

## Should Australian companies make millions out of people's unemployment misery?

*Next week's jobs summit seems like an opportune time to raise questions around the effectiveness of the privatised employment industry*



*Unemployment has rarely been mentioned in the build-up to the jobs and skills summit, but the value and effectiveness of Australia's system is increasingly being questioned.*

**Malcolm Farr**  
Sat 27 Aug 2022

The government is about to launch what it hopes will be a rescue mission to relieve an understaffed and inflation-battered economy.

Discussions on what tumbled ministry collector Scott Morrison best fits will become a diminished priority as attention turns to fitting Australians into work.

On 1 and 2 September, the jobs and skills summit will bring together about 100 people from business and labour groups, welfare organisations, at least two billionaires, and politicians.

The central subjects will be people already in work and the competing mechanisms for setting wages.

“What we are interested in is making sure we can have improvements in enterprise bargaining that we can focus there on productivity and we can focus on ways in which business and unions come together,” prime minister Anthony Albanese told Sky News on Sunday.

But there is another group who can't be ignored.

While it might seem odd in a time of worker shortages that unemployment remains a substantial issue, it most certainly does. In July 473,000 people were out of work and the underemployment rate was 6%.

Taxpayers provide millions of dollars to companies for putting people in jobs, and the system's effectiveness and value is being increasingly questioned.

Just short of 20 years ago – on 30 June 2003 – the last traces of the public service-operated Commonwealth Employment Service (CES) were erased and its remaining 165 offices closed.

Its successor, the privately operated Employment National ended direct government handling of job seeking that began in 1946 when the CES was created to help returning service personnel.

The 2003 move was considered a triumph by the then Coalition government of John Howard, but some observers were unhappy.

“It's a sad day when the government withdraws from Employment National and says that it's not a core government responsibility to find people a job,” Albanese, then opposition employment spokesperson, said.

“If that's not a core government responsibility, what is?”

The privatised jobseeking model is still there, in an altered form, and Albanese could not be expected to now effectively nationalise it, no matter how uncomfortable it still might make him.

But he could tidy things up. And there are signs that that is happening.

In 2003 Albanese foresaw the problems of privatisation: “If you have a for-profit system, it's rational for these private providers to help those people who are easiest to get into a job.”

Elements of those problems have been addressed with varying success. For example, specialist services now help people with disabilities find work.

However, questions remain as to whether a privatised employment network gives a good return on taxpayer money, and whether it is serving the individual and location-specific needs of those wanting workers and those wanting work.

The old CES did appear anachronistic after close to 60 years amid a growing political impulse to sell off public assets.

But it was not a bloodless bureaucracy. On many occasions its staff went beyond the form-filling basics to give care and compassion to struggling job seekers, as well as quality advice on work opportunities and training.

The current system is at times accused of lacking a human touch.

Employment programs have not been static since 2003. For example, 2015 saw the introduction of Jobs Active.

This allowed businesses to tender for government contracts to help the unemployed. And these payments could reach big totals.

The top provider from 2015 to 2021 was Max Solutions with \$1.21bn of contracts, followed by APM/Serendipity with \$667m, according to tender analysis by Michael West Media published in July last year.

Peter Strong, former CEO of the Council of Small Business and a former CES staffer, has pointed to a possible consequence.

“These businesses do what a private business must do – they make a profit otherwise they would fail as businesses,” he wrote in October 2017.

“As a result there will be cost-cutting – like a good business should do – and services to clients will probably be at the most minimum level possible – are we happy with that?”

Job Active lasted until 4 July this year when it was replaced by Workforce Australia, which in simple terms is an online hub to match employers with potential staff digitally.

Some 800,000 job seekers were shunted into the new system, budgeted to cost \$1.5bn a year, and left to face its confusing system of points that needed to be accumulated to satisfy mutual obligations demands.

Already, this presents big questions for the new government.

The employment minister, Tony Burke, told the ABC on 2 August there was scope for “fresh parliamentary review and oversight”. He questioned “a system that is driven more by the details of contracts with providers”.

“While the [Coalition] spent nearly two years designing and building the software for the new system, they did not properly explain it to the Australian people,” he said.

A parliamentary committee will report in September next year on whether “best practice” was being followed and make recommendations for long-term reforms and immediate improvements, he said.

Some still have that unease Albanese felt in 2003: Should companies make millions out of people’s unemployment misery?

Furthermore, are they good at it? And are the jobless being punished for not meeting obligations that have been piling up since Work for the Dole in 1998?

**“For too long, people who’ve been looking for paid work have been blamed for being unemployed rather than actively and positively supported to find jobs,” said Edwina MacDonald, acting CEO of the Australian Council of Social Services.**

**We will see if this view is raised next week.**