



Australian Government

Keep Australia Working



October 2009



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Dear Deputy Prime Minister

On 8 July 2009 we presented the interim Keep Australia Working report to you. The report described the economic challenges the global recession poses to Australia and outlined the Government's fast and wide-ranging response to cushion the Australian economy and minimise unemployment.

We would like to pay tribute to the enthusiasm, hard work and commitment of Australians who attended the Keep Australia Working Forums across the nation in responding to the challenges of the global recession.

In this final report we outline a detailed program of action to support jobs, build capacity and support skills and focus on an initiative to help support young people seeking to enter the traditional trades.

It is also appropriate to acknowledge the work of the Department of Education, Employment and Workplace Relations in supporting the Keep Australia Working agenda.

Senator Mark Arbib
Minister for Employment Participation

Jason Clare MP
Parliamentary Secretary for Employment

October 2009

EXECUTIVE SUMMARY

The Australian Government acted swiftly and decisively to support jobs during the global recession, and we are encouraged by recent evidence our infrastructure stimulus is working to support jobs and growth in the Australian economy.

The \$42 billion Nation Building Stimulus Plan is a measured and targeted package which is supporting jobs during this global recession by investing in infrastructure for the future.

As we have noted on numerous occasions, the Government is constantly monitoring the impact of our stimulus and our broader fiscal settings to ensure we are providing support where the economy most needs it.

The final Keep Australia Working Report details Australia's current employment outlook, actions already taken and describes initiatives to address challenges of the future as the economy recovers.

These initiatives address important lessons learned from previous periods of recession and recovery, focusing on developing skills for the future and supporting jobs during the recovery.

Treasury modelling shows that the stimulus has stopped Australia from going into recession and is protecting up to 210,000 jobs. Our economy is the strongest performer in the developed world, achieving positive growth whilst the global economy is in recession. While unemployment in many other advanced economies is expected to reach double digits, our stimulus will ensure that this does not happen here.

Economic recovery presents new challenges. Previous downturns and recovery periods provide an insight into the challenges ahead.

These include:

- jobless recovery as unemployment goes up quickly but takes a long time to come down;
- skills shortages as the economy recovers aggravated by the drop in apprentice numbers;
- the need to plan now for the jobs of the future;
- the risk of a sustained higher level of youth unemployment;
- the risk of many mature-aged workers who have been made redundant not returning to the workforce; and
- the importance of building employment opportunities through social enterprises.

An important lesson from the early 1990s is that apprenticeship numbers usually fall during slow-downs, and the effect is long lasting, which in turn can amplify skill shortages when the economy recovers. Therefore, we present an approach to accelerate the take-up of apprenticeships in order to reduce the longer term effects of the slowdown on the availability of trade skills in crucial sectors of the economy. The *Apprentice Kickstart Package* will support activity at the moment, and ensure that we are prepared for sustained growth as it returns.

In order to support outcomes now and build long term capacity, other major initiatives as part of this report to build job and training opportunities include:

- a second round of the Local Jobs Stream of the Jobs Fund, targeted specifically at green jobs to support the transition to the economy of the future;
- a second round of the Get Communities Working Stream of the Jobs Fund to give priority to intermediate labour market models of social enterprise;
- setting up an Office of Employment Coordination to build further opportunities to connect job seekers with employment opportunities;
- expanding Keep Australia Working financial information seminars and job expos; and
- improving information for people and organisations affected by the global recession.

1. BACKGROUND

Australia's employment performance during the Global Recession

While Australia's economy has outperformed other advanced economies, the labour market remains fragile. A sustained global recovery is not yet assured, with implications for employment in Australia.

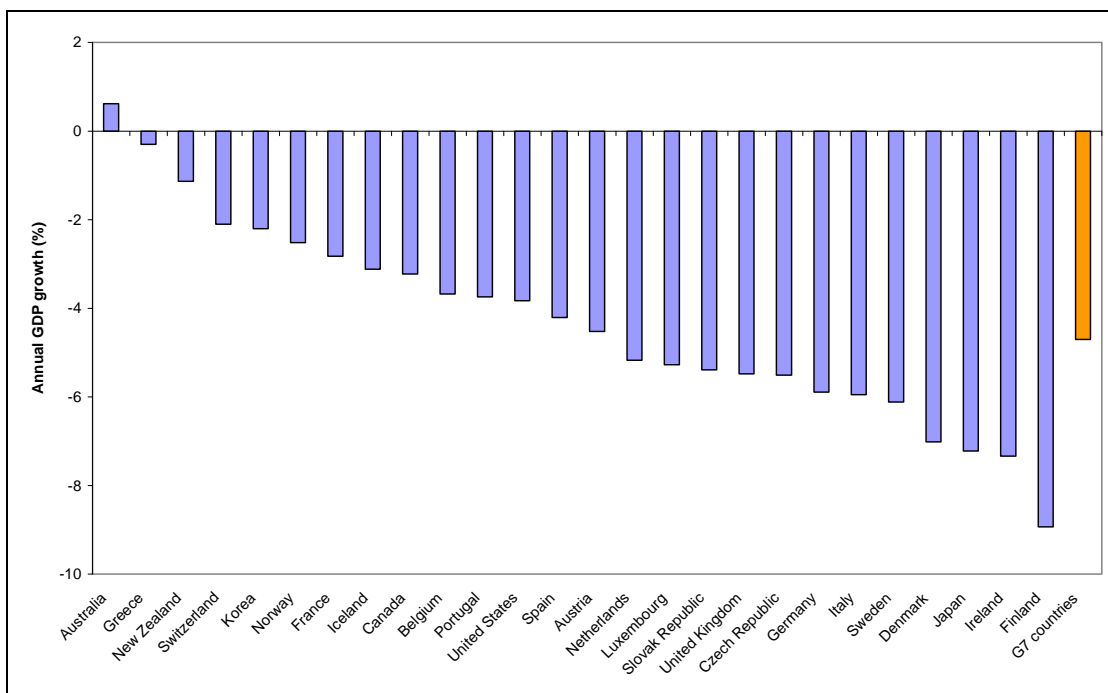
The key to a broad and long-term recovery is for a return to sustained business and consumer confidence. While the encouraging economic indicators are cause for optimism, significant challenges remain for the Australian economy.

Over 150,000 full-time jobs have been lost over the last 12 months – and we know that 18,000 additional jobs need to be created every month just to hold the line on unemployment.

Timely intervention by the Government and the Reserve Bank has seen fiscal stimulus and monetary policy work in tandem to cushion the blow of the global downturn.

The Australian economy has performed well during mid 2009 in a tough environment. Real GDP rose by 0.6 per cent over the year to the June quarter 2009. This result for the Australian economy is the strongest of any advanced economy in the world. The G7 major advanced economies contracted by 4.7 per cent in the same period (see figure 1 below).

Figure 1: International Comparison of GDP Growth for advanced economies (seasonally adjusted annual growth to the June Quarter 2009 where available)



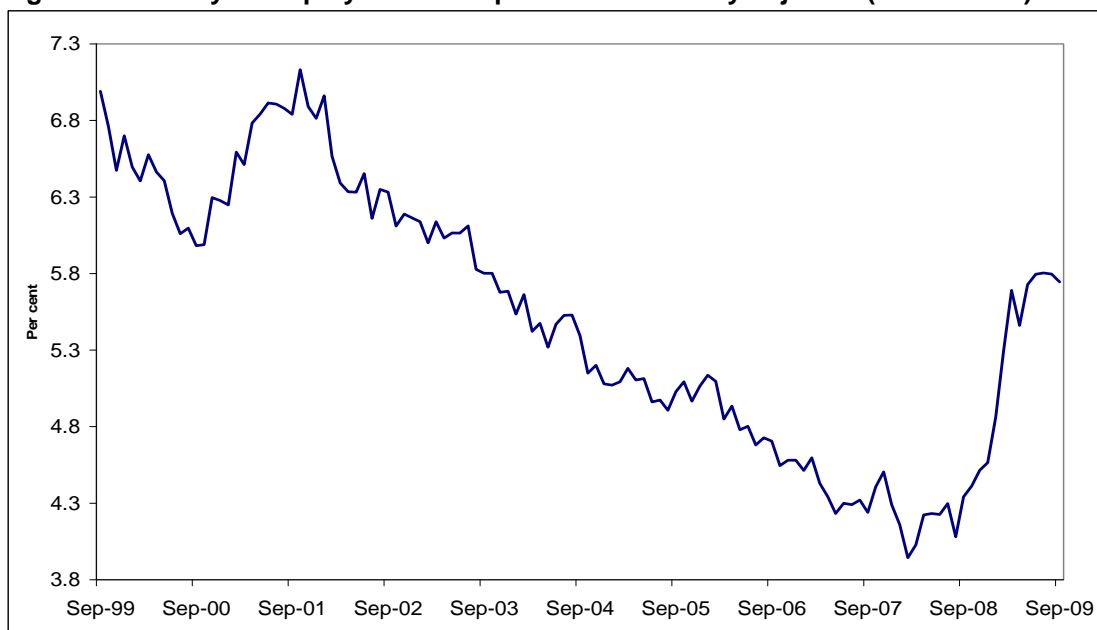
Source: OECD, StatExtracts, 15 October 2009

The International Monetary Fund (IMF) forecasts Australia to be the only one among the 33 advanced economies in the world to grow over 2009.

Internationally, unemployment rates are currently high (9.8 per cent in the US in September 2009 and 9.6 per cent in the Euro Area in August 2009), and are expected to continue to rise.

The unemployment rate in Australia reached 5.8 per cent in June, remained steady in July and August and dropped slightly to 5.7 per cent in September (see figure 2). However, this is still a 1.8 percentage point increase from February last year. While Treasury Budget forecasts indicate that Australian unemployment will peak at 8.5 per cent in 2010-11, some forecasters have indicated that these levels may not be reached, however we can expect unemployment to increase further in the short to medium term.

