

SUBMISSION

JOBS AND SKILLS SUMMIT

SEPTEMBER 2022

The ARA is Australia's oldest, largest and most diverse national retail body, representing a \$400 billion sector that employs 1.3 million Australians – making retail the largest private sector employer in the country. As Australia's peak retail body, the ARA informs, advocates, educates, protects and unifies our independent, national and international retail community.

Our members operate around 120,000 shopfronts and online stores nationally across a range of categories - from food to fashion, hairdressing to hardware, and computers to cosmetics. The ARA also has a proven track record in training and upskilling the retail sector through our Registered Training Organisation (RTO) the ARA Retail Institute, which marked 30 years in operation earlier this year.

RESETTING THE JOBS AND SKILLS FRAMEWORK

The ARA thanks the Department of Employment and Workplace Relations (DEWR) for the opportunity to make this submission ahead of the Jobs and Skills Summit in September 2022. The retail sector continues to experience critical labour and skills shortages that pre-date the pandemic and we believe the summit provides an opportunity to reset the jobs and skills framework that help to address the issues critically impacting our sector.

This submission draws on expert insights from the ARA's Advisory Committees as well as a member survey to outline our recommendations.

The latest report by ABS finds there are 40,300 job vacancies in the retail sector. This is a 38.5% increase from February 2022 to May 2022 - the largest percentage increase of any industry measured for the period. A survey of ARA members revealed that most of these vacancies are in entry-level frontline roles and in-store managerial roles. This is of significant concern to the sector, particularly as retailers preparing for the all-important November-January peak season may find they are unable to fill these critical roles in time to meet consumer demand.

While there is an urgent need to fill these gaps in the labour market for frontline roles, we also need to prioritise expanding the pool of higher skilled labour and place value on the skills acquired by those workers, supervisors and managers through their career in retail. The ARA is committed to diversifying the workforce and developing career pathways in retail so that retailers will have access to highly skilled talent for some increasingly specialised roles, to drive innovation and productivity in our sector.

We see strong potential to increase workforce participation via improving the flexibility of the regulatory framework. ARA members find that although most retail employees would choose to increase their hours, as employers they are limited in their ability to offer more hours, extra or split-shifts due to the inflexibility of current enterprise agreements that mirror the General Retail Industry Award (GRIA).

We note that most retail employees are female so by improving flexibility, we will also address women's participation in the workforce, particularly if this is supported by a broader policy approach in relation to gender equity and access to childcare.

DESIGNING A TRIPARTITE APPROACH TO SOLVE THE LABOUR AND SKILLS CRISIS IN RETAIL

To achieve lasting and sustainable outcomes in terms of jobs and skills for Australians, the ARA believes that both employers and unions need to commit to resetting the current regulatory framework to enable government to make legislative reforms that will position Australia for sustainable economic growth.

To deliver a healthy job market with low unemployment with secure employment, career pathways and a highly skilled workforce, a collaborative approach between government, unions and industry that is focussed on the longer term is required. The table below outlines the high-level actions that the retail sector needs to take to realise this ambition and what support would be required from government and unions.

<p>WHAT CAN THE RETAIL SECTOR BRING TO THE TABLE?</p>	<ul style="list-style-type: none"> - Diversifying the workforce to provide meaningful opportunities for youth, mature-age workers, people living with a disability, CALD communities and Indigenous Australians. - Delivering reasonable wages growth that keeps pace with the underlying rate of inflation without driving cost and inflationary pressure, through the Fair Work Commission framework. - Promoting permanent employment opportunities in the retail sector through part-time arrangements that strike a balance between an employee’s need for certainty and an employer’s need to respond to frequent variations in demand. - Investing in skills training and development of career pathways in retail sector. - Removing barriers in the workplace to ensure women and disadvantaged cohorts have pathways to leadership positions.
<p>WHAT DO WE WANT TO TALK TO GOVERNMENT ABOUT?</p>	<ul style="list-style-type: none"> - Streamlining immigration processes and creating pathways residency to ensure managed immigration that supports long-term growth. - Pursuing legislative reform that resets the regulatory framework to support increased flexibility as well as security. - Managing inflationary pressures on the cost of living and the cost of doing business so that wage growth is affordable and sustainable. - Supporting women’s participation in the workforce by improving the affordability and flexibility of childcare and pursuing education policy reform. - Investing in skills to support workplace training initiatives and connect jobseekers to employers through vocational training and pathways to secure jobs.
<p>WHAT DO WE WANT TO TALK TO UNIONS ABOUT?</p>	<ul style="list-style-type: none"> - Simplifying the award system and bargaining processes to deliver flexibility for employers and real benefits to employees - Redefining and simplifying the regulatory framework for casual and permanent employees to enable flexibility while improving security of employment. - Acknowledging the trade-off between penalty rates and improved job security and other entitlements, for example sick and annual leave.

