

## Executive Summary

Each week Manpower places over 6,500 Australians into paid employment. As one of the country's leading staffing solutions providers, Manpower is well placed to comment on the participation of individuals in the workplace.

It is widely acknowledged there are many factors preventing or discouraging individuals from participating in the workforce, or obtaining full employment once in the workforce. These factors include both individual circumstances and wider socio-economic barriers.

Our submission identifies a number of issues we believe either prevent or discourage individuals of working age from maximising their participation in the workforce. These include:

- Social inclusion of migrants into the Australian workforce
- Tax Free Threshold
- Welfare recipient tax threshold
- Paid parental leave
- Child care FBT exemption
- Barriers for people with a disability
- Barriers for regional Australians

In Manpower's view, it is necessary for all levels of government to work collaboratively to address the issues raised. Coupled with commitment from employers, it is possible to ensure the participation rate is at an appropriate level to sustain the economic growth needed by Australia in the 21<sup>st</sup> century. Meeting the requirement for appropriate workplace participation will also have beneficial results for individuals in the workforce, and those seeking to enter the workforce.

Manpower would like to thank the Standing Committee for considering our submission, and we would be happy provide whatever other information we can to assist the enquiry. Please contact Vicki Nock, General Manager – Marketing, Knowledge & Innovation on 02 9246 8936 or [vnock@manpower.com.au](mailto:vnock@manpower.com.au).

## **Social inclusion of migrants into the Australian workforce**

At the Sydney Morning Herald Career Expo in August, over 70% of the people who visited Manpower's exhibition stand looking for work were migrants.

The dignity and inclusion of these people into Australian society is supported and reinforced by their ability to gain paid work.

Providing the opportunity for migrants to be encouraged and supported in their quest for work and working towards full employment in the migrant sector will increase self-reliance and social inclusion.

### **Observation**

Not all migrants to Australia come through the independent skills channel. Those who do usually come from countries where they are familiar with the hiring process and have the skills and competency to find paid work relatively quickly.

The vast numbers of migrants coming through various family reunion categories face another set of challenges. These job seekers are often hindered by limited English skills and have little understanding of the hiring process within Australia.

Labour hire and the concept of employment agencies may not be common practice in a migrant's country of origin and therefore many do not understand how to go about looking for a job.

Migrants often have difficulty finding work, as they lack an understanding of the interview process and the ability to effectively market themselves to Australian employers.

Cultural barriers also play a role here: In a number of countries there is a negative stigma attached to casual and part time employment, whereas this kind of employment has high acceptance rates within Australia.

The migrant sector represents huge variations in levels of educational attainment. However migrant workers often experience prejudice from potential employers irrespective of their level of education or vocational qualifications.

Qualification recognition is a key aspect of migrants' lack of integration into the workforce. The independent skills channel provides opportunity for qualification assessment under the family reunion category the same degree of assessment is not apparent.

*Over 30% of the migrant visitors to Manpower's stand at the Sydney Morning Herald Career Expo inquired as to what fee they were required to pay in order for Manpower to find them work*

A migrant electrician who has come through one of the family reunion plans may well benefit from a three month attachment to a local electrician to see if his skills are relevant prior to writing any local exams.

### **Recommendations**

Manpower proposes the creation of an education and communications campaign attached to the Department of Employment and Workplace Relations and business organisations. The aim of this campaign would be to educate employers on the importance of migrant workforce integration, emphasising the benefits this skills group has to offer business.

*Workshops should be set up linking migrants with potential employers.*

The workshops should be designed to illustrate how business can assist the integration of migrants into the Australian workplace. Corporate education as to the merits, qualifications and the availability of skills within an ethnically diverse workforce should be supported.

Guidance should be provided by way of communication leaflets and a website as to the benefits of casual employment. This website should highlight to the migrant sector the benefits of taking on casual employment. These include the opportunity to learn the Australian administration system, further develop their communication skills, earn income, enhance skills and create networks. The website should be multilingual and supported by a communication booklet in their language.

*Workshops should provide education to migrants on the alternative types of employment.*

Manpower would welcome any opportunity to work with the Department of Employment and Workplace Relations to coordinate migrant employment workshops. These would involve local Manpower offices and clients in metropolitan and regional centres, providing guidance on the location of jobs and jobs suitable for each migrant's particular skill sets.

*A possible alternative would be a system of vocational traineeships for migrants.*

These workshops would be supported by business and provide practical tools and guidance on how to go about seeking employment. The workshops should include information on the Australian job hiring process, skills on how to put a resume together and interview skills.

## **The Tax Free Threshold**

### **Observations**

Currently the maximum tax-free threshold an individual can claim is up to \$6,000 per annum. This threshold may only be claimed with one employer at any one time. Upon an employee gaining a second position with a second employer, the employee immediately pays a higher rate of taxation.

