Leveraging Australia’s Agency Workforce to Drive Economic Recovery
The agency workforce will be a strong catalyst for Australia’s economic recovery.
What is the agency workforce?

- Australia’s agency workforce comprises more than 350,000 Australians who are employed by nearly 9,000 agency staffing firms to support client businesses.
- In Australia, the professional, scientific and technical service sectors, and banking and finance industry, are the biggest users of Australia’s agency workforce, followed by the construction and healthcare sectors.
- Agency workers are professionals, tradespeople, skilled and semi-skilled workers. They are young, old and middle-aged, and they work in every occupation type.
- The Australian agency workforce earns more than $21 billion in wages.
- Agency workers provide a vital support to business and the economy, enhancing flexibility and productivity by providing specialist skills as and when they are needed.
- Agency work offers flexibility for hundreds of thousands of workers, making it possible for them to better combine work with study, family, travel or semi-retirement or to transition to employment.

Key points

Experience in both Australia and internationally highlights the significant contribution that agency staffing firms and the agency workforce make in supporting businesses and the labour market to manage through a recession and to bounce back.

While the agency workforce is quick to face the impact of an economic downturn, it is likely to be the first to rebound given its role in supporting business confidence in a recovering economy.

The current level of uncertainty and low confidence in the economy is likely to drive business towards flexible labour solutions, including agency workers.

Businesses that draw on agency workers during the economic downturn and recovery are likely to achieve greater productivity and accelerate faster out of an economic downturn.

Agency staffing firms can assist displaced workers to transition back to permanent employment in a recovering economy, without losing the protections of workplace laws.

Using agency staffing firms to support displaced workers and businesses in the early stages of economic recovery is likely to stimulate additional production of almost $1 billion over the course of the economic recovery. This has the potential to reduce the impact on the Australian Government’s budget position by almost $200 million over the recovery through reduced Jobseeker payments and increased tax revenues.
Introduction

In early 2020, Australia and the rest of the world was gripped by the global COVID-19 pandemic. The health emergency quickly led to Federal, State and Territory governments imposing restrictions on economic activity to contain the spread of the virus. An immediate adjustment occurred with some businesses and parts of the economy facing unprecedented demand to meet community needs. In contrast, other businesses and their employees were severely impacted by the shutdown across many parts of the economy.

The current COVID-19 pandemic is creating extreme volatility in labour markets. In Australia, unemployment is expected to increase significantly because of restrictions on economic activity and an economic recession is predicted. The hospitality industry is expected to face the greatest hit to employment because of the immediate impact of COVID-19 restrictions. Younger workers and lower-income workers are likely to face the brunt of the employment impacts.\(^1\)

There is concern about how long the economic impacts of COVID-19 will be felt and a strong imperative to ensure that the economy can ‘snap back’ quickly once restrictions are lifted and to restore economic activity.

To date, the Federal Government has put in place several fiscal measures to support the impact of the downturn on workers including the introduction of JobKeeper and an expansion of the JobSeeker scheme. Going forward, policy and stimulus measures need to focus on how to best support businesses and workers during this downturn and how to accelerate the return to economic activity and work.

This analysis draws on international and Australian evidence including industry consultation to identify how the agency workforce may be affected by the looming recession, how it can contribute to the shift in labour requirements across the economy and how it can support the economic recovery following the COVID-19 pandemic and subsequent downturn. It also presents an estimate of the potential benefit to the Australian Government of leveraging the agency workforce to speed up the economic recovery, including by encouraging the placement of displaced workers.

How can the agency workforce contribute to economic recovery?

Around the world, changes in economic cycles drive significant impacts and shifts in employment. This includes reallocating workers between jobs – for example, from contracting to expanding industries; or from less-productive to more-productive firms. This adjustment is important because it enables resources to be efficiently allocated to the activities likely to generate their highest return.

