either full-time or part-time trainers.

Lifelong learning needs to be made easier as labour markets change and workers are increasingly mobile across professions. A system that embraces lifelong learning, including new types of accredited short courses like micro-credentials, can address this evolution in the labour market and subsequently improve productivity. The role of micro-credentials needs to be confirmed in retraining and upskilling people in the workforce. In addition to this, other mechanisms need to be considered. This could include incentives for workers and businesses to take up further study while in work. Lifelong learning not only better equips the workforce for the careers of the 21st century but also ensures businesses can remain cutting edge and internationally competitive. Lifelong Learning has also been found to be beneficial both for the business in terms of productivity, and for the employee in terms of wages.⁶

Investment in digital skills, which have become a foundational skillset required across all industries, is needed. The National Skills Commission estimates that the need for digital skills will increase 28 per cent between 2022 and 2027.⁷ Investing in digital skills and the digital economy will ensure productivity levels keep up with the changing pace of industry, by not only giving more people the opportunity to successfully perform digital roles, but by increasing efficiencies. By rolling out programs through incentivisation, subsidies and promotion in a coordinated strategy, we can make sure we're not grappling with increasing skills shortages in this area.

Recommendations:

17. Embed careers development into high school curriculum, including modernising careers advice (e.g., gamifying) and promoting different types of qualifications equally, to make students aware of multiple career pathways and increase employability.
18. Provide targeted wrap-around support services for TAFE trainees and employers (e.g., 24/7 apprenticeship mentoring services) to increase apprenticeship completion.
19. Commit to subsidies for apprenticeships and trainees with a wage subsidy breakdown of: Year one – 25 per cent wage subsidy; Year two – 15 per cent wage subsidy; and Year three – 10 per cent wage subsidy; to continue commencements and ensure crucial skills pipelines.

⁶ [OECD, 2019.](#)

⁷ [Victorian Skills Authority, 2022.](#)

20. Ensure apprenticeship completion data is fit-for-purpose to provide a clearer picture of Australian apprenticeships and to inform targeted investment.
21. Establish a formal internship framework (e.g., template of internship agreement) for industry and education institutions to easily develop partnerships and incentivise businesses (e.g., through tax breaks) to invest in internship programs to provide immediate labour-shortage relief.
22. Establish an annual industry and education engagement summit to showcase best practice engagement and provide open, clear, and formal avenues for collaboration.
23. Develop a standardised micro-credential framework, including defining the role, accreditation requirements and funding mechanisms of micro-credentials to enable the rapid reskilling and upskilling of the workforce. Accreditation should be fast and agile to make sure courses are accredited quickly to be relevant.
24. Develop incentives or measures that enables workers to upskill and gain further qualifications while in work to enable lifelong learning.
25. Invest in the digital skills of the workforce to ensure employee productivity when using digital platforms and emerging technologies.
26. Dedicate funding for First Nations co-designed digital capability and readiness for future jobs for emerging technology initiatives to meet the specific needs of First Nations communities.
27. Review the training and assessment qualification required for industry practitioners to encourage more experienced people to become full or part-time VET trainers.

Concluding Remarks

The goal of achieving full employment in Australia, as well as meeting and preventing skills and labour shortages will not happen without a pragmatic, collaborative approach to solutions and the allocation of sufficient funding.

Focusing on investment and a targeted approach to workforce participation, including supporting employers through increased inclusive employment, alongside measures to increase Australia's workforce productivity, and a fit-for-purpose educating and training system are key.

At this turning point for the Australian approach to jobs and skills, the Victorian Chamber believes we are genuinely stronger together. Through a partnership approach, collaborating to design solutions to problems, we can be bold in the path forward. Together, we can help address entrenched issues that hold us back as a nation.