Income from a worker's second job is taxed at a higher rate, thereby acting as a disincentive against obtaining secondary employment. This higher rate of taxation for a second positions, can act as a disincentive to employees obtaining second positions<sup>1</sup>.

### **Recommendations**

Providing tax relief for employees with secondary employment may encourage more workplace participants to seek additional hours of work with their second employer.

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<sup>1</sup> Labour Force, Australia. Australian Bureau of Statistics, 2002 Labour Special Article – Full time and Part time employment (Oct, 2001)

## **Welfare recipient tax threshold**

### **Observations**

Many employees are dependent upon both their workplace earnings and Government assistance to adequately support their families.

Many employees suffer a decrease in relative welfare benefits. This may be in the form of reduced family benefits. With an increase in work related income comes a corresponding, or even greater loss of government assistance.

Increasingly, employees are less inclined to work additional hours in order to receive increased remuneration as a direct consequence of reduced welfare benefits. This is particularly prevalent in low-income families and single parent families, whereby it may be financially more beneficial for parents to remain at home and care for children, rather than participate in the workforce and lose government assistance.

### **Recommendations**

Manpower encourages measures to ensure low-income families are encouraged to increase their workplace earnings without significant detriment to government assistance.

## Paid Parental Leave

### Observations

It is widely acknowledged that it is becoming increasingly difficult for parents of young children to participate in the workforce and care for young children. Whilst it is very common for both parents of young children to participate in the workforce and have care for young children, many parents simply opt-out of the workforce to care for young children.

Manpower supports the Sex Discrimination Commissioner's call for federally funded paid parental leave upon the birth of a child, with a capping of 14 weeks at the minimum weekly wage. Manpower supports the Commissioner's calls that paid parental leave has the following effect on the workforce<sup>2</sup>

- Ensuring that women are not disadvantaged in their employment through their intrinsic role in child bearing;
- Maintaining a committed and competitive workforce;
- Protecting significant capital investment by the government in the education and training of women;
- Supporting economic security for women throughout their lives;
- Accommodating the position of women as a significant proportion of the available skilled labour pool, thus enhancing Australia's economic competitiveness;
- Supporting the health and welfare of mothers and newborn children;
- Assisting women and men to manage their work and parental responsibilities so that the needs of children and families may be met in the context of modern Australian society;
- Ensuring that working women do not unwillingly delay or avoid having children; and
- Addressing the declining national birth rate and its consequences for Australia as a society in the future, and its future tax and economic base.

Manpower is of the view this policy should be adopted, and that it is an affordable option for securing a greater proportion of women in the workforce.

*Rates of unemployment and underemployment among people with a disability remain much higher than for people without a disability.*

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<sup>2</sup> Valuing Parenthood, Options for paid maternity leave, Interim Paper 2002, Human Rights and Equal Opportunity Commission

## Child Care FBT Exemption

### Observations

Similar to the call for paid parental leave to encourage women to return to the workforce, Manpower supports a fringe benefit tax exemption for the child care costs borne by a large number of Australian families.

Many parents of young children are dissuaded from returning to the workforce by the high costs of childcare, especially as a payment after the deduction of taxation.

### Recommendations

As a part of salary packaging, the cost of childcare could become significantly less if a fringe benefits tax exemption applied. Currently, only childcare facilities owned by the employer are subject to an FBT exemption<sup>3</sup>.

Manpower supports the classification of all legitimate child care costs to become FBT exempt, thereby allowing employees to discuss with their employers appropriate salary packaging. This would reduce the cost of childcare for the individual, and result in a greater proportion of parents of young children returning to the workforce.

*The key major barriers for companies resisting the employment of these talented people are predominantly linked to public perception*

*Employers are unclear in regards to legislation surrounding the employment of people with a disability*

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<sup>3</sup> The *Fringe Benefits Assessment Act 1986 (FBTAA)* provides that if an employer provides a benefit of child care to an employee in a child care facility located on 'business premises' then the benefit will be exempt from FBT

## **Barriers to employment for people with a disability**

Over 20% of Australians have some form of disability. Research shows that employee retention levels among disabled persons is up to 73% higher than that of the rest of the workforce.

The Disability Discrimination Act of 1993 was set up to improve employment opportunities for people with disabilities and to reduce rates of dependence on the social security system. Irrespective of the success of this act, business has been somewhat slow in tapping into this resource pool.

Irrespective of the efforts to date made by government to promote the employment of people with disabilities there is not much evidence that the Disability Employment Act has succeeded in the employment area.