Leading labour market economists suggest that in light of COVID-19:

The labour market in Australia is likely to soon experience a concentrated episode of structural change and labour reallocation that will be made more difficult to deal with due to its multiple sources and limits on the tools available to facilitate the change.\(^2\)

During periods of economic and labour market volatility, confidence about the state of the economy is a key factor impacting employment decisions. Businesses may be reluctant to commit to permanent recruitment unless they are confident that the economy is stable and market conditions are improving. In the context of the COVID-19 pandemic, business uncertainty is amplified by an unprecedented mix of local economic uncertainty, global economic volatility, and health susceptibility. The level of uncertainty and low confidence in the economy is likely to drive businesses towards flexible labour solutions.

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1 Grattan Institute, Shutdown: estimating the COVID-19 employment shock, p.19.

Flexible labour markets are crucial to being able to absorb the shock of these changes in economic cycles and to support businesses and industries to rebound quickly in economic recovery. The ability of agency staffing firms to respond swiftly to changes in labour markets and to efficiently source and place labour is a key factor that positions them to make a substantial contribution to the economic adjustment and recovery. They do this by sourcing, matching, assigning and supporting the best workers for the job in an efficient manner. They have detailed knowledge of labour requirements in the industries they support and can maintain a pool of pre-screened professionals, tradespeople, skilled and semi-skilled workers, enabling agency staffing firms to supply labour rapidly and efficiently to match business needs.

The flexibility of, and accessibility to, available skilled workers is one of the most important reasons businesses draw on agency staffing firms. In uncertain economic times, including the early stages of economic recovery, drawing on an agency workforce can enable employers to quickly flex up and flex down to respond to fluctuations in demand and output requirements. This means that businesses can expand incrementally as conditions improve and more quickly, than they could without access to this pool of labour.

In an economic recovery, this is particularly important as it enables businesses to concentrate on increasing output to respond to increasing demand in the market without needing to wait for permanent hires to come on board. Access to an agency workforce is likely to enable those businesses to recover more quickly than others in the economy and to further stimulate the economy.

Economic downturns have a significant impact on workers who are displaced in the process and may find it difficult to return to paid employment. Some economic commentators suggest that Australia has historically been less successful in assisting displaced workers.

While the welfare system provides a safety net for those who are unable to obtain a new job, the record of active assistance to displaced workers to get back into employment is not strong.³

Agency staffing firms are well-positioned to provide employment opportunities for professionals, skilled and semi-skilled workers who have been displaced due to the economic downturn, even on a short-term basis. They provide a transition pathway from unemployment to agency work and on to permanent employment in a recovering economy, and as well as a transition to employment for young people seeking to develop their experience in the jobs market or transition from studies.

Importantly, agency staffing firms provide their workforce with all the protections that are inherent within workplace laws such as Fair Work, Modern Awards, work health and safety, workers’ compensation, long service leave and anti-discrimination. These protections are not provided to other gig-economy workers matched to work on freelance platforms.

Facilitating this employment transition for currently displaced workers is likely to produce several significant benefits to the economy. These include:

- reducing the level of unemployment;
- facilitating additional production;
- increasing wages earned by individuals above any Jobseeker rates;
- increasing tax revenues; and
- reducing the costs associated with Centrelink payments (which under the current Jobseeker program are being paid at a higher rate).

The agency workforce may also play a role in tempering wage rigidity which is considered an impediment to recovery following recessions.⁴

International evidence of how the agency workforce is affected by major economic cycles

International evidence suggests that the agency workforce has previously played a significant role in supporting economies to respond to and recover from the 2007-08 Global Financial Crisis (GFC). While the agency workforce is often one of the first sectors impacted by an economic downturn, it is also one of the first to experience economic recovery as businesses start to experience increased demand for their goods and services.

A study by the International Confederation of Private Employment Agencies (CIETT) identified there is a strong correlation between changes in GDP for several European countries and changes in the number of agency worker hours in each quarter (see Figure 1).