We expect that these and other issues will be tabled at the summit, which we believe should aim to identify solutions that:

1. Strengthen the labour market and expand employment opportunities to fill record-high job vacancies in the retail sector.
2. Drive sustainable wages growth to support workers and fuel discretionary spending.
3. Improve flexibility to drive productivity.
4. Provide secure employment.
5. Skill and upskill the workforce to address the labour crisis in the retail sector.

DRIVING LONG-TERM ECONOMIC GROWTH BY ADDRESSING SHORT-TERM CONSTRAINTS

To achieve these objectives, the ARA makes the following specific recommendations for consideration by all stakeholders at the summit.

1. Strengthen the labour market and fill job vacancies

<p>1.1 Review policy settings to provide incentives to encourage increased workforce participation among women, disadvantaged cohorts and mature-aged workers.</p>	<p>The ARA recommends a holistic, whole of government policy approach to support increased workforce participation, to optimise outcomes for employers and employees, and avoid unintended consequences.</p> <p>For example, gender equity policies that collectively address the issues of childcare, pay equity and under-representation in leadership positions will support much higher workforce participation among women in comparison to pursuing these opportunities in isolation.</p> <p>Similarly, Australians living with disability, younger Australians and mature-age workers should all be supported via policy settings to address barriers to workforce participation and provide the necessary incentives to employees and employers.</p>
<p>1.2 Remove tax disincentives on second jobs</p>	<p>The ARA recommends the removal of disincentives in the tax system that inhibit the ability of employees to have more than one job without incurring a financial penalty.</p>
<p>1.3 Seek national alignment of payroll tax</p>	<p>The ARA recommends that the Commonwealth lead a drive for national consistency in the management of state and territory payroll tax regimes to reduce red tape for business and improve efficiency across the system. Reducing this regulatory burden would decrease employers' costs of doing business and support further recruitment</p>
<p>1.4 Review restrictions on international visa holders</p>	<p>The ARA recommends that the recent changes for international student visa holders be retained in the short-term, noting the need to balance immediate labour shortages against the integrity of the visa program and the students' educational commitments.</p> <p>Similarly, the ARA recommends that recent changes made to the working holiday visa program should also be retained.</p> <p>We note that these cohorts are critical for frontline roles in retail and hospitality however intakes into both programs have not yet returned to pre-pandemic levels. In addition to retaining changes, we suggest that government and industry co-invest in programs to restore Australia's position as an attractive destination to both cohorts.</p>
<p>1.5 Streamline immigration processes for skilled jobseekers</p>	<p>The ARA recommends that government invest in systems and people to clear the backlog of visa applications and make policy changes to remove roadblocks for applicants in the short-term.</p> <p>Delays in processing visa applications for skilled and unskilled jobseekers continues to impact on warehousing and retail supply chains.</p> <p>We recommend immediate action to improve processing and wait times for skilled workers entering the country, particularly noting that the retail sector reports shortage of skilled workers in the areas of cybersecurity, technology, digital, data, sustainability, risk and supply chain.</p>
<p>1.6 Review the SAF Levy for temporary and permanent visa applications</p>	<p>The Skilling Australians Fund (SAF) Levy is payable by employers seeking to recruit skilled labour from overseas. The SAF levy is currently \$1,200 per annum for SMEs and \$1,800 per annum for large businesses for temporary visas. This levy increases to \$5,000 for employers using the permanent Employer Nomination Scheme.</p> <p>The ARA recommends that these levies be removed altogether to reduce barriers to recruiting temporary and permanent visa holders. Failing that, the ARA would like to see the removal of the need to pay the levy upfront and recourse available to employers who have paid upfront for a candidate that was not brought into the country or did not serve out the term of their contract.</p>