### **Observations**

A vast array of barriers remain for these people, which include but are not isolated to the following:

- Lack of freely available information for employers on work adjustments for people with a disability, and support for disabled people participating in the recruitment process.
- Support for the placement of these people by the recruitment industry is negligible, with no guidelines or standards provided and a general lack of consideration for this work sector.
- Incorrect perceptions of disabled people (i.e. disability linked to low performance expectations among employers).
- Stereotypes/perceptions of people with a disability.
- Lack of information and support around recruitment practices.
- Recruitment providers are not skilled in disability – no guidelines/standards within the recruitment industry for people with a disability
- Lack of awareness of the abilities of people with a disability (low expectations)
- Fear around disability issues – doing/saying the wrong thing and causing potential embarrassment
- Lack of understanding of reasonable adjustment for people with a disability
- Businesses' perception that the employment of people with a disability is hard and time consuming.
- Employers are unaware of what Government incentives exist for employing persons with a disability, including subsidies to offset costs for modifications or adjustments to existing work environments



## **Recommendations**

Manpower advocates the support of organisations such as Employers Making A Difference (EMAD), which actively work towards educating business on the employment of people with disability.

Manpower suggests the publishing of a set of guidelines on how to get candidates with disability into the work force.

Manpower also recommends that industry associations, such as the RCSA, together with EMAD and other employers, work towards promoting a federally sponsored best practice employer award.

This singular major recognition programme would unite all the sub categories. Sub categories that include people with disabilities, women, migrants and diversity in the workplace. The awards would be a singular programme that recognises best practice employers, to be judged at state and national levels.

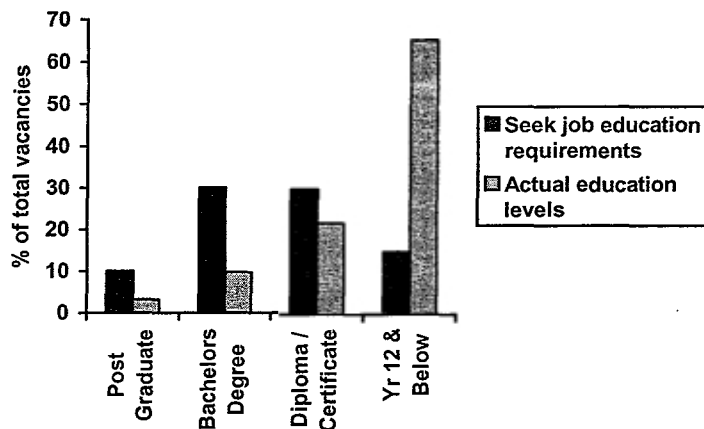
## Traineeships

### Observations

The Department of Employment and Workplace relations (DEWR) in its Skills shortages report identified that over the last ten years there has been a skills shortage in trades personnel that should continue through 2004-05.

Likewise, there has been a substantial decline in qualified trades people as a percentage of the Australian workforce. In 1991 trades and related workers made up 14.9% of the workforce - by 2001 this had fallen to 12.7%.

Throughout Australia too many students are leaving school before completing year 12. The expanding service industry requires skills levels over year 12 education level to fill jobs within this sector.



As of 28/05/03 there were 40,500 vacancies posted on SEEK.com.au, Australia's leading employment website. While education levels are increasing, there's still a major gap between what the economy requires and what the workforce can provide - we call this phenomenon the "Skills Gap".

The Skills Gap represents a huge burden to our economy:

- Lost productivity as vacancies go unfilled
- Jobs move offshore as companies seek out the skills they require in other markets
- Australia risks economic irrelevance in the global economy
- Lower quality of life for our nation

*The Skills Gap, unemployment, underemployment and government labour market programs act as a handbrake on our economy. Separate studies by both the RBA and the Centre of Full Employment and Equity at the University of Newcastle have estimated the total cost in terms of lost economic potential at \$39 billion annually or 6% of GDP.*

*Up skilling the workforce nationally, and in particular regionally, is critical for Australia's continued GDP growth.*

Contributing to the Skills Gap are students who leave school between year 10 and 12. These young people are in danger of becoming an under-skilled and under-utilised segment of Australia's labour force. Many will slip in to a lifelong cycle of transient, low-skilled, low wage employment and reliance on government income assistance.

Although traineeships have successfully raised skill levels in a number of areas, we have strong concerns regarding the inconsistent approach to traineeships and funding of these programmes throughout Australia. For example, the Queensland government has taken a strong position on the funding of traineeships, limiting the entrance criteria to these programmes.

"There is evidence that skills and labour shortages exist at most stages of the business cycle in skilled occupations. These can have a lasting and debilitating effect on sectors of the economy and impact on Australia's global competitiveness."<sup>4</sup>

*Vocational training has a high degree of flexibility and success due to the fact that it is workplace focused*

## **Recommendations**

Manpower proposes that consideration be given to allowing students to start their trade curriculum skills earlier i.e. in year 10 to 12.