Figure 1: Changes in country GDP versus changes in agency hours worked (European nations) 5

Further, the agency workforce tends to respond to changes in GDP growth quickly. For example, shows that in 2009 and 2010, growth in agency worker hours in several European countries generally occurred in the same quarter as the increase in GDP in those countries following the GFC.

5 Source: CIETT (undated) Adapting to Change How private employment services facilitate adaptation to change, better labour markets and decent work, p.23, p.24.
There can often be a time lag in economic recovery before unemployment falls. Business and industries looking to increase demand and output in economic recovery will often draw on the agency workforce for support because it is quicker to access the necessary labour and take advantage of rapid changes occurring in markets.

The CIETT Study found that employment in European nations increased earlier in the agency workforce compared to the rest of the labour market, with a time gap of between three to nine months (see Figure 3).
International evidence also suggests that businesses that use the agency workforce to accelerate faster out of the downturn. For example, a study in Germany in 2009-2010 found that organisations using the agency workforce recorded revenue growth a full five per cent higher than those who did not.

In the United States, data from a large, nationally representative staffing agency showed that between 2007 and 2011:

- As the economy entered recession, the availability of high-quality agency workers increased.
- During the recession, employers lengthened their agency worker assignments in most occupations and reduced the practice of converting agency workers into permanent employees in all occupations, because of economic uncertainty.
- During the downturn and initial recovery, the agency workforce accounted for a significant share of net employment changes, gross hires and separations.

Overall, these international results suggest the agency workforce has played a significant role in supporting economies to recover from an economic downturn. This recognises the important role agency staffing firms play in providing flexibility to businesses in uncertain times and in building market confidence.

The impacts of previous economic downturns in Australia

Noting the international evidence, we have looked at the impact previous economic recessions have had on GDP and employment in Australia, notably in the early 1990s and in the years following the GFC.

Figure 4 shows the number of job vacancies in Australia over the last forty years. It highlights the very marked reduction in job vacancies that occurred around the early 1990’s recession and the GFC. These two major troughs showed very different patterns in terms of their magnitude, shape and duration of job vacancy losses across the economy. The recession of the early 1990s brought a long U-shaped dip in job vacancies, which took around three years to fully rebound. In contrast, the GFC resulted in a savage cut to job vacancies of 50 per cent in a single quarter but rebounded sharply over the subsequent three quarters. The significant reduction in job vacancies was mirrored in the agency workforce.

Figure 4: Job vacancies in Australia, all industries


7 ABS 6354.0. Job Vacancies. Note: ABS ceased the series for 2009, so gaps were interpolated using the ANZ Job Ads series.
Figure 5 shows the pattern of unemployment, full
time and part-time work over the past thirty years.
Unemployment peaked in the 1990s recession,
with employment rebounding soon after. Notably
the rebound was led by part-time work, which
suggests an appetite for more flexible forms of
employment in times of economic uncertainty and
to support recovery.

**Figure 5: Employment status, Australia**

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### Impacts by industry

Most of Australia’s agency workforce activity
operates across seven key industries namely:
Professional, Scientific and Technical Services;
Finance, Banking and Insurance; Healthcare;
Construction; Manufacturing; Government and
Defence and Mining, Energy and Utilities.

The available data on employment by sector
provides some insight into how significant the
decline in vacancies was across sectors, and how
quickly the rebound occurred (see Table 1).

**Table 1: Impacts on key agency worker sectors, 1990s recession**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Reduction in employment from peak</th>
<th>Time to fall to trough</th>
<th>Time to return to peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional, Scientific and Technical</td>
<td>11%</td>
<td>9 months</td>
<td>9 months</td>
</tr>
<tr>
<td>Finance, Banking and Insurance</td>
<td>9%</td>
<td>12 months</td>
<td>78 months</td>
</tr>
<tr>
<td>Healthcare</td>
<td>3%</td>
<td>6 months</td>
<td>15 months</td>
</tr>
<tr>
<td>Construction</td>
<td>2%</td>
<td>6 months</td>
<td>6 months</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4%</td>
<td>18 months</td>
<td>9 months</td>
</tr>
<tr>
<td>Government and Defence</td>
<td>1%</td>
<td>3 months</td>
<td>3 months</td>
</tr>
<tr>
<td>Mining, Energy and Utilities</td>
<td>8%</td>
<td>3 months</td>
<td>147 months</td>
</tr>
</tbody>
</table>