Figure 2: Monthly unemployment rate: persons seasonally adjusted (1999 – 2009)



Source: ABS Labour Force, Australia, September 2009 (Cat No; 6202.0)

Despite this good news, the shockwaves of the global recession have been acutely felt in the Australian labour market. In particular, there have been four key unemployment aftershocks: an uneven impact of unemployment across regions; risks of a jobless recovery; an alarming growth in youth unemployment; and the risk of skills shortages as the economy recovers.

Unemployment has been highly uneven in its regional impacts

The degree to which regions have been affected by the global recession will depend on a range of factors, including their demographic profile and industry structure.

While the current downturn in labour market conditions has had an impact on most regions across Australia, some areas have been hit harder than others. The unemployment rate in August 2009 in Far North Queensland was 11.4 per cent, in Fairfield-Liverpool and Outer South-Western Sydney it was 9.2 per cent, and in South Eastern Melbourne it was 7.8 per cent.¹

This is why the Government is placing additional support in regions most in need (see chapter three for more detail.)

¹ The unemployment rates referred to are a three month average of ABS original estimates.

There is a risk that economic growth won't be matched with a drop in unemployment

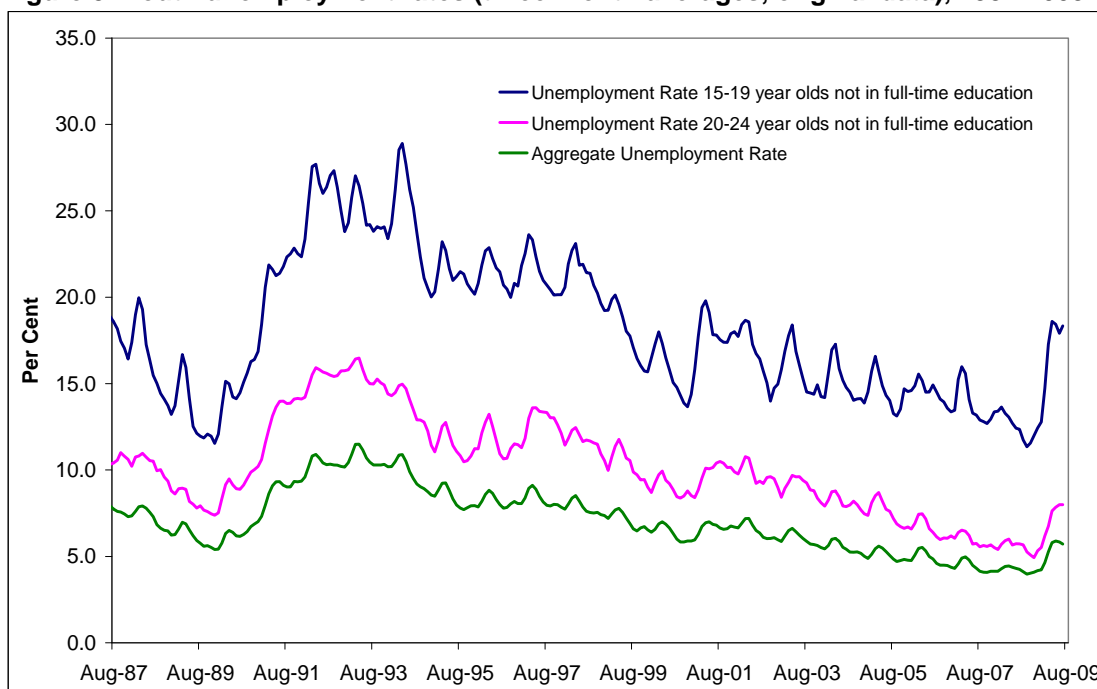
In the recovery after a slowdown there is often a period where employers increase production without recruiting extra workers. This can result in a jobless recovery, where economic output increases, but employment growth remains weak. In addition, it can take a significant period of time to reach the conditions in place prior to the downturn. As a result, job growth takes time to return. Therefore, even as the economic outlook improves and growth strengthens, we need to maintain a strong focus on supporting people into work.

Youth unemployment is a key challenge

Young people entering the labour market and looking for work with limited work experience are particularly vulnerable when employers stop hiring. Figure 3 shows the steep rise in unemployment for young people, particularly those people aged 15-19 years, over the past year.

In the short term there are risks that students leaving full-time education at the end of this year may not find work. The unemployment rate for 15-19 year olds not in full-time education rose from 11.3 per cent for August 2008 to 17.6 per cent for August 2009², a larger proportional change than that observed for all Australians over the period.

Figure 3: Youth unemployment rates (three-month averages, original data), 1987-2009



Source: ABS, *Labour Force, Australia, Detailed - Electronic Delivery, Aug 2009* (Cat. no. 6291.0.55.001), DEEWR calculation.

² The unemployment rates referred to are a three month average of ABS original estimates.

The risk of skill shortages as the economy recovers

By the March quarter 2009, 15-24 year old apprenticeship commencements in trade occupations had fallen by 23.2 per cent compared to the previous March quarter and by 7.5 per cent for non-trade apprenticeships. Declines in apprenticeship commencements initially affect 15-19 year olds the most. This cohort comprises 68.4 per cent of commencements in trade occupations and 33 per cent of non-trade apprenticeship commencements (based on March quarter 2009 commencement data).

A key lesson from the 1990s is that while skills shortages may apparently ease during a downturn they can quickly re-emerge in periods of sustained economic growth when no action is taken to address the emerging problem.

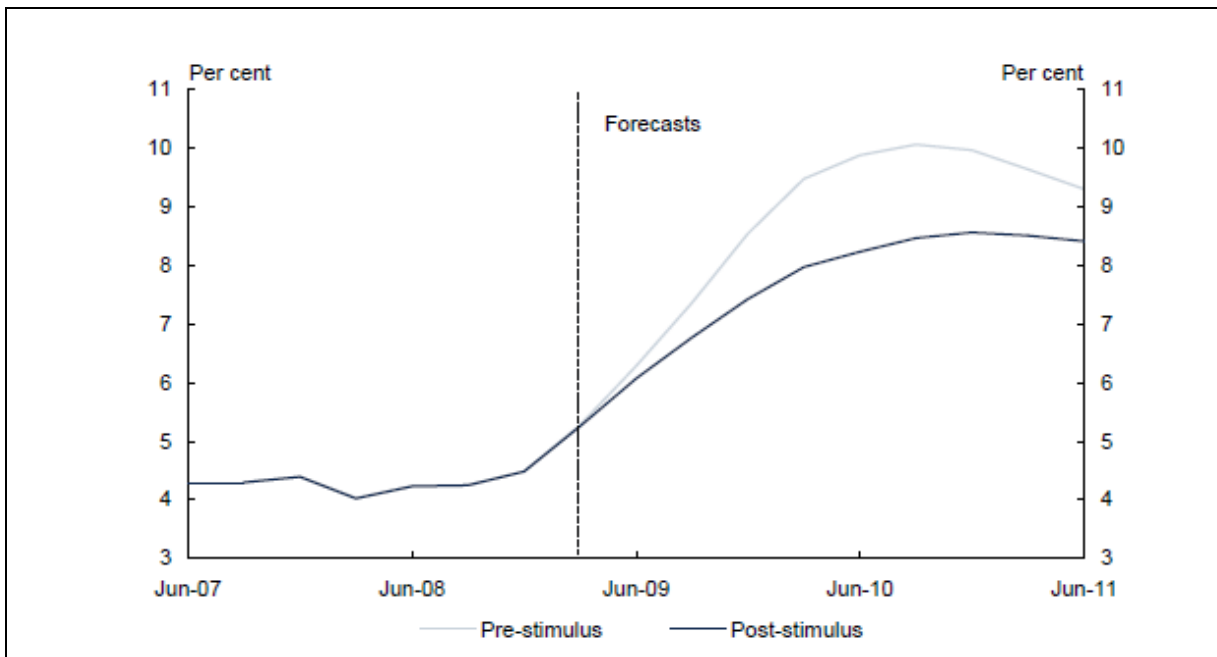
While we have observed some decline in the number of skilled vacancies during the global recession, we need to ensure that our actions and policy settings support the skills needs for long-term productivity growth. That is why, as part of this package, we are acting to accelerate the level of apprenticeship commencements.

2. SUPPORTING JOBS THROUGH THE ECONOMIC STIMULUS

The Australian Government's stimulus package has been central in cushioning the economy from the impact of the global downturn.

Treasury modelling shows that the stimulus stopped Australia from going into recession and protected up to 210,000 jobs and put downward pressure on the unemployment rate (see figure 4).

Figure 4: Unemployment rate pre- and post-stimulus



Source: ABS Labour force, Australia (Cat. No. 6202.0) and Treasury

The OECD recently singled out Australia's economic stimulus as being among the most effective in the advanced world in supporting employment. That's because 70 per cent of our stimulus is targeted at infrastructure, with more than 35,000 projects across Australia.

The OECD Employment Outlook 2009 noted:

Even though many countries moved quickly to enact large fiscal stimulus packages, these packages generally have not had a strong effect in cushioning the initial decline in employment caused by the crisis, although Australia is a notable exception.

Australia's fiscal stimulus package seems to have had a strong effect in cushioning the decline in employment caused by the global economic downturn.

Infrastructure spending is one of the best ways to support employment, due to its labour intensive nature and multiplier effects throughout the economy.

This has included: the Building the Education Revolution initiative; regional and local community infrastructure projects; investment in roads, railways, and boom gates; defence housing and the construction of new social housing dwellings and repairs and maintenance on existing dwellings; and the Energy Efficient Homes Package.

The Treasury Secretary Ken Henry told the Senate Economics Committee on 9 October 2009 that if the stimulus were to be withdrawn at once 100,000 more Australians would lose their jobs.

One sector benefiting from the stimulus package is the construction sector, where the Master Builders Association (MBA) has indicated that the stimulus is helping to keep up to 50,000 jobs in non-residential building that would have otherwise been lost.

MBA chief economist Peter Jones has said that these 50,000 jobs would mean that total construction employment is closer to 925,000 persons employed, rather than the 875,000 without the stimulus package.

Tony Constantino, chief executive of Bovis Lend Lease, has said:

Government spending has been a godsend. Without it, there would have been far less work and far fewer jobs..... There are a lot of people paying their bills as a result of this package – and I mean individuals, not just companies.

