

*NESA has contacted members to understand the potential and actual impacts of the Coronavirus pandemic including associated response measures. Earlier consultations indicated providers prevailing position was prepare and 'watch and see' but has now moved clearly into an active response state. Providers have in place and have implemented their risk and response plans, which are being adjusted according to advice from government and as monitoring indicates necessary. Feedback indicates the COVID-19 pandemic and response measures are rapidly escalating operational and business impacts on the employment services sector.*

### **Labour Market Impacts**

Providers report variable impacts across local labour markets with most indicating a significant decline in **sustainable** employment opportunities.

The postponement and or cancellation of events together with self-isolation requirements for travellers and general caution in the community is having a significant impact on employment particularly hospitality, tourism and retail. These measures while necessary are also having an adverse impact on economic recovery efforts in bushfire affected areas creating further pressure on local businesses ability to maintain their workforces. Some industry sectors have been greatly impacted from the disruption to imports and this is also resulting in termination of employment or reduced/nil hours of work for casual/on call workforces. Increased job losses and/or reduction in hours is anticipated if further measures are implemented such as school closures or voluntary business closures increase.

There has also been a significant increase in demand from some parts of the logistics and retail sectors largely arising in response to panic buying. Providers report significant efforts including staff working overtime to service employers and help fill vacancies quickly many of which are instrumental to ensuring food and other necessities are available to the public. However these jobs are often casual and likely to be short term. Providers note that the significant demand for these short term positions will potentially disguise the full extent of the downturn in sustainable employment occurring in the labour market.

There are those sectors which will have ongoing and potentially increased demand for skills such as the health and social assistance sector. However, employment services anticipate given the vulnerability of client groups, job candidates will require more pre training and there will be increased competition from recently displaced workers from other sectors.

### **Employment Services Performance Impacts**

Providers have reported they consider performance impacts will be significant across the employment services sector. The structure of Employment services program funding is largely designed to promote achievement of sustainable employment outcomes and is not aligned to operating in a labour market experiencing economic shock as is unfolding with the COVID-19 pandemic. Providers have limited capacity to influence the labour market and deliver sustainable employment outcomes to secure viable levels of revenue under such circumstance. Feedback indicates that the performance impacts already experienced include:

- An increase in the fall over of recent placements and an increase in breaks to employment as a result of job seekers needing to self-isolate (unwell or potentially exposed to COVID) or businesses initiating a forced shut down period which will significantly impact performance and outcome revenue
- Increase investment of staff resources in placement activity for jobs which have low probability in reaching full outcome (but important to meet community need e.g. supermarket stock fillers)

- An increase in exemptions which is expected to continue to rise with job seekers applying for exemptions for self-isolation and therefore impacting service/admin fees
- Complementary services such as SEE, TTW, CTA, EST are being significantly affected by a downturn in referrals and/or disrupted attendance and TWES providers report inability to deliver service with the implementation of bans on prison visits
- Reduced revenue occurs with simultaneous increase in operating costs associated with risk management and response strategies

Many providers noted financial reserves have already been negatively affected by the bushfire crisis. Many providers consider that they have insufficient reserves to carry them through an economic shock of similar magnitude to the Global Financial Crisis (GFC) signalling potential for organisational closures without intervention. Some providers indicate they can manage financially short term, however, should the COVID crisis escalate significantly as is predicted or take an extended time to control they will experience significant financial stress. A number of providers have indicated that they face the need to adopt more immediate measures to secure organisational viability including implementation of significant staff stand downs and redundancies.

### **Suggested Potential Policy Responses:**

#### **Provide Additional Resources for Employer Support**

- Provide additional funding for wage subsidies (jobactive, DES and CDP)
- Temporarily enable all job seekers to be eligible for Wage Subsidies
- Relax Wage Subsidy guidelines to enable more responsive arrangements e.g. review the 84 day time limit to enable providers to respond to employers changing circumstance; allow wage subsidies for previously employed individuals
- Initiate a job retention wage subsidy for existing placements in jeopardy akin to the stimulus package for Australian Apprenticeships
- Consider opportunities for Labour Adjustment Packages, particularly for sectors impacted by both COVID-19 and the national bushfire crisis

#### **Job Seeker Capacity Building and Services**

- Maintain but enable providers greater flexibility to deliver a local and tailored approach to mutual obligation
- Ensure funding is available to assist job seekers undertake skill development and continue to prepare for employment in continuing areas of demand and for jobs available post pandemic. This may include additional funding as well as making Work for the Dole funding available for a wider suite of activities such as accredited training (e.g. distance/online learning options available through pandemic) and other internally/ externally delivered services
- Enable immediate streaming of recently unemployed workers into jobactive Stream B as a minimum service entry point
- Relevant Departments formally confirm alternative service arrangements e.g. phone, Skype or Zoom are permissible for all appointment types
- Provide additional services

#### **Support for Performance**

- Provide additional flexibility and reduced evidentiary requirements in relation to permissible breaks in employment (suggested minimum of 3 months)
- Provide additional flexibility in relation to minimum hours for full outcomes to account for the increase in reduced/variable work hours during the pandemic