Manpower suggests vocational educational training be available to both school leavers and mature job seekers. School leavers of 15 or 16 years of age need traineeships to get their careers started, while mature workers often require a traineeship to restart their careers or secure their next position.

Manpower proposes that the federal and state governments coordinate a consistent approach to the funding and support of traineeships and apprenticeships throughout Australia, rather than an approach that waxes and wanes according to the economy.

Manpower advocates that areas encompassing skills shortages such as trades be provided with reduced entry barriers. Manpower recommends working with the DET on the implementation of a national programme.

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<sup>4</sup> Source: Enterprise and Career Education Foundation submission to the Senate enquiry into current and future skills needs. April 2003

## What barriers are encountered by people in regional areas?

### Observations

Inner city areas within Australia have profited from economic restructuring and globalisation, yet populations outside the city areas have yet to experience this. Long-term unemployment is more prevalent in certain parts of Australia than others. In areas such as Sydney, which are strongly linked to global markets, employment growth is strong, while regional economies are languishing under other local economies with declining capital investment and stagnant population growth. National economic growth has been insufficient to compensate for these effects.

Job opportunities in the manufacturing sector have been detrimentally affected by the off shore movement to lower cost labour sources such as China.

The areas most affected by high rates of long-term unemployment as estimated by the ABS are presented below:

*Regional economies were traditionally dependent manufacturing – a sector that has been in decline for many years.*

Region	Unemployment Rate	% Of unemployed people out of work for more than 2 years (%)
<i>Mersey-Lyell, Tasmania</i> West and North-west Tasmania	9.0	28.3
<i>Southern and Eastern South Australia</i> (Riverland, Gawler, Murraylands, Southern Adelaide Hills, South-east, Fleurieu/Kangaroo Island)	5.3	18.0
<i>Canterbury-Bankstown NSW</i> (Canterbury and Bankstown Municipalities)	7.6	17.3
<i>Loddon-Mallee Victoria</i> (Sunraysia, Mid-Murray, Bendigo, Eureka)	5.7	27.2
<i>Central Highlands-Wimmera, Victoria</i> (Grampians)	5.7	23.6
<i>Wide Bay-Burnett, Queensland</i> (Fraser Coast, Bundaberg & Gympie)	8.5	32.6
<i>Richmond-Tweed and Mid-North Coast</i> (Tweed, North Coast, Richmond, Grafton, Coffs Harbour, Kempsey, Hastings & Taree)	10.3	33.4

Source: Adapted data from DEWRSB 2000

There are some very significant groups of young people whose limited exposure to the labour market or relative lack of skills makes them vulnerable to long-term employment. Early school leavers especially are particularly prevalent in this category.

The success rate of school to-work transition should be measured to focus attention on outcomes and ensure feedback is collected on the success.

Manpower understands that when industry and jobs experience volatility or closure high under or unemployment results. In many instances people become long term employed because of geography lack of industries and lack of new skills.

Given the large social and fiscal costs associated with continued unemployment, high priority should be given to people who do have skills, but due to personal circumstance have encountered barriers in looking for work.

Programs that seek to improve the job-hunting skills of these disadvantaged people will prevent them from falling into long-term unemployment. Additional programs that connect job seekers with training associated with the workplace (as opposed to a traditional classroom setting) would also be extremely advantageous.

Strong growth in employment opportunities and actions to assist people in becoming part of the workforce is crucial. If people are unable to experience any form of employment they become stuck in long-term unemployment because of the lack employment experience.

Expanding existing employment opportunities and creating programs to assist disenfranchised Australians rejoin the workforce are crucial. Unemployed persons are all too often caught in a downward unemployment spiral: a worker loses their job, experiences a long gap between employment, and then faces increasing difficulty regaining paid work. The longer the period between jobs, the harder it is to find a position, as they lose touch with the labour market and their skills base begins to atrophy.

*Community partnerships  
are essential for  
developing and  
strengthening industry,  
schools, health, job  
network services and  
employment services at  
the regional level.*

*Government, industry  
and business need to  
collaborate to assist  
people to move into  
employment irrespective  
of geography.*

## **Recommendations**

Manpower suggests that a partnership at a regional level be developed with the responsibility for mapping out alternative education and training pathways for disadvantaged people.

Manpower, with its network of 90 regional and metropolitan offices, would be pleased to provide local representatives to the regional partnership programme.

Any programs established to assist disadvantaged people to improve their prospects in securing employment should be constantly evaluated in order to ensure that they achieve positive outcomes. Manpower will sit on the regional boards and provide oversight for these programmers.

Assistance can include vocational training; help with literacy and educational assistance for job searching.