The Home Insulation Program, a key part of the Energy Efficient Homes Package, is improving the energy efficiency of Australian households, with already around 289,000 households receiving insulation, supporting thousands of jobs from manufacturing through distribution to installation. The budget for the Energy Efficient Homes Package is \$3.2bn and over 7,300 businesses are now registered to take part in the Home Insulation Program. The Program will run until 31 December 2011 or until program funds have been fully allocated, whichever occurs first.

To ensure that maximum benefit is achieved for the investment in the Energy Efficient Homes Package, several measures have been taken, including:

- Memoranda of Understanding (MOUs) were signed on 2 July 2009 between the Australian Government and the National Employment Services Association, Master Builders Australia, Housing Industry Australia and the Construction Forestry Mining Energy Union for the Energy Efficient Homes Package and related initiatives. The objective of the MOUs is for all parties to work closely together to ensure job seekers are connected to work opportunities under the Energy Efficient Homes Package.
- 4000 training places are available and a package of training support resources has been developed by the Construction and Property Services Industry Skills Council (CPSISC). This has been rolled out to Registered Training Organisations (RTOs) by the Department of Environment, Water and Heritage and the Arts and the Department of Education, Employment and Workplace Relations through workshops in each capital city. The training support resources are available at no cost to RTOs and can be downloaded from the CPSISC website (www.cpsisc.com.au).
- Keep Australia Working Jobs Forums promote the employment opportunities available to job seekers under this initiative. Fact sheets, which explain how to link into these opportunities, are provided to all workshop participants.

Case Study 1: Energy Efficient Homes package creates jobs

Opening Battsmen: helping young people find training and jobs

The company Opening Battsmen is working with Mission Australia and DEEWR to train and place unemployed people into jobs installing home insulation, taking advantage of the Australian Government's home insulation program.

Job Services Australia (JSA) providers in the priority area of Canterbury/Bankstown and Inner Sydney invited their clients to train for jobs installing glass wool insulation batts into residential homes. Mission Australia's Punchbowl office referred 22 job seekers to the three-day course at Ashley Institute of Training. Of the 22 people referred, 80 per cent finished and half have already got jobs.

Chris Cooke from Opening Battsmen interviewed 12 graduates at the Mission Australia Punchbowl office. Six keen young men took up his job offer and were not deterred by the hot, dusty and dirty work. All were offered work on a full-time casual basis, with support to the employers provided by the Employment Pathway Fund (EPF).

The success of this initiative has led Mission Australia's Punchbowl office to approach another insulation company, S A Plast, to fill two vacancies.

Several small independent companies have asked Mission Australia to help them find skilled and trained staff to meet their demand for workers and are being referred to Opening Battsmen.

Ashley Institute of Training

The Ashley Institute of Training has been working with home insulation company Fletcher Insulation, to design a training program to suit their needs. Fletcher Insulation has branches in every state and many of the trainees with Ashley Institute of Training now work with the company or have become private contractors.

Bernard Cloney, Senior Business Development Consultant at Ashley Institute of Training, says 'It's a great opportunity to get into a booming industry. There is absolutely no doubt that the Energy Efficient Homes Package is creating jobs'.

Ashley Institute of Training works closely with Job Services Australia providers to make sure the most disadvantaged job seekers get these new opportunities. 'In particular, we are working with Adult Multicultural Education Services to train and place people who have arrived as refugees,' Bernard says.

3. REGIONS

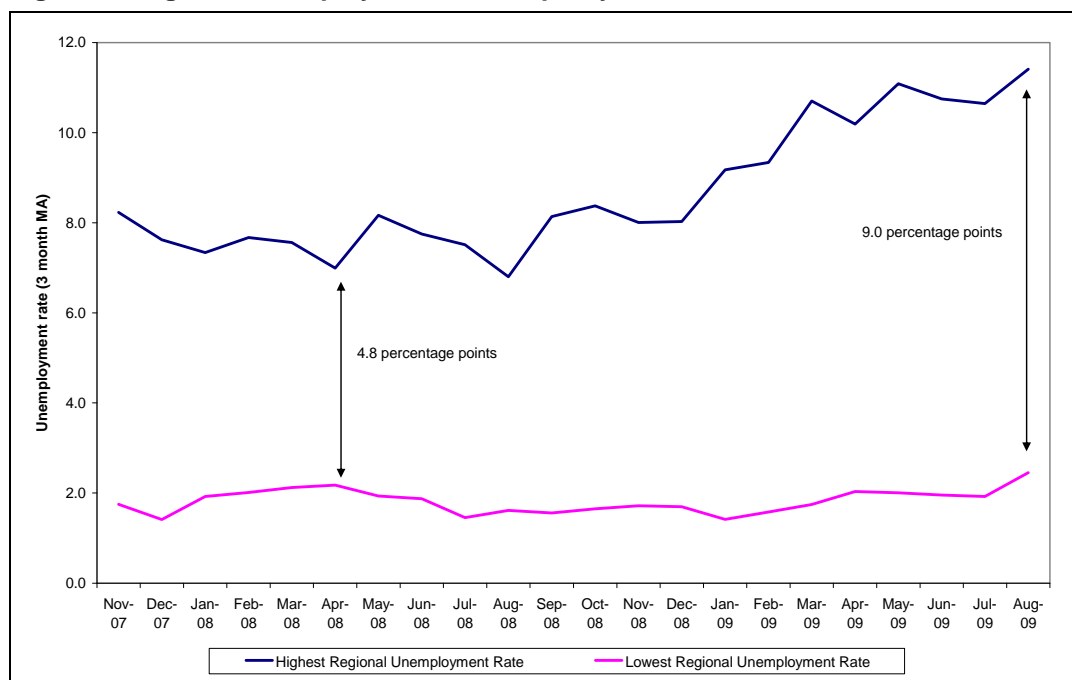
The impact of the global recession is being felt differently in communities and regions across Australia.

As at August 2009, there was a 9.0 percentage point difference between the highest and lowest regional unemployment rate. Far North Queensland has the highest unemployment rate of 11.4 per cent. This is an increase from the recent low in regional unemployment disparity of 4.8 percentage points in April 2008 (see figure 5).

Evidence from past downturns shows that some regions are more vulnerable to an economic downturn than others because of their location, industry composition, demographic profile, skill mix and past economic performance.

In 1989, the disparity between the highest and lowest regional unemployment was 8.5 percentage points (10.5 per cent and 2.0 per cent, respectively). In 1992 the disparity rose to 15.9 percentage points (when the highest regional unemployment rate stood at 21.3 per cent and the lowest at 5.5 per cent). It took until 1999 (over six years) for the disparity between the highest and lowest unemployment rates, and the level of the highest regional unemployment rate, to return to pre-recession levels.

Figure 5: Regional unemployment rate disparity, current downturn



Source: ABS Labour Force Historical Time series, Australia (Cat no. 6204.0.55.001). Data are three-month averages of original estimates.

What have we been doing?

Priority Employment Areas

In the interim Keep Australia Working report we outlined the strong focus which the Government has placed on supporting jobs at the regional and local level.

Following the recommendations of the Interim Keep Australia Working Report, the Government established another 11 Priority Employment Areas. These areas build on the nine already announced, bringing to 20 the number of disadvantaged regions that are now designated Priority Employment Areas.

Each area is the focus of a range of Government activities designed to respond rapidly to the needs of workers who are made redundant and to ensure maximum effectiveness of government, community and business efforts to stimulate the local economy and generate new jobs.

The identification of the 20 Priority Employment Areas was based on an in-depth analysis of around 70 labour market indicators. These indicators can be used to assess a region's likelihood of experiencing labour market disadvantage now or in the future. They include:

- high unemployment rates;
- increasing numbers of unemployment beneficiaries;
- a high proportion of their population on Centrelink income support;
- low educational attainment; and
- industry structure vulnerable to cyclical weakness.

All of the priority regions had either high unemployment, falling employment or a high proportion of people on income support. There were particularly worrying outcomes in North Eastern Victoria (where employment fell 7.5% over the past year), Cairns (where the unemployment rate rose by 6.8 percentage points) and South Western Perth (where Newstart Allowance / Youth Allowance (Other) recipients went up by 72.3 per cent over the past year).

Keep Australia Working Forums

As recommended in our interim report, Keep Australia Working Forums are being rolled out progressively from July 2009 in each of the 20 priority areas. The forums bring all levels of government, local employers, business leaders and community organisations together to discuss and develop on-the-ground solutions to local employment issues.

Following a forum, the Local Employment Coordinator develops a Regional Employment Plan. The plan provides a blueprint for each Priority Employment Area and identifies new opportunities for growth and gaps in skills. Key participants in the forum are invited to join a local Keep Australia Working Advisory Committee that assists the Local Employment Coordinator with the development and implementation of the area's Regional Employment Plan.

In those Priority Employment Areas where a Keep Australia Working Forum has been held, the Local Employment Coordinators are already working towards establishing their Keep Australia Working Advisory Committee, with a focus on achieving the right coverage and representation of key stakeholders from across the region.

High profile Australians, Mr Lindsay Fox and Mr Bill Kelty, who promoted business, jobs and training opportunities across Australia during the 1990s recession, are again lending their expertise to support jobs at the local level through their involvement in Keep Australia Working Forums. We thank them for their commitment to the well-being of individual Australians, regional areas and Australia as a nation.

To date, 21 forums have been held in Priority Employment Areas (see table 1). Further Forums will be held in Central Victoria in the near future.

Table 1: List of Keep Australia Working Forums held by city/town, region and date

City/Town	Region	Date
Dandenong	South Eastern Melbourne	14 July
Devonport	North West/Northern Tasmania	15 July
Liverpool	Canterbury-Bankstown and South Western Sydney	17 July
Logan	Ipswich-Logan	24 August
Rooty Hill	Western Sydney and Blue Mountains	2 September
Lismore	Richmond-Tweed and Clarence Valley	3 September
Port Macquarie	Mid-North Coast	4 September
Kwinana	South West Perth	11 September
Elizabeth	Northern and Western Adelaide	21 September
Gosford	Central Coast-Hunter	22 September
Maitland	Central Coast-Hunter	22 September
Townsville	Townsville-Thuringowa	24 September
Cairns	Cairns	25 September
Shepparton	North Eastern Victoria	8 October
Port Augusta	Port Augusta-Whyalla-Port Pirie	9 October
Caloundra	Caboolture-Sunshine Coast	12 October
Gympie	Southern Wide Bay-Burnett	12 October
Hervey Bay	Bundaberg-Hervey Bay	13 October
Shellharbour	Illawarra	15 October
Whittlesea	North Western Melbourne	16 October
Werribee	North Western Melbourne	16 October

Local Employment Coordinators

Local Employment Coordinators are in place in all of the Priority Employment Areas.