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8 ABS 6291.0.55.001 Labour Force, Australia, Detailed.
The sectors that rely most heavily on agency workers show strikingly different results:

- **Professional, Scientific and Technical Services** saw a significant drop in employment over nine months, followed by significant hiring in the three subsequent quarters and thereafter. The high level of diversity of this sector meant that employment tracked the national trend.

- **Finance, Banking and Insurance** experienced a nine per cent decline in employment over a 12-month period – as the sector fell starkly from the heights of the late 1980s. While hiring restarted in this industry thereafter, it took more than six years to return to pre-recession levels.

- **Healthcare** saw a modest decline in employment and a slow recovery. The modest decline is in line with historical trends that healthcare is a constantly growing share of GDP and largely immune to business cycles.

- **Construction** saw a modest decline and a rapid recovery in employment. While subsectors of construction fell off strongly following the boom of the late 1980s (offices and accommodation), rapid population growth meant that the sector as a whole did not fall off for long.

- **Manufacturing** employment has been in decline in Australia since the 1980s, and while the 1990s recession exacerbated this decline, the recovery post-recession was modest.

- **Government and Defence** saw a modest decline, and rapid recovery demonstrating Government’s important role in providing a stabiliser during a downturn.

- **Mining, Energy and Utilities** saw a sharp decline, and long recovery, which may be more reflective of factors particular to the mining sector, rather than a recession.

The GFC had a very different impact on employment compared to the 1990s recession. Except for the Finance, Banking and Insurance sector, the impacts on employment were modest for most sectors, and the bounce-back was quick. Mining, Energy and Utilities sector employment continued to grow during the period. Government employment ramped up for the first two quarters and then contracted.

### Table 2: Impacts on key agency worker sectors, GFC

<table>
<thead>
<tr>
<th>Sector</th>
<th>Reduction in employment from peak</th>
<th>Time to fall to trough</th>
<th>Time to return to peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional, Scientific and Technical</td>
<td>3%</td>
<td>9 months</td>
<td>3 months</td>
</tr>
<tr>
<td>Finance, Banking and Insurance</td>
<td>11%</td>
<td>9 months</td>
<td>6 months</td>
</tr>
<tr>
<td>Healthcare</td>
<td>1%</td>
<td>3 months</td>
<td>3 months</td>
</tr>
<tr>
<td>Construction</td>
<td>3%</td>
<td>3 months</td>
<td>3 months</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Government and Defence</td>
<td>4%</td>
<td>3 months</td>
<td>6 months</td>
</tr>
<tr>
<td>Mining, Energy and Utilities</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

The impacts of the downturn on staffing was felt more strongly for permanent placements compared to agency activity. Our consultations with staffing industry experts suggest that in other recessions:

- Permanent placements declined immediately and significantly and were the last item to return. Revenue from this source fell by an estimated 70 to 80 per cent for the duration of the recession.
Temporary placements and contractors mostly remained in place, apart from in the most adversely affected sectors (e.g., Finance during the GFC). The rate of new temporary contracts suffered and over time revenue fell by up to 30 per cent. However, it also returned early compared to permanent placements.

With some businesses providing both permanent placement services and agency workers, the impact of economic downturn on individual businesses is likely to depend on the extent to which they focus their activities on permanent versus temporary hires.

Based on this insight, Figure 6 sets out the predicted impact on the main industries serviced by the agency workforce.

Figure 6: Predicted impact of COVID-19 economic downturn on key agency worker sectors 11

COVID-19 Downturn success stories

So far, the economic downturn brought on by COVID-19 has been rapid and has driven a need to do things differently, including the need to work from home.