- Review minimum hours for achievement of pathway outcomes and initiate 26 Week pathway outcomes
- Review outcome definitions to enable Stream A (under 90 days commenced) to be eligible for 4 Week outcomes
- Review funding structures to ensure sufficient upfront fees to enable service delivery during this economic shock e.g. for jobactive of pay 50% of total payment per stream as a service fee
- Suspend maximum time transfers
- Suspend all performance sanctions and business reallocation processes
- Engage the sector in consultation regarding the performance assessment framework and how it is used over the forward period given the impacts of the bushfire crisis and pandemic
- EST performance measures to cease given the disruption to referrals and delivery of training
- Annual Activity Requirements (AAR) these measures and league tables will not reflect true performance over this period and therefore AAR measurements should be paused and reconsidered.
- Continue the active service period during job seekers medical exemption to reduce impact on service/admin fees
- Review impacts/barriers related to each complementary service/program due to the pandemic and make appropriate accommodations to program arrangements e.g.
  - TWES effectively ceases due to restrictions on all in person visits to prisons and limited alternative access – provide milestone payments to enable providers to retain their specialised staff and promptly resume service after the pandemic measures are lifted.
  - Only one SEE provider is approved to deliver SEE assessments remotely and this is impacting all other providers – suggest that approval to deliver SEE assessments remotely is extended to other providers
- Establish a funding pool to enable locally driven projects with employers or sectors to increase sustainable employment outcomes.

### **Operational Efficiency Support**

Providers of employment services are contending with a range of business and operational challenges to ensure service continuity and support to job seekers and employers during the pandemic. In this context it is recommended that additional pressures be released. Providers request the Department consider pausing a number of Quality Assurance procedures, activities and assessments the as there are logistical impacts that affect these from being carried out, including QAF, ISO, NSDS, IRAP (replacement right Fit for Risk). Providers will experience considerable challenges having site audits conducted face-to-face with pandemic measures in place and increase in staff absences. NESA recommends replacing the site audit process with a self-audit and defer the completion deadline for 6 months to allow work planned from April – September 2020 pending status of the pandemic, to be completed from October 2020 – March 2021.

### **General Update:**

All providers have reported that following advice being provided by the Department of Health and state and territory departments and implementation of risk management procedures and appropriate measures (e.g. establishing hand sanitiser stations, increased cleaning and disinfection of sites, displaying Department of Health notices, promoting good hygiene practices and reinforcing self-isolation requirements with staff and job seekers) as well as establishing alternative service arrangements as required.

Most providers consulted report rapidly escalating impacts to date. A couple of providers have reported one to two confirmed cases of COVID-19. Typically disruption is occurring as a result of absenteeism with ill staff taking appropriate measure to self-isolate. In most cases doctors or testing has indicated COVID-19 is not detected with most staff having a common cold or flu. Providers indicate in addition to daily cleaning protocols deep cleaning and disinfection of sites is occurring with each potential case.

All providers continue to implement strategies to minimise exposure and manage operational responses in suspected cases of COVID-19. Two providers have reported closing one to two sites where staff reported contact with someone affected by COVID-19.

Providers operating Harvest Labour Services (HLS) who have increased interactions with recent travellers report taking extra precautions including identifying those job seekers who have recently travelled overseas and in high risk areas on the way to Australia.

General government communications – providers report it is time consuming to stay up to date with the numerous state and federal information sources as the situation continues to evolve and escalate.

Departmental Emergency Response Actions – providers have noted communication from the Department of Education, Skills and Employment (DESE), the Department of Social Services (DSS) and the National Indigenous Australians Agency (NIAA) has been minimal.

Providers commonly noted they want proactive action so as to avoid the implementation of blanket contingency arrangements as occurred in response to the National Bushfire crisis. Providers would value regular guidance and feedback from the respective Departments to assist with management and mitigation of risk whilst the Coronavirus continues to pose a significant threat. Areas that require further clarification at this time include scope of flexible servicing arrangements and alternative job seeker engagement strategies. Providers note that there has been differing advice from State Offices and individual contract, account and relationship managers.

Group Engagement Activities such as Work for the Dole and Employability Skills Training – providers have raised concerns regarding the impact on group activities particularly across the jobactive and CDP programs.

Self-isolation – self-isolation requirements are increasing absenteeism. Providers expect this to significantly increase if the virus continues to spread as anticipated. Providers are working through staffing strategies to ensure continuity of service as well as associated issues around exposure to COVID-19 and staff entitlements.

As the situation worsens, the need to minimise unnecessary disruption to staffing is critical to continuity of services. An additional complexity to managing staffing levels is ability to confirm the condition of job seekers who report to be self-isolating following recent contact with employment services.

Such reports trigger staff to go into self-isolation. Where job seekers are tested and they communicate results, generally in approximately 3 days, staff isolation periods can be limited. However, where no testing or medical advice is available or provided staff isolation is for an extended period generally 14 days. There are also concerns that job seekers may only report being unwell when they have a scheduled appointment and not think to notify providers they have been in recent contact with that they have or potentially have COVID-19. Whilst acknowledging the vast majority of participants have and will use self-isolation appropriately a small number are suspected to have misused self-isolation to avoid engagement. As such providers suspect they have had to unnecessarily isolate staff in recent contact with these job seekers. While not wanting to increase evidentiary burden on job seekers it would be beneficial to implement some additional communication to strengthen awareness and communication between job seekers and providers.