Early indications are that the Local Employment Coordinators are playing a positive role in identifying the needs of their regions and matching them with employment, education and training opportunities.

DEEWR provides Local Employment Coordinators with a detailed situational analysis for their priority area. A customised information portal has been set up to provide a single information access point for ongoing provision of detailed labour market information, which is updated regularly. The portal also includes a summary of local economic developments in the region, such as redundancies.

Local Employment Coordinators use this evidence to target particular businesses or industries in their region to identify existing or emerging employment opportunities. In particular, redundancies data is vital in assisting Local Employment Coordinators to provide support to workers who have lost their jobs. This

support includes sourcing alternative employment for displaced workers and facilitating access to Government services and training programs.

Those Local Employment Coordinators already deployed have made good progress in establishing a Keep Australia Working Advisory Committee in their respective regions. The committee assists the Local Employment Coordinator in developing and implementing a strategic Regional Employment Plan for their area. The establishment of a committee was one of the recommendations of the interim Keep Australia Working Report.

The Regional Employment Plan identifies employer needs, skills and labour shortages and structural barriers compromising job matching and specifies response strategies and measurable goals. Local Employment Coordinators are also working closely with other key stakeholders in their regions to ensure that the plans complement other employment and training initiatives in the area.

Keep Australia Working Advisory Committee members include local business and community leaders, representatives from local councils and Chambers of Commerce, Job Services Australia providers, education and training providers, Regional Development Australia and State and Federal Government representatives.

Case Study 2: Local Employment Coordinators (LECs)

Local collaboration

In Northern and Western Adelaide the Local Employment Coordinator (LEC) has been working with a business that has an immediate need for a steel frame construction workforce in the housing industry. There is no funding for the required training through existing channels.

The LEC has brokered an arrangement for the steel frame training whereby a Job Services Australia provider agrees to provide the pre-vocational training and some training assistance to the Housing Industry Association to undertake training for ten participants three times per year in the three steel frame construction locking systems.

In return, the Housing Industry Association is talking with employers to provide at least three months' employment for those trained to their specifications.

Employing more staff

In North Eastern Victoria a local meat works wanted to employ 50 new staff members to increase their workforce. They met with the LEC to discuss their options.

Following this, the LEC arranged an initial meeting with the company and the local JSA providers. The company outlined the jobs they wanted to fill, and their existing recruitment processes. The company also arranged site visits with local Job Services Australia providers.

In addition to the 50 jobs that are being created, it is expected that a pre-employment training program will be created, for the successful job seekers to access prior to commencing with the company. Funding for the pre employment course will be through the Employment Pathway Fund.

Regular meetings are being held to confirm the pre-employment course start date with the company and JSA providers, and to start identifying job seekers. The LEC has been liaising with the company and the local JSA providers, assisting with fine tuning the company's existing recruitment processes, and ensuring this work is progressed quickly.

Stimulus workshop

The LEC for Townsville identified that there was a need to link the community in his region with the stimulus package.

With this need in mind, the LEC coordinated a Construction Industry Workshop on 24 August 2009, to inform local industry of the range of opportunities available under the Economic Stimulus Plan, provide some detail and leads on how to access those opportunities, and to build confidence in the industry locally.

The opportunities covered include Building the Education Revolution, key local infrastructure projects (Townsville Mall, Douglas Arterial Road duplication, Lavarack Barracks and RAAF Garbutt expansion, Jezzine Barracks Redevelopment, Townsville Port Access Road), Defence Housing, Social Housing, Insulation Installation and Solar Hot Water.

The LEC facilitated the workshop which had over 70 attendees from construction companies and other stakeholders such as Master Builders, Housing Industry Association and the Queensland Government.

The workshop was well received and this model is likely to be replicated in other Priority Employment Areas in Queensland, particularly Cairns. The workshop also generated strong interest in follow up events being conducted by other stakeholders, with 60 registrants for Townsville Enterprise's 'Code Compliance' seminar on 2 September.

Keep Australia Working Jobs Expos and financial information seminars

In the interim Keep Australia Working report, we recommended rolling out Jobs Expos and financial information seminars in Priority Employment Areas. The Government has now committed \$4.1 million to support these expos and financial information seminars in all 20 priority areas.

These Keep Australia Working Jobs Expos run by Centrelink bring together employers, industry groups, employment services providers, government and community organisations, as well as training and education providers. Local job seekers are being personally invited to attend the Jobs Expos.

The first of the Jobs Expos was held in Launceston on Wednesday 14 October 2009, with Liverpool to follow on Friday 23 October 2009. Further Jobs Expos will be held progressively across other Priority Employment Areas from early 2010.

Jobs Fund

A \$650 million Jobs Fund was announced as part of the Government's Jobs and Training Compact to support young people, retrenched workers and local communities to get back to work and gain the skills required for future jobs.

The Jobs Fund first call for proposals in the Local Jobs and Get Communities Working streams closed on 22 May 2009. Over 2,500 proposals were received in the first round. Nationally, 172 projects were announced, with a total value of over \$132 million. This represents over \$82 million allocated from the Get Communities Working stream and over \$50 million from the Local Jobs stream.

These projects will create or retain over 6,000 jobs, more than 1,800 traineeships and around 3,600 work experience places. In addition, \$11 million worth of assistance has been announced under the Temporary Financial Assistance component of the Jobs Fund for 37 organisations.

The Jobs Fund has been effective in establishing projects which support the development needs of local communities while at the same time creating job opportunities. The very competitive nature in the first round of funding requires that the Government give stronger direction on the nature of projects expected to be funded in Round Two to assist proponents in shaping their application. It is also important to ensure that Jobs Fund projects achieve sustainable employment and training opportunities for the most disadvantaged Australians.

This should be done by giving priority for projects in the Local Jobs stream that maximise employment opportunities, especially those that will develop green skills for the future. The guidelines will promote projects that provide local job opportunities for local people. Priority should be directed to projects in the Get Communities Working stream supporting social enterprises that offer work experience and training opportunities preparing participants for work in the open labour market.

As well as the direct investment created through the Jobs Fund the LECs have been coordinating and driving local responses to job losses and declining economic demand in their Priority Employment Areas. This includes working with community stakeholders to identify and develop projects that might be funded under the Local Jobs and Get Communities Working streams of the Jobs Fund.

Outcomes

Retargeted second round of the Jobs Fund

A second round of the Jobs Fund should proceed quickly and with a clear focus on supporting specific objectives that will assist with economy recovery. The second round should be targeted to more sustainable employment and training opportunities for the most disadvantaged Australians by promoting green jobs (through the Local Jobs stream) and more effective intermediate labour market models of social enterprise (through the Get Communities Working stream).

4. LEARNING THE LESSONS FOR RECOVERY

The Government's responses to the global recession have been informed by trends in the Australian recessions in the mid-1970s, early 1980s and early 1990s. There were many similarities between the recessions and recoveries that can be applied to current economic conditions. Lessons concerning the impact on employment are important.

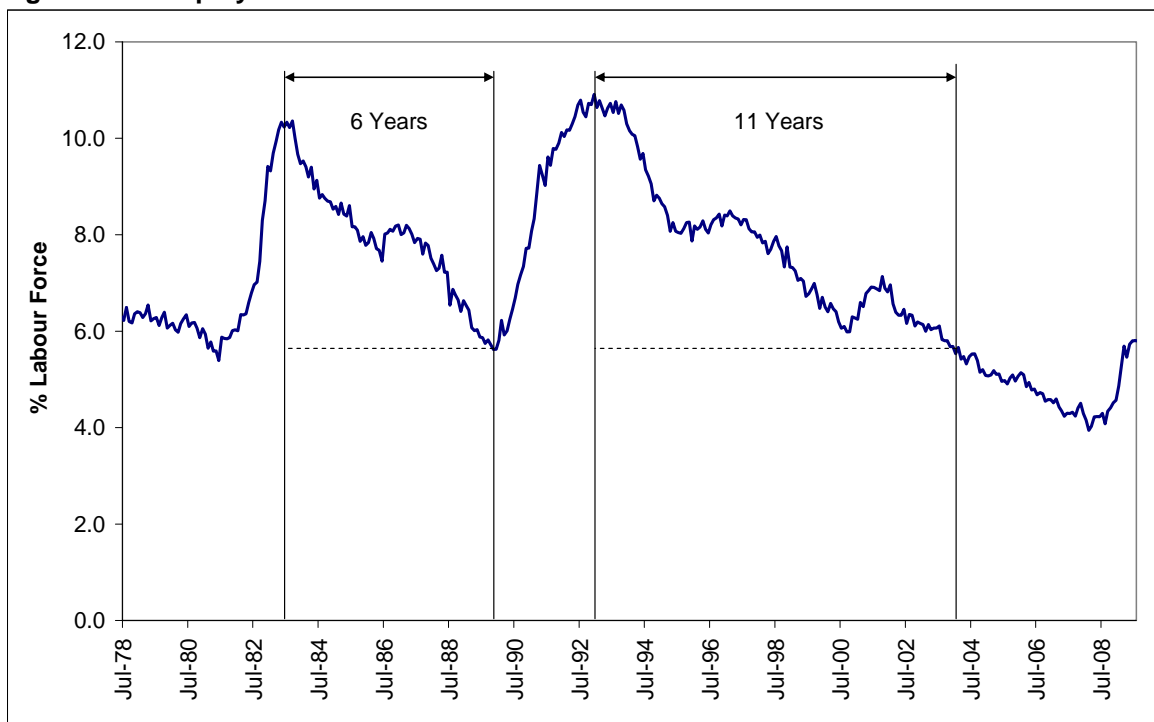
This section reviews key lessons from the past, discusses what the Government has been doing already and planned future action. The five lessons are:

- direct government spending to support jobs in the downturn;
- skills shortages can emerge very quickly during recovery;
- support young people as they are particularly vulnerable;
- older workers who lose their jobs are more at-risk of being jobless in the long-term; and
- listen to local communities.