Many professional services, such as law and finance, have had to transition to a work from home model. They have also needed to ensure that client data is secure, whether it is on work issued laptops, or it is being discussed in project meetings. This has resulted in a need for businesses to rapidly attract and on-board highly skilled IT professionals, in areas including remote working platforms, the Internet of Things and cybersecurity. Agency specialists who were consulted as part of this study spoke of significant activity in February/March 2020 in this area, and bidding wars for the services of these types of professionals.

11 FTI Consulting analysis based on consultations with industry.
The key impacts on the sector:

- Agency staffing firms skewed towards permanent placements in the Finance, Banking and Insurance or Professional, Scientific and Technical sectors are likely to be most at risk from this economic downturn.

- Agency staffing firms with high levels of contract engagements focused in the Manufacturing, Healthcare and Construction sectors are likely to be least at risk from this economic downturn.

The staffing sector typically places workers on a permanent basis in the Finance, Banking and Insurance, Professional, Scientific and Technical, and Government sectors. In contrast, placements in the Construction and Manufacturing industries are largely temporary workers.

In terms of the expected magnitude of the downturn for the agency workforce:

- Professional, Scientific and Technical, and Finance, Banking and Insurance are likely to reduce their demand for new permanent staff considerably for the duration of the lockdown. Even their agency workers such as receptionists, are likely to see a decrease in demand due to the need to be ‘onsite.’ Consultations with agency staffing firms have indicated that demand for agency workers in the IT space remains buoyant and there has been an increased demand for contract call centre staff across these sectors (and others including retail and telecommunications).

- There is likely to be a shuffling in Healthcare, with some increased demand for staff in Nursing and Aged care to care for victims of the pandemic but a decline in the need for professionals across more elective disciplines. Evidence from industry has suggested that the elective surgery impact is far stronger than the impact on hospitalisations. As such, the overall impact has been negative.

- Construction and Mining has continued most major projects, and the decline in FIFO workers suggests a significant ‘churn’ in this sector as projects source local labour at short notice, which should drive recruitment in this sector.

- Government, through rolling out a range of stimulus measures, has required significant labour for administration and call centres.

- Manufacturing is heavily reliant on short term agency workers and this sector has seen few adverse effects.

Staffing industry experts have also noted an uptick in rapid retraining and deployment, where labour from declining sectors is retrained and deployed into growth sectors.

**COVID-19 Downturn success stories**

While the Australian economy faces challenges in a working from home setting, other international economies face more considerable challenges due to less reliable internet infrastructure. Agency staffing firms have reported a boom in the demand for agency workers in the following key areas:

- Construction – arising from high volumes of short term and rapid construction of facilities that allow for adequate social distance where call centre work can’t be completed from home.

- IT specialists – due to the rapid rollout and updates of IT infrastructure requirements to facilitate alternative working and delivery arrangements.

- Customer service/call centre agency staff – to facilitate alternative customer contact arrangements and to address the fact that India and the Philippines have struggled to maintain their call centre operations during the pandemic.
What does the recovery look like?

In previous economic downturns, the recovery phase has been a period of strong employment growth. Figure 7 and Table 3 show that in all sectors, the quarterly growth in employment by sector has been far greater than a typical ‘good year’ for employment growth.

Figure 7: Growth rates in employment prior recoveries and trend

<table>
<thead>
<tr>
<th>Sector</th>
<th>Trend Growth rate</th>
<th>Post 1990s Recession Growth Rate</th>
<th>Post GFC Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional, Scientific and Technical</td>
<td>1.1%</td>
<td>1.6%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Finance, Banking and Insurance</td>
<td>0.4%</td>
<td>4.3%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>0.9%</td>
<td>1.9%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Construction</td>
<td>0.7%</td>
<td>1.5%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-0.1%</td>
<td>1.0%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Government and Defence</td>
<td>0.9%</td>
<td>3.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Mining, energy and utilities</td>
<td>0.3%</td>
<td>0.6%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

This data suggests it may be reasonable to assume that, on average, most industries would enjoy growth around two to three times that of a normal year. Beyond this growth in total jobs, there are other factors that suggest agency staffing firms will not only see strong activity but will be particularly valuable to the economy during this time.