1.7 Review the income test for the aged pension	<p>The ARA recommends that the current income test for the aged pension be reviewed to ensure that senior Australians who would like to continue in paid work are appropriately incentivised to do so. We suggest the current cap on earnings is doubled.</p> <p>We recognise that this may create a burden for government to pay the pension to older Australians who currently choose to work instead of drawing upon the pension system, but we believe this is the right trade-off to make in the short-term given record low unemployment.</p>
1.8 Review regulation of school-aged workers	<p>The ARA recommends the Commonwealth lead a reform agenda to create national consistency on state and territory regulations around workforce participation by school-aged Australians. The current regulations vary across jurisdictions making it overly complex to employ students who would like to work limited hours on weekends, holidays and evenings without interfering with their education. A national framework should specify a consistent minimum age for working.</p>
1.9 Review policy settings in regional areas that currently pose barriers to recruitment and retention of skilled workers	<p>ARA members report that housing availability, competing state and territory incentive programs, as well as some visa requirements for skilled workers on a pathway to residency, are contributing to the labour shortage in regional areas. We believe that there needs to be a consistent, national framework to support regional areas in attracting and retaining skilled workers.</p>
2. Improved flexibility to drive growth in productivity and deliver secure employment	
2.1 Simplify and improve flexibility in the current award system.	<p>The ARA recommends a review of policy settings that restrict flexibility in part-time work arrangements to enable work arrangements that will encourage employers to provide more secure work.</p> <p>The existing framework is not fit for purpose and a new mechanism is needed to ensure that employees are incentivised, and employers not penalised, for increased flexibility in rostering where there is mutual benefit to both parties.</p> <p>Improved flexibility will enable greater workforce participation by women who often prefer to be employed on a part-time basis.</p>
2.2 Review the BOOT (Better Off Overall Test)	<p>ARA recommends that the BOOT needs to be reviewed and redesigned so that it is a measure that can be applied in a simple and practical way to overall entitlements.</p> <p>Currently there is insufficient flexibility around application of the BOOT with the result that compliance with underpinning Award provisions means business operational flexibility is not able to be accounted for adequately and the capacity of parties to reach an enterprise agreement is inhibited.</p>
2.3 Develop nationally consistent and minimum standards for on-demand work.	<p>The ARA recommends that on-demand workers in the ‘gig’ economy need the protection of a nationally consistent minimum standards that preserve the benefits of flexibility for both employers and employees.</p>
3. Upskill the labour market and expand employment opportunities	
3.1 Invest in training and skills development.	<p>The ARA welcomes the Government’s commitment to invest \$50 million over three years and to increase the number of free TAFE and additional university places to fill skill gaps, particularly in the technology and digital sectors. These skills are increasingly important in retail, as is cybersecurity.</p> <p>The ARA recommends support is also given to industry-led and workforce-based training initiatives that also matches jobseekers with employers. For example, the ARA’s Retail Institute is a leader in pre-employment skills training and delivering programs to place hard-to-fit jobseekers in secure retail jobs.</p> <p>Some of this investment needs to be targeted at cohorts who face disadvantage in connecting with employers, including youth, those from culturally and linguistically diverse backgrounds, people living with disability, women returning to the workforce and First Nations Australians.</p>

<p>3.2 Improve the sustainability and viability of the retail sector by helping retailers retain skilled talent by ensuring traineeships are targeted appropriately.</p>	<p>The ARA recommends increased investment in retail traineeships to help future-proof the sector and reposition retail as a career.</p> <p>While training and skills development needs to be targeted at jobseekers, including disadvantaged cohorts as outlined above, programs also need to include existing employees to help them upskill and build a career pathway, particularly in the digital transformation of the industry to maintain global competitive advantage.</p>
<p>3.3 Review the framework for skilled migration to meet local market demand</p>	<p>The ARA recommends a re-think of the current framework, that relies on lists of priority skills to drive policy decisions about vocational training and migration.</p> <p>The current approach is not fit-for-purpose and greater flexibility is required to connect suitably qualified workers with hard-to-fill retail roles to fill skills gaps, improve productivity and drive innovation. Skills needs should be evidence-based and evaluated on local market demand rather than be based on traditional occupations or qualifications.</p> <p>The ARA also recommends that highly skilled, temporary visa holders be provided a pathway to permanent residency to retain their skills and knowledge in Australia. This pathway to permanent residency could be applied to other skilled workers on temporary visas, to help accelerate net migration, which has declined significantly over the past two years.</p>

We thank you again for the opportunity to make a submission. Please contact our policy team at policy@retail.org.au for additional information or context.

Yours sincerely,



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