Lesson 1: Direct government spending to support jobs in the downturn

Unemployment tends to go up very quickly and take a long time to go down. In the 1980s, the unemployment rate jumped from 5.4 to 10.4 per cent in two and a half years. It took another six years to get back down (see figure 6 below). In the 1990s, the unemployment rate increased by a similar amount in the space of two years and took around 11 years to get back down. The unemployment rate rose sharply during late 2008 and early 2009, but there are some tentative signs of moderation.

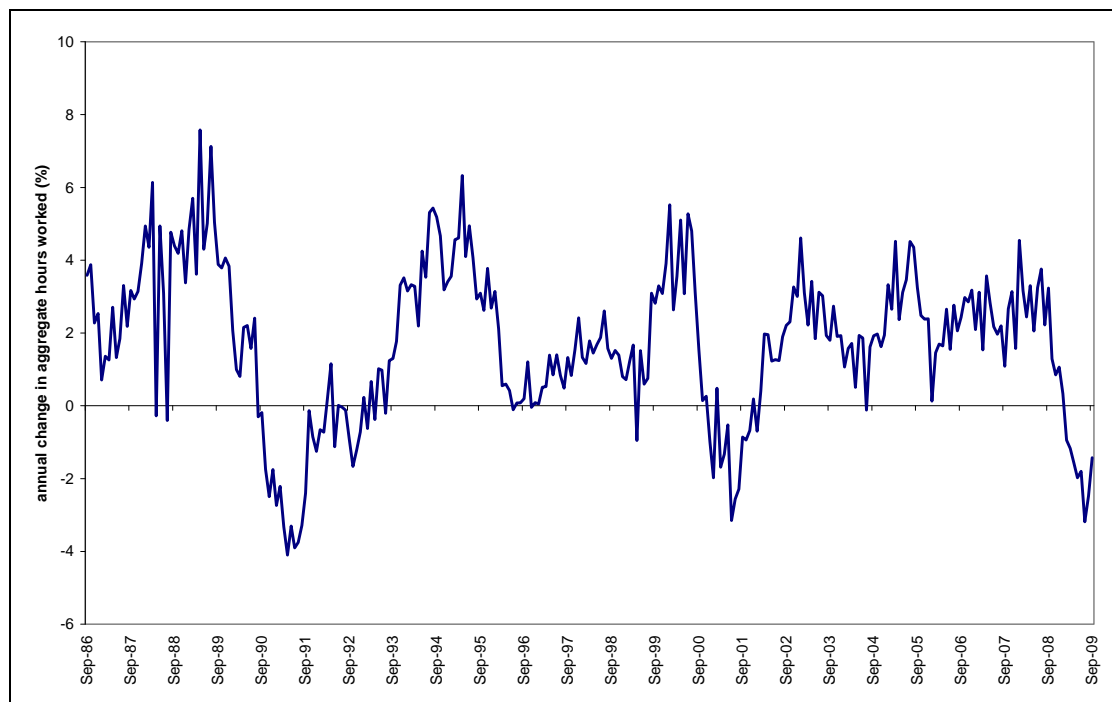
Figure 6: Unemployment rate over time



Source: ABS Labour Force, Australia, September 2009 (Cat No; 6202.0)

The significant fall in the number of hours worked in Australia shows the sacrifice being made by many thousands of Australians to reduce job losses (see Figure 7). When recovery emerges, the initial period can involve strong GDP growth and weak employment growth, as employers increase the hours worked and the intensity with which they use existing employees. Uncertainty about the strength of the recovery can also mean that firms are less willing to take on additional staff. Thus, it can take many years to get unemployment down.

Figure 7: Annual change in aggregate monthly hours worked, 1986 to 2009 (seasonally adjusted)



Source: ABS *Labour force, Australia* (cat. no. 6202.0)

What have we been doing?

Rolling out the Stimulus Package

Timely, temporary and targeted assistance to boost aggregate demand is crucial to reduce the impact of the global recession on Australian jobs. The Australian macroeconomic policy response to this downturn – both the Government discretionary fiscal stimulus and Reserve Bank of Australia monetary policy response – has come sooner and been on a greater scale than in past downturns.

Reformed Employment Services

An investment of \$4.9 billion over the next three years will be provided to deliver a new, simpler and more effective employment service to job seekers. Job Services Australia, which came into place on 1 July 2009, empowers providers to be more responsive to job seeker and employer needs, supported by a stronger focus on skills development and training to accompany support for finding employment.

New Disability Employment Services arrangements, to commence on 1 March 2010, will provide a \$1.2 billion investment in employment services for people with disability.

The success of the new focus on skills development and employment support depends upon strong links between Job Services Australia and training providers. The Government is working with Job Services Australia and state and territory governments, which have primary responsibility for delivery of vocational education and training, to ensure connections between Job Services Australia and training providers are streamlined and operate effectively at the local level.

Inter-Departmental Committee

The Keep Australia Working Inter-Departmental Committee (IDC) was established in July 2009 to oversee and implement the recommendations made in the interim Keep Australia Working report. The Committee provides advice on ways to improve the coordination and implementation of jobs programs and recruitment across Government and recommends any new initiatives Government should consider. The Keep Australia Working IDC is proving to be an effective mechanism for coordinating activities of the Australian Government. The IDC meets monthly and membership includes:

- Department of Education, Employment and Workplace Relations (Chair)
- Department of Prime Minister and Cabinet;
- Department of Infrastructure, Transport, Regional Development and Local Government;
- Department of Families, Housing, Community Services and Indigenous Affairs;
- Department of the Environment, Water, Heritage and the Arts;
- Department of Defence;
- Centrelink;
- Department of Human Services;
- The Treasury;
- Department of Innovation, Industry, Science and Research;
- Department of Finance and Deregulation; and
- Department of Broadband, Communications and the Digital Economy.

Supporting Indigenous people

The Government has made a long term commitment to addressing the disadvantage faced by Indigenous Australians in securing employment. In partnership with State and Territory governments through the Council Of Australian Governments, the Commonwealth has committed to halving within a decade the gap in employment outcomes between Indigenous and non-Indigenous Australians. The economic downturn makes meeting this already ambitious target more challenging, but it is essential that the focus remains during the downturn.

The Government is currently working to maximise opportunities for Indigenous people through the stimulus package, in the public sector and in government-funded service delivery. Furthermore, the parties to the MOUs for the Energy Efficient Homes Package and related initiatives have agreed to explore additional actions to maximise employment opportunities, including self-employment, for Indigenous Australians. This may include identifying additional assistance for job seekers and for employers through the Indigenous Employment Program, and work with employers, communities, individuals, and education and training providers.

Through the Department of the Environment, Water, Heritage and the Arts (DEWHA), the Government is supporting a pilot project with the Murdi Paaki Regional Housing Corporation to undertake a full analysis of the costs associated with installing insulation in remote area housing (see Case Study 3). Model approaches developed during the pilot are intended to be applied in other regions.

Other initiatives to maximise opportunities for Indigenous people in the public sector and in government-funded service delivery through the stimulus package include:

- funding traineeships in remote areas to provide pathways for Indigenous Australians into jobs in government-funded service delivery; and
- development of a strategy to increase Indigenous employment across the whole Australian Government public sector to meet the national target of 2.6 per cent Indigenous employment by 2015.

Case Study 3: DEWHA pilot project and Green Futures in Murdi Paaki

Murdi Paaki Region Housing Corporation (MPRHC) owns and manages 500 Indigenous community houses across the region in north-west New South Wales. The corporation, in conjunction with the Murdi Paaki Regional Enterprise Corporation, was developing an enterprise to service Indigenous community housing in the region with the option to expand to non-Indigenous housing. The Energy Efficient Homes Package (EEHP) provided the impetus to establish the enterprise with the first priority to install insulation and to test the cost feasibility of servicing remote regions.

Following a feasibility study and changes to the EEHP structure (announced in August 2009) the enterprise is now commercially viable without further financial assistance. Insulation is now being installed in the region through the Energy Efficient Homes Package. The approach is seen as highly suitable for replication in other Indigenous communities.

This approach demonstrates the benefits of a whole-of-government approach to support jobs. The Murdi Paaki Regional Assembly and other Indigenous organisations are now working with the Commonwealth and State Governments to develop the Green Futures initiative. The community is seeking to create jobs that support sustainability and generate income for families and the community while at the same time minimising the impacts of a changing climate on Indigenous communities.

Outcome

Establish the Office of Employment Coordination

To improve coordination of jobs measures on the ground, an Office of Employment Coordination will be established within DEEWR.