Industry insight from past recoveries suggests that temporary or contract employment rebounds very strongly, prior to the creation of permanent jobs. The agency workforce is uniquely placed to facilitate this due to this type of employment being largely ‘de-risked’ as businesses can contract this type of employment quickly.

The recovery will see significant churn – not only will there be additional jobs in aggregate, but there will be considerable movement between sectors, as the sectors that expanded (e.g. call centres and logistics) contract and these resources flow back into their old areas.

The post-COVID-19 economy may feature new jobs and working arrangements and agency staffing firms are well placed to rapidly train and deploy contractors to these new jobs.

Figure 8 summarises projected expectations for the recovery based on economic forecasts and staffing industry insights and the agency workforce’s role in this:

Construction will see the strongest, and most rapid growth prospects, particularly in the infrastructure area. This is due to the high level of agency worker penetration in the sector, and the likelihood of an infrastructure-led recovery.

Professional, Scientific and Technical and Finance, Banking and Insurance have strong growth prospects; however, the high rate of permanent employment in the sector suggest that these sectors won’t recover as quickly as others. Industry insights suggest that a ‘pivot’ to agency workers in the initial phase of the recovery would be in line with prior recessions.

Government has ‘staffed up’ on call centre workers as part of the downturn is likely to see considerable churn, albeit without significant growth.

Healthcare is likely to see rapid uptick based on the backlog of elective surgeries.

Mining and Manufacturing should see more modest growth in the recovery phase, given that they were the least affected sectors by the downturn.

International evidence has shown that business’ use of an agency workforce can reduce significantly in a downturn, with a 23 per cent drop from their peak employment in Germany during the GFC. However, agency workers are also amongst the largest and fastest beneficiaries of a rebound, with a 49 per cent rebound in employment following the trough of the GFC over 18 months (see Figure 9).

Figure 8: Predicted impact of COVID-19 economic recovery on key agency workforce sectors
Leveraging the agency worker sector to contribute to the economic recovery

Various commentators predict that unemployment in Australia will rise sharply due to the COVID-19 pandemic and subsequent economic downturn. Around 8 per cent of adult Australians (more than 1.6 million people) appear to have lost their incomes in the first week of the total COVID-19 lockdown. Treasury predicts around 700,000 job losses leading to a 10 per cent unemployment rate in June 2020. In the context of the Australian Government’s current fiscal stimulus arrangements, there is an incentive to transition them rapidly to employment and to reduce the amount of time that Australians spend unemployed.

We have modelled the impact on government revenues of using an increased uptake of agency workers to assist businesses in the early stages of economic recovery. Our key assumptions include:

- Hiring workers through agency staffing firms reduces the time that businesses would otherwise take to employ a displaced worker by two weeks. During those two weeks, the displaced worker generates income rather than income support, and pays income tax.

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13 German Federal Statistical Office and German Federal Employment Office.
Getting labour into businesses faster means that those businesses can expand their output faster. This will yield higher profits, and thus higher company taxation.

Based on historical data, the agency workforce is responsible for placing 13 per cent of unemployed workers in new jobs, however there is a significant potential upside in this figure. Agencies in Germany (based on consultations in Europe) place around 30 per cent of unemployed workers.

Businesses undertake expansion that would not otherwise occur in the absence of having flexible access to a pool of professional, skilled and semi-skilled labour. There may also be multiplier impacts which we have not been considered in our modelling.

We consider that these assumptions are likely to be conservative. Based on a recovery from the projected 10 per cent peak unemployment and a modelled estimate of 13 per cent of unemployed persons being rehoused by the agency staffing sector, at least initially, the agency workforce drives additional production of almost $1 billion over the course of the recovery.

Figure 10 summarises the financial impact on government revenues of reducing unemployment by leveraging the agency workforce to support businesses to expand output, accelerate faster and build their confidence to employ workers permanently. The bulk of these benefits are derived from reductions in Jobseeker benefits over the life of the economic recovery ($97 million), which we have assumed will take 18 months. In addition, the Government collects $63 million in additional PAYG withholding and another $35 million in business taxation.

Agency staffing firms make a secondary economic contribution by reducing risk for businesses of incorrect hires through rigorous screening processes. As the economy rapidly expands, access to the agency workforce provides business with additional time to observe and engage with workers and assess market conditions in the period before they offer permanent roles. Further, US data over the period 2007-2011 shows that the calibre of agency workers available during the recession and early stages of recovery was generally higher.14 As a result, the value that businesses can potentially achieve from the agency workforce is amplified.

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Given the significant economic impact the agency staffing sector can have on government revenues and economic recovery, the key question is:

“...how can Government leverage the contribution of the agency workforce to speed up the economic recovery and reduce the impact on the Government budget?”

The Queensland Government recently announced its Jobs Finder Queensland program that financially incentivises agency staffing firms to connect unemployed and underemployed workers to available jobs in priority and frontline sectors currently dealing with the immediate coronavirus response (see below 15).

Further demand-side measures (including subsidies) encouraging and supporting business to engage agency workers may also assist in speeding up economic recovery and providing confidence to employers about longer-term employment decisions.

### Jobs Finder Queensland

On 16 April 2020, the Queensland Government announced a program to financially incentivise agency staffing firms to find work for Queenslanders impacted by the COVID-19 pandemic. Jobs Finder Queensland is aimed at:

- connecting job seekers with agency staffing firms looking for workers in priority and frontline sectors
- encouraging businesses to register work opportunities and connect directly with agency staffing firms and
- providing incentives for agency staffing firms and other approved providers to place or on-hire unemployed and underemployed residents for 40 hours of work or more.

The program is intended to leverage the expertise and experience of the agency staffing sector to more effectively mobilise Queensland’s workforce and keep people working through COVID-19. Agency staffing firms participating in the scheme receive $350 +GST for each successful placement or on-hire assignment where they place or on-hire a job seeker, and they stay employed for at least 40 hours.

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15 Media Statement, Queensland Government, Connecting Queenslanders with jobs and training, 16 April 2020.
Conclusion

The agency workforce plays a vital role during times of structural and cyclical economic change, where a significant level of churn in employment is experienced. International evidence, historical data and consultations with industry experts suggest the agency workforce has previously played a significant role in managing through the predicted economic downturn and supporting the subsequent economic recovery.

During the recovery, it is anticipated there will be significant growth in the labour market, in line with previous recoveries, but there will be additional pressure to redeploy resources reflecting the structural adjustment and churn in the economy as well as faster-growing sectors.

Agency staffing firms provide a significant economic contribution to the Australian economy and can play a significant role in sourcing workers quickly for businesses to meet their recovery needs allowing them to focus on responding to the market.

Government and workers can have confidence that displaced workers employed and placed by agency staffing firms will have all of the protections which are inherent in workplace laws such as the Fair Work Act, Modern Awards, work health and safety, workers’ compensation, long service leave and anti-discrimination legislation.

There is significant potential for the Australian and State/Territory governments to leverage the agency workforce to speed up the economic recovery, including through short term industry stimulus measures that encourage the placement of displaced workers including young workers and those in affected industries.

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The economic recovery could be accelerated by businesses and the Government actively drawing on Australia’s agency workforce.
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<table>
<thead>
<tr>
<th>NATALIA SOUTHERN</th>
<th>DR DAN BUNTING</th>
<th>ROBERT SOUTHERN</th>
</tr>
</thead>
<tbody>
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<td>+61 414 786 826</td>
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