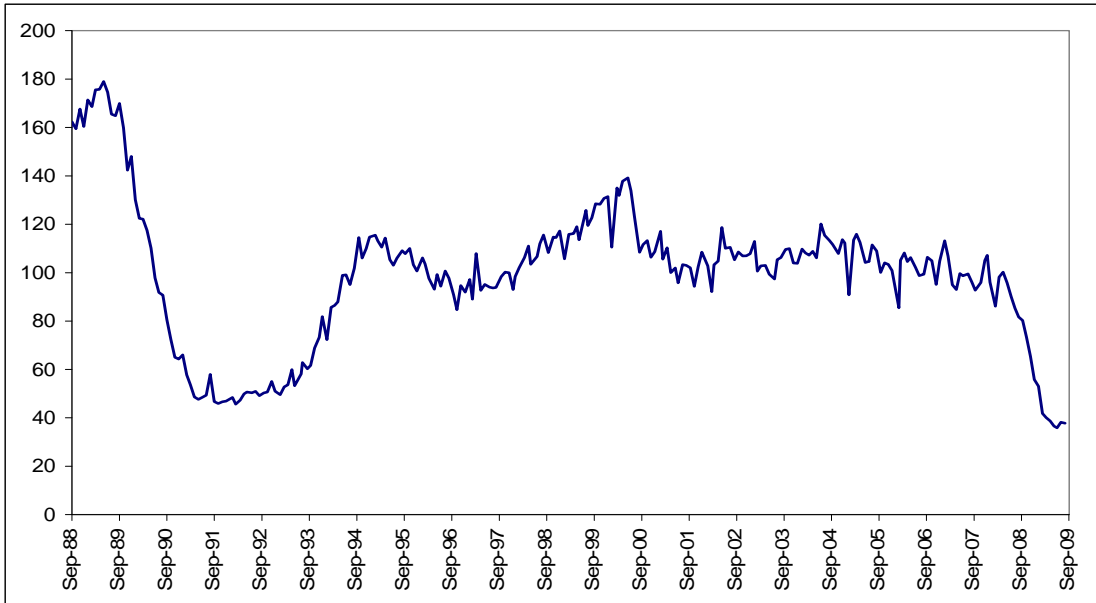
Lesson 2: Skills shortages can quickly re-emerge in recovery

An important lesson from the 1990s and 2000s is that skill shortages can emerge rapidly during periods of sustained economic growth. While skilled vacancies have declined over the past year they can quickly re-emerge during recovery. From January 1992 to January 1995, the Skilled Vacancy Index increased by 144 per cent (see figure 8).

An important source of skilled workers is through the apprenticeship system, but periods of rising unemployment in previous downturns have been reflected in smaller number of apprenticeship and traineeship commencements (see figure 9). Over the year to September 2009, young people have been experiencing a loss of jobs, with a fall of 108,400 full-time jobs for those aged 15 to 24 years (seasonally adjusted). NCVER reports that trade apprenticeship commencements (seasonally adjusted) have declined over the last four consecutive quarters, with a decrease of 21.2 per cent between the March quarter 2008

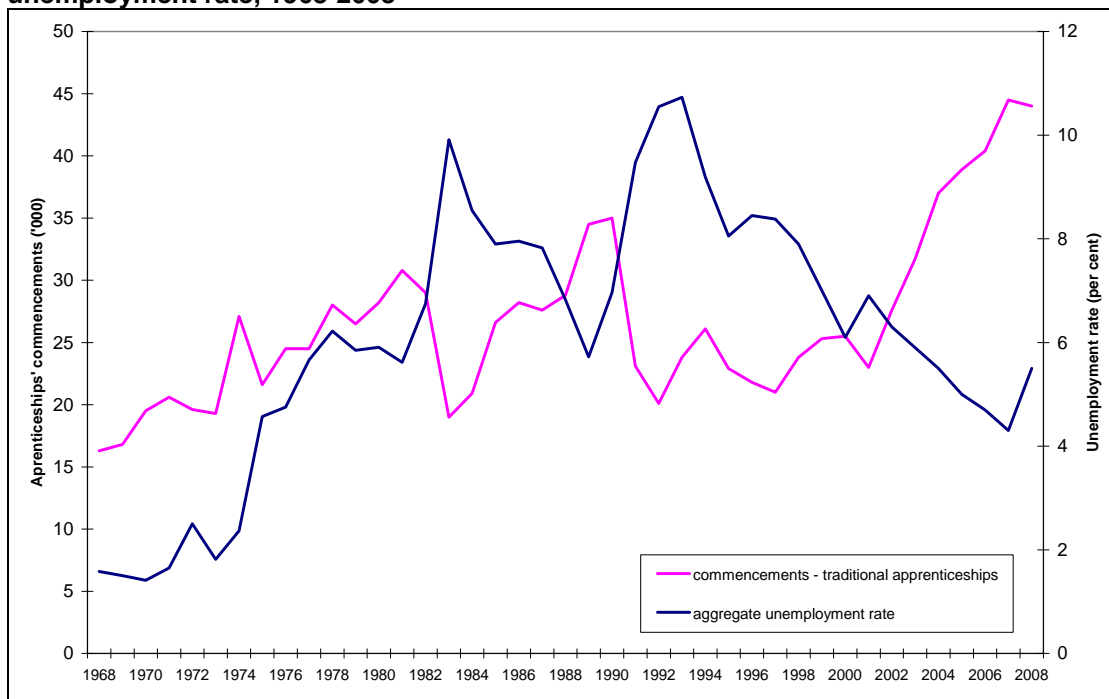
and the March quarter 2009; and that non-trade commencements have declined over the last two quarters, by 1.6 per cent between the September quarter 2008 and the March quarter 2009.

Figure 8: Skilled vacancy index



Source: DEEWR Vacancy Report

Figure 9: Traditional apprenticeships (construction, metal and automotive trades) and unemployment rate, 1968-2008



Sources: 1. Department of Employment, Education and Training, Apprenticeship Statistics; 2. National Centre for Vocational Education and Training, Australian apprentice and trainee statistics; 3. National Centre for Vocational Education and Training, Australian apprentice and trainee statistics – skills supply to the trade industries 1995 – 1999; 4. ABS, Transitions from Education to Work, ABS Cat no. 6227.0; 5. National Centre for Vocational Education and Training (2009), Australian vocational education and training statistics, Apprentices and trainees - Annual 2008; 6. Australian Bureau of Statistics, Labour Force, Australia - Electronic Delivery, Cat No. 6202.0

At its meeting in April 2009 the Council of Australian Governments (COAG) recognised that during an economic downturn Australian Apprentices are particularly vulnerable. This is a concern because of the

importance of the apprenticeship system in training skilled workers for the future. We need to build our skills base so we can take advantage of the opportunities which economic recovery will offer.

What have we been doing?

Government Skills Agenda

The Government has improved the flexibility and accessibility of Australia's education system. It has increased the number of vocational education and training places and made changes to the higher education sector to underpin a significant increase in places over the next decade.

The Productivity Places Program (PPP) will provide 711,000 places over five years at a cost of over \$2 billion. Building on the success of the program, the Australian Government is working to ensure that the program continues to enhance the skills and pathways of workers and job seekers. The Government will continue to ensure that this program has the flexibility needed to ensure a match between skills demand from employers and the supply of vocational training outcomes.

Training places are closely linked to workforce demand, and Skills Australia plays a vital role in advising the Government on Australia's current, emerging and future workforce skills and development needs. Effective linkages between training providers and Job Services Australia providers are particularly important in matching job seekers with training for jobs experiencing skills shortage.

In response to the Bradley Review of Higher Education, the Government has invested \$5.7 billion in higher education and innovation over the next four years to secure the jobs of the future. This includes \$491 million to support a move towards an uncapped system from 2012, to enable an additional 50,000 students to commence university studies by 2013 and to produce 217,000 additional graduates by 2025.

National Resource Sector Taskforce and Major Project Employment Coordinator

The Government has established a National Resource Sector Taskforce to secure up to 70,000 skilled workers nationally.

The Taskforce will examine projects coming on line over the next 10 years, including the location, type and number of jobs; the skills needed, building on industry skills surveys already undertaken and state skill plans; existing education and training programs; and current industry initiatives to address labour and skill requirements. It will then develop workforce plans for this sector.

One of the first projects the Taskforce will consider is the Gorgon LNG Project in Western Australia, which at its peak will directly and indirectly create about 10,000 jobs. The Australian Government will appoint a Major Project Employment Coordinator to work with the Western Australian Government and the Gorgon Joint Venture Partners to identify opportunities for targeted training to ensure the labour needs of the project are met.

Securing Apprenticeships and Traineeships

The Government acted swiftly to address the impacts of the global recession on apprentices. In February the Government introduced two measures, the *Securing Australian Apprenticeships* and *Securing Australian Apprenticeships through Registered Training Organisations* initiatives. Together these initiatives

provide support to help apprentices and trainees complete the off-the-job components of their training and help laid-off apprentices and trainees continue their incomplete training.

Council of Australian Governments

COAG has established an industry-led taskforce to develop an urgent plan to identify support measures for Australian Apprentices during the economic downturn. The taskforce is to report back to COAG in December 2009.

This followed COAG agreement in July 2009 that when contracting for Government stimulus and infrastructure projects, the states and territories will aim to secure at least 10 per cent of the total contract labour hours to be undertaken by apprentices and trainees and those seeking to up-skill, where this does not result in unreasonable costs to business.

Outcome

Apprentice Kickstart package to rebuild apprenticeships in the trades

A time limited package to prevent a continuing fall in apprenticeship commencements in the traditional trades will be implemented.

Lesson 3: Support young people as they are particularly vulnerable

In the 1990s, youth unemployment rose rapidly in the initial stages of the recession. In particular, there was a substantial increase in unemployment levels for 20-24 year olds. On a positive note, in the face of softening employment opportunities young people tend to remain in education and training as a strategy to lift their employment prospects.

More recently, employment for 15 to 24 year olds has fallen by 99,400 over the year to August 2009 (original data, three-month averages). Youth unemployment rates have risen, with the unemployment rate for 20 to 24 year olds not in full-time education rising to 7.9 per cent in August 2009. For 15 to 19 year olds, the unemployment rate has risen to 17.6 per cent. The impact of these developments on education and training has been modest with the proportion of 15-24 year olds in full-time education increasing by 1.4 percentage points over the year to August 2009³

What have we been doing?

Learn or earn

The Compact with Young Australians and the Council Of Australian Governments' National Partnership on Youth Attainment and Transitions are supporting young Australians to gain skills through stronger engagement in education and training. The compact requires young people to complete Year 10 and then be in full-time education, training or employment until age 17; offers a training entitlement to all 15 to 24 year olds; and provides improved support through career advice and better assistance with the transition through school to further training and work. The compact will be fully implemented from July 2009 for 15-19 year olds and January 2010 for 20-24 year olds; and run until 31 December 2011.

³ The unemployment rates referred to are a three month average of ABS original estimates.

Investment in Green Skills

The Government is acting to ensure people acquire 'green' skills. In July 2009, the Government announced a further \$94 million investment to assist up to 50,000 young or disadvantaged Australians to get the skills, training and experience they will need for the green jobs of tomorrow.

As part of this package, the Government announced the National Green Jobs Corps, which is a 26-week environmental training program that over two years will enable 10,000 17-24 year olds gain job-ready skills. This will provide 10,000 out of work young Australians with the opportunity to gain work experience and green skills for future jobs.

National Green Jobs Corps activities include:

- bush regeneration and planting native trees;
- wildlife and fish habitat protection;
- walking and nature track construction/restoration; and
- training and hands on experience in the installation of energy efficiencies for buildings.

The Government's Compact with Young Australians requires that young people must be earning or learning to receive the support of the Government. The National Green Jobs Corps will complement the Compact.

Lesson 4: Older workers who lose their jobs are more at risk of long term disengagement

While mature aged workers are often in more stable employment than young workers, if they lose their jobs it usually takes longer to secure new work.

Australia is entering a state of accelerating demographic change. This will occur even though some revised projections from the forthcoming 3rd Intergenerational Report suggest that the average age of Australia's population in the future could be younger than modelled in previous Intergenerational Reports. Over the next 40 years, the proportion of the population aged 65 years and older is projected to rise to 22 per cent, compared with 13 per cent now. The proportion of the population aged 85 and over is projected to increase most rapidly, rising from 1.7 per cent of the population in 2009 to 5.0 per cent in 2049⁴

Older cohorts in the workforce, especially those with low skills, traditionally have lower participation rates than younger cohorts. As the population ages, new measures to support participation of older workers may be needed.

Typically, around one third of the currently short-term unemployed would be expected to become long-term unemployed over time without sustained action and if economic conditions remain static. In the early 1990s for example, over 300,000 people had been unemployed for 12 months or more (long-term unemployed). Maintaining engagement during the downturn is particularly crucial for those at risk of long-term unemployment.

4 Treasurer of Commonwealth of Australia, *The Population Challenge and Australia's Future*, address to formally launch the Australian Institute for Population Ageing Research, Sydney, 18 September 2009.

What have we been doing?

Economic Stimulus Plan

The Government's Economic Stimulus measures have been designed to support jobs across the economy, including for mature age workers. New flexibilities in Job Services Australia enable providers to offer specialised support for mature age job seekers to assist them to re-enter the workforce. Some mature age job seekers express concern that employers prefer to engage younger workers. Employers should be encouraged to consider the benefits in hiring mature aged workers. The Government can assist by developing strategies to present a message to the community about the benefits to businesses and individuals in staying in active work longer.

Compact with Retrenched Workers

The Government's Jobs and Training Compact with retrenched workers offers additional support for people who have lost their jobs to participate in training and other activities in preparation for securing work. Australian employees made redundant are offered immediate access to intensive employment services including career advice, skills assessments and skills training. An additional \$298.5 million has been provided as part of the Compact to deliver immediate access to employment services for workers made redundant. They also have access to mortgage relief, income support sooner and a new information and advisory service.

Disability Support Pension

The incidence of disability, including mental illness, increases with age and many older Australians may find it difficult to remain in work and manage their conditions. In many cases, these people will end up on the Disability Support Pension (DSP). The Government is introducing a range of measures to make sure people get access to the appropriate services and income support payment. As part of this, a review of the Impairment Tables used for DSP assessments is being undertaken to make sure they are consistent with contemporary medical and rehabilitation practice. The new Impairment Tables will be developed in consultation with a range of stakeholders including the medical profession, allied health professionals, disability groups, and are expected to be introduced by 1 January 2012. This will ensure that applicants are presented with the best options, including access to rehabilitation services and support to re-engage with work.

Lesson 5: Listen to local communities through the KAW Forums

The Government has taken decisive action to support jobs during the global recession. An important feature of the impact of the global recession has been the variation across Australia, with some regions experiencing high levels of disadvantage. These regions were identified as most in need of localised support. Government cannot solve local problems on its own. To a large degree our success will depend on promoting partnerships between local business people, local employment services providers, community leaders and community organisations which are all critical in keeping their communities working.

Since August 2009 Keep Australia Working forums have been progressively rolled out over the 20 Priority Employment Areas. A number of key issues have been raised at the Keep Australia Working forums.

Some of the issues from the KAW forums are taken up in this report while others will need to be considered by Government in a broader setting.

A number of key lessons have been learnt from these forums including:

- *the need to simplify the existing apprenticeship system and consider better financial incentives to take on apprentices:* Employers have identified the need for more incentives to be provided to take on apprentices, particularly those in their first year. Participants at the forums have also told us that there needs to be a plan to keep apprentices in work once the stimulus work is completed so that the skills are retained in the economy;
- *the need for vocational training to address current and future skill shortages and better meet in-demand skills:* Past experience has highlighted the need for training to address current and future skill shortages and better target in-demand skills. Discussions suggest that not only should high level skills be targeted but training must address shortages for lower skilled entry level positions. There could be benefit from a strategy which assesses what options for skill development are required now rather than waiting for skill shortages to develop;
- *better linkages could be developed between employers and training providers:* We need a greater level of engagement both from business and the training sector: employers need to see the benefits of training and up-skilling of staff, as this provides opportunities for business growth. The development of linkages would assist employers build upon their already established skill base which may lead to higher employee retention. Linkages should be developed on a local level to develop the relationships between training organisations and employers, which may be facilitated with the development of stronger relationships between JSA and training providers. This can be facilitated in many instances by Local Employment Coordinators:
 - The Ministerial Council on Tertiary Education and Employment recently resolved to take action to improve local responsiveness to address urgent training needs that can assist unemployed people, including through Local Employment Coordinators, to integrate Job Services Australia providers into those responses and improving access to relevant, timely training in their area;
- *Government information, assistance and services could be targeted more to the needs of the local communities, employers and job seekers:* Communities can find it hard to navigate their way through government to find the services and assistance that they need. The LECs and the Keep Australia Working Forums are both potentially valuable mechanisms to improve access and awareness of available information and services. A one-stop-shop website would also be a useful tool; and
- other issues raised include the lack of access to affordable public transport in regional areas which makes it difficult for job seekers to pursue work opportunities and the need to adopt a place-based approach where skills and needs are matched through partnerships between business and the community.

The focus in this report on apprenticeship recovery directly responds to the issues raised by employers at the Keep Australia Working forums held across Australia over the past few months. The package is focused on supporting apprenticeships during the downturn and preparing for the skill needs of recovery by increasing the financial incentives to take on apprentices. Other issues raised at the forums require further work from Governments and communities through regional employment plans. The LECs and the KAW forums are playing a critical role in supporting action on the ground, including improving the linkages between employment services and training providers.

We also know that social enterprises provide an avenue to assist disadvantaged job seekers gain work experience and relevant workplace training with the ultimate objective to transition into the open labour market. Social enterprises create local alternative employment opportunities for job seekers. They provide

intensive, customised support through appropriate and relevant training opportunities and participation in activities that build job readiness.

Outcome

Improve access to information on services for employers and community members affected by the global recession

A central point of contact will be set up online to provide information on government services and other assistance available to those affected by the global recession.

5. BUILDING A BRIDGE TO THE JOBS OF THE FUTURE

Our response to the short term impact of the global recession is set in the broader context of longer term changes to the nature and structure of the Australian economy and society.

Australia's long-term future is dependent on responding to a number of structural changes. These responses will be driven by the need to: ensure that we find and maintain our competitive advantage in the international economy; improve mobility of workers between industry sectors and geographic regions; and begin the transition to a sustainable economy.

If Australia can adapt successfully to these structural trends it will lead to improved productivity outcomes. The Australian labour market needs to work to its full potential and in line with the grain of economic and structural reform to maximise productivity and to provide fulfilling work opportunities for Australians.

Our productivity will drive economic growth and increase our standard of living in the upcoming decades. For example, Australia's capacity to generate income to meet the costs of an aging population will depend largely on producing new and better products to generate wealth. Our response across a wide range of social and economic policy challenges will largely be formed by our ability to increase our productivity in a fair and environmentally sustainable manner.

Approaches to boost productivity need to be fundamentally tied to where Australia's competitive advantage lies – in its human capital, its workplaces and its innovation system.

On 2 July 2009, COAG recognised the importance of ongoing microeconomic reform and noted that good progress was being made on the National Partnership Agreement to Deliver a Seamless National Economy. COAG also committed to further reforms covering national business and transport regulation, and agreed to ongoing cooperation in facilitating the roll-out of economic stimulus Nation Building projects and the National Broadband Network.

The delivery of a highly skilled workforce through reforms to education and training systems is essential to lifting productivity, and must be matched by efforts to increase the labour force participation of all working age Australians, including the most disadvantaged.

Reform of early childhood, schools, vocational education and training, higher education and innovation and research underpins skills development for the labour market and promotes potential new areas of growth and innovation in the economy.

Productivity growth, as well as being linked to the levels of skills and capabilities of the workforce, is driven by how these skills and capabilities are applied at work. Policies to support human capital and lift the quality of workplace practices are inter-related and both support Australia's productivity performance.

It is vital that the training system is both flexible enough to ensure that it meets the needs of the economy now and into the future, and general enough that skills can be applied in different ways to take advantage of high value economic opportunities.

The economy faces some key emerging challenges. Increasing globalisation will mean that Australians are operating in an increasingly integrated world. China and India are growing rapidly and are increasingly

important as markets and as competitors. The re-balancing of global production is influencing where Australia's competitive advantage lies. Our prosperity therefore relies on a highly skilled workforce underpinned by high quality education and training that enables Australians to take advantage of economic opportunities.

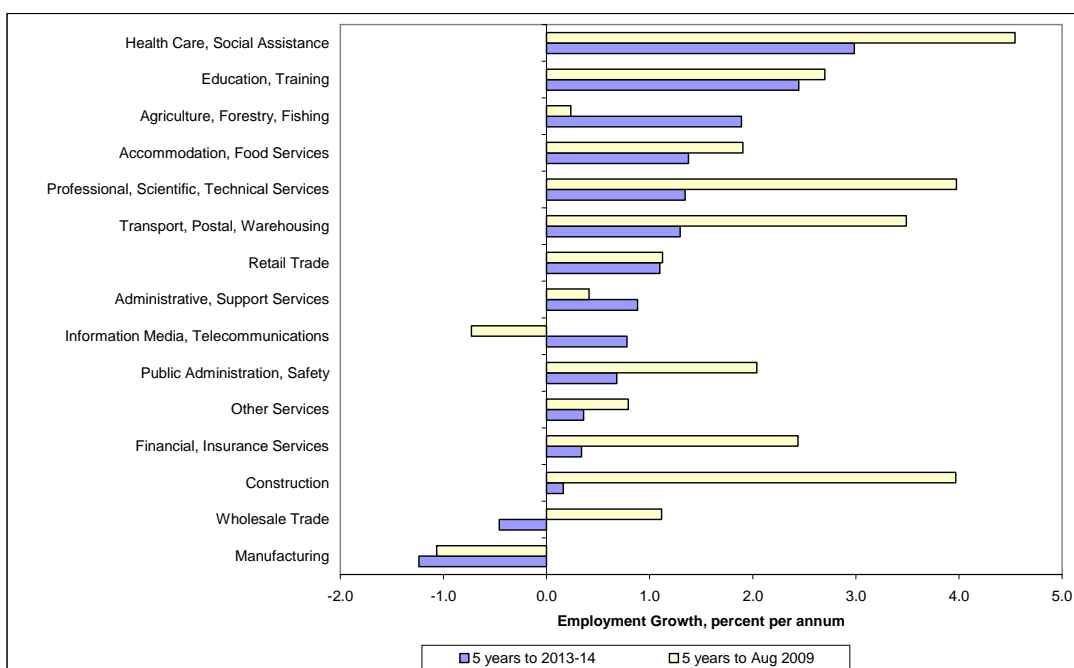
The extent to which occupations form part of global supply-chains and markets also determines employment and growth prospects. Some occupations (such as scientists; managers and professionals in the finance, property services, media and creative industries) are advantageously exposed to international competition, leading to growth. Others, such as tradespeople and clerical workers, are insulated from international trade but are vulnerable to having overseas-produced goods and outsourced services substituted for their labour. A third group, which includes doctors, teachers, real estate agents and sales assistants, supply personal services to the domestic market and are expected to grow in line with the recovery.

Figure 10 shows that strong employment growth is projected in health care and social assistance and education and training.

Other trends will also impact on the nature of the Australian workforce in the future. National security is likely to remain an ongoing consideration for Australia, and this will create employment opportunities in the defence forces. Similarly, the demand from the community for high quality communications networks is likely to continue, underpinned by the creation of the National Broadband Network, and skilled workers will be required to service this demand.

One of the effects of the global recession has actually been to accelerate a number of key trends, including the decline of employment in manufacturing and growth of the services sectors such as care, retail and hospitality; and growth in the share of jobs held by women in the workforce.

Figure 10: Recent and future employment growth, by industry, five years to Aug 2009 and five years to 2013-14



Source: DEEWR

Overall, the Australian labour market has responded well to external pressures over the past decade, evidenced by the continued decline of the unemployment rate during the current decade. However, the transitions in the labour market were not necessarily smooth for all individuals, with older, less skilled workers at increased risk of moving out of the labour force.

Labour market mobility is vital so that the economy can respond to, and benefit from, new industry activity. The rate of employment growth during the recovery is likely to differ by region and industry. In the current decade we observed particularly strong net migration to Western Australia and Queensland with mining opportunities.

Our capacity to move people into new job opportunities is necessary to avoid the additional cost to business arising from labour and skill shortages. It is not enough to have jobs and to have people with the skills; we need to ensure that people are supported to move into the jobs that make best use of their capacities. And these opportunities need to be opened up to low-skilled workers.

The workforce challenge facing Australian industry is highlighted in the recently announced Gorgon LNG project. This project, typical of others that are emerging as global demand for resources grows, will require a range of skilled labour for both establishment and operations. The priority for Government is to ensure that education, training and employment services act in unison to support these projects that offer such benefits to Australia. A broadly skilled and agile workforce acts as a resource for all Australian industry and a foundation for productivity.

In the future, there will be increased demand for more sustainable and low pollution approaches in our industries and the way that we live. This will be brought about through changing policy settings but also by the expectations of consumers to be able to reduce carbon pollution through their purchasing decisions.

These new demands will impact on employment in different ways. It is expected that new jobs will arise that directly support carbon abatement and build renewable energy sources. Many current jobs such as those that support the built economy, resources and manufacturing will need to be transformed to help businesses operate with a low-pollution approach. And as community expectations for sustainable approaches grows, all workers, whether paid or voluntary, will need a broad knowledge and understanding of technologies and processes that support carbon pollution reduction across all activities.

The way that sustainable practices will emerge in the economy is not fully known, however, we can be proactive and build 'green' skills into training and education courses. The National Green Skills Agreement (NGSA) is being developed between the Commonwealth and state and territory governments in conjunction with Industry and will accelerate the delivery of green skills through the national training system. The Agreement will operate over the next four years and will result in every new trade apprentice in Australia graduating with the necessary skills and knowledge to meet the challenge of a low carbon economy.

Australia also stands to benefit if it is able to be an early mover in sustainable practice. Early investment in sustainable practices builds capacity, knowledge and innovation across the economy. This would enable Australian firms to respond rapidly to emerging global demand for products of all varieties that have a sustainable component.

The Government recognises the vital importance of a highly skilled and innovative economy to Australia's future, and will invest \$5.7 billion for reforms across the higher education and innovation sectors over the next four years in response to the Bradley Review of Australian Higher Education and the Cutler Review of the National Innovation System.

6. OUTCOMES – Support for jobs and preparing the Australian economy for recovery and beyond

The Government has produced clear and decisive action during the global recession to support Australian jobs. We are proceeding with a range of targeted responses to provide continued support for jobs and to prepare the Australian economy for recovery and beyond. These responses are based on the lessons learnt from the past and emerging issues for the Australian economy over the short, medium and longer term.

The first round of the Jobs Fund has received a very high level of community interest with a large number of excellent proposals put forward. Under Round 1 of the Jobs Fund, \$132 million in funding has been provided to 172 projects across Australia under the Local Jobs and Get Communities Working streams. Many of these projects are in regions experiencing high levels of disadvantage and job loss. We recommend that a second round of the Jobs Fund proceed as quickly as possible.

In this package of initiatives we are proposing an *Apprentice Kickstart package*. This package will support an increase in apprenticeship commencements back to pre-global recession levels and thereby support the skills that we will need in the short-term as well as the long-term. Given the relationship of this measure to supporting jobs and apprenticeships during the global recession and preparing for recovery this package should be included as part of the Jobs Fund.

Outcome 1: Retargeted second round of the Jobs Fund

A second round of the Jobs Fund should proceed quickly and with a clear focus on supporting specific objectives that will assist with economy recovery. The Jobs Fund initiative supports and creates jobs and skills development through projects that build community and social infrastructure. The Jobs Fund is part of the Australian Government's Jobs and Training Compact and was established to support families and communities most affected by the global recession.

Following on from the first round, the second round should be targeted to more sustainable employment and training opportunities for the most disadvantaged Australians by promoting green jobs (through the Local Jobs stream) and more effective intermediate labour market models of social enterprise (through the Get Communities Working stream).

The second round of the Jobs Fund will consist of \$51.9 million from the Local Jobs stream and \$41.4 million from the Get Communities Working stream. In the second round, new guidelines will help to meet the need for green employment initiatives and sustainable social businesses for each of these respective streams.

This initiative is particularly targeted at supporting jobs during the downturn, preparing the economy for future jobs and skills needs (such as sustainable jobs) and working in partnership with the community sector.

Outcome 2: Targeted Apprenticeship commencement incentive to rebuild apprenticeships in the trades

There is a strong need for a time limited *Apprentice Kickstart package* to prevent a continuing fall in apprenticeship commencements in the traditional trades through two elements:

- additional employer incentives to target young people 19 years and under for a limited period of time to rebuild the floor of traditional trade apprentices, at a cost of \$80 million over two years; and
- \$20 million to the states and territories to facilitate and fund pre-apprenticeship pathways to ensure the supply of apprenticeship-ready applicants for employers.

This initiative is particularly targeted at supporting young people during the global recession and building the skills for recovery.

Outcome 3: Establish the Office of Employment Coordination

To improve coordination of jobs measures on the ground, an Office of Employment Coordination should be established within the Department of Education, Employment and Workplace Relations. The Office would monitor job creation on the ground and ensure the availability of workers with appropriate skills to take up emerging employment opportunities, and work closely with the Major Project Employment Coordinator and the National Resource Sector Employment Taskforce. The duties of the Office of Employment Coordination would include:

- linking government employment with employment programs (including Job Services Australia) wherever possible;
- coordinating training supply and employment needs, across Australia; and
- using the position's authority to troubleshoot and cut through bureaucratic blockages and red tape where these arise.

This initiative is particularly targeted at supporting jobs during the global recession.

Outcome 4: Expand Keep Australia Working Jobs Expos and financial information seminars

In the interim Keep Australia Working report, we recommended that Centrelink hold Financial information Seminars and Jobs Expos for job seekers in Priority Employment Areas. \$4.1 million will be allocated to fund a minimum of 20 events. The Expos create a 'jobs marketplace' bringing together Local Employment Coordinators, employment service providers, Centrelink, employers and job seekers. They provide information about, and access to local jobs and job pathways as well as financial management information. These expos and seminars will now occur in each priority area.

This outcome is particularly targeted at supporting jobs during the global recession by improving coordination and collaboration.

Outcome 5: Improve access to information on government services and assistance to people and organisations affected by the global recession

We believe that options to improve access to Government information and services be proceeded with. The demand for better information by job seekers, employers and the community was a consistent theme that emerged as part of the KAW forums. We recommend that a central point of contact be set up online and to provide information to those whose employment has been affected by the global recession.

To progress this the Connecting People with Jobs Service and Keep Australia Working web-site will deliver integrated web services to support the Keep Australia Working agenda and provide a single door to employment, training and other government services in an accessible and simple to use manner. The first release of the website will reference the DEEWR and other Australian Government initiatives with further releases including information on state government and non government organisations.

