The Job Network: innovative, effective, efficient?

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Abstract: In 1998 Australia embarked on a bold experiment by privatising public employment services on the basis that the contestable market model would increase efficiency and effectiveness by promoting innovative, individualised assistance and choice for clients.

This paper reports evidence from various sources along with findings of focus groups conducted with staff from non-profit Job Network agencies in late 2007. The research presented in the paper shows that the Job Network has failed to deliver an efficient, effective employment and training service to improve labour market functioning and meet the changing skill requirements of Australian employers. Job Network providers have remained compliant agents of the government, willing to enforce government policies including depriving the most disadvantaged sections of Australian society of income for extended periods and imposing increasingly draconian conditions for receipt of benefits. We argue that such policies cannot increase the likelihood of successful employment outcomes, reduce poverty and deprivation, nor do they empower the unemployed or increase self-esteem.

1. Introduction

Privatisation of employment services in Australia through the introduction of the Job Network in 1998 continued the neo-liberal trajectory in economic and social policies that commenced in the 1980s. Economic policies focussed on producing budget surpluses and fostering international competitiveness by increasing the share of national income accruing to profits. Meanwhile, redistributive policies that constituted deductions from surplus value to provide social services such as income support, employment and training assistance, health, education and public housing have been curtailed.

Neo-liberal, supply-side policies have been a feature of governments of both political persuasions in Australia. The abandonment of full employment in favour of the objective of ‘full employability’ was articulated in the 1994 OECD Jobs Study. Subsequent OECD policy recommendations and assessments have emphasised the importance of increasing labour supply to include all those deemed capable of working, either through incentives or compulsion.

This paper reports research findings on the operation of the Job Network from focus groups conducted with Job Network staff from non-profit organisations in late 2007. Section 2 traces the replacement of the public employment service, the Commonwealth Employment Service (CES) by the privatised Job Network. Section 3 reports on focus groups with Job Network employees. Section 4 evaluates the degree to which the Job Network has delivered innovative, efficient and effective employment services. Section 5 previews changes to the Job Network to be introduced in 2009. Concluding remarks follow.
2. The demise of the CES and the rise of the Job Network

The Commonwealth Employment Service (CES) provided employment services in Australia from 1946 to 1998. Implementation of the Working Nation reforms from 1994 was accompanied by an ambitious plan to introduce competition in employment services through contestable markets. Private for-profit and non-profit organisations were contracted to provide some case management services for the unemployed, with the share increasing from 10 per cent in 1994-95 to more than half by 1996-97 (DEETYA, 1997).

The privatisation push was extended by the Howard government with the introduction of the Job Network in 1998. The contestable market model for employment promised several benefits. First, it would address structural weaknesses in the system by introducing a purchaser-provider split and restrict the government’s involvement to purchasing employment services that were delivered on a competitive basis. Second, the existence of a range of providers in a geographical area would provide job seekers with choice. Third, the competitive nature of the system would provide greater efficiency for taxpayers. Finally, and most importantly, delivery of services tailored to the needs of individual job seekers would enhance effectiveness and efficiency and achieve sustainable employment outcomes. This was to be facilitated by innovative and flexible approaches that were not possible under the previous bureaucratic system (DEWR, 2002).

The Job Network has undergone several changes in the 10 years since its establishment. Successive contracts have attempted to rectify serious inadequacies in service delivery, transparency and accountability, and to stamp out unacceptable practices by providers. Financial viability was a problem from the inception of the Job Network. Many providers attempted to subsidise job matching activities by using Intensive Assistance funds, thereby reducing services to the most disadvantaged jobseekers (Dockery, 1999). Less than twelve months after the Job Network commenced the government introduced a major reform package to boost funding to struggling providers.

The second contract round modified the ‘black box’ approach by introducing the Employment and Related Services Code of Practice that outlines how providers will deliver services to clients (OECD, 2001). In addition, service guarantees provide clients with information on the types of services they can expect (DEWR, 2007).

Under the third employment services contract (ESC3) that commenced in July 2003 the government introduced the Active Participation Model (APM) and the intensity of required activities increased with the duration of unemployment (ANAO, 2005b). In contrast to the earlier contracts, job seekers remained with one Job Network provider for the entire period of unemployment. Assistance provided was measured against minimum service standards contained in the Service Guarantee and Employment Services Code of Practice. ESC3 marked a retreat from the competitive model with only around 40 per cent of contracts open to tender. Contracts were extended in July 2006 when the government fixed prices and limited the basis of competition to quality.

The original Job Network model provided fees to providers who were expected use these funds to purchase assistance for job seekers. For ESC3 the Productivity Commission (2002: 10.24) recommended the introduction of a Jobseeker Account that:

has the advantage over the present commencement fees ... [in that] ... it ensures resources are used for job seekers, rather than appropriated by the agencies.

In what amounted to an admission of the failure of the earlier system, the government accepted this recommendation and introduced a dedicated Jobseeker Account (JSKA) with funding determined by the job seeker classification. The JSKA can be used to pay for training...
or other assistance for job seekers but there is no guarantee that any individual job seeker will be approved for assistance since access is entirely at the discretion of the Job Network.

Training Credits of up to $800 were introduced in 2002 for those who completed Work for the Dole or Community Work placements and could be utilised for course fees for formal training courses. This arrangement marked a transformation from the pre-1996 period of extensive government funding of training for the unemployed. It further entrenched the strict contractual basis of the relationship between the unemployed and the state whereby the unemployed had to ‘work’ for access to training. Under both the Jobseeker Account and Training Credits the vast majority of training has been short-term and low skilled. According to the DEWR (2006b) evaluation of the Jobseeker Account, 34 per cent of courses were of one day duration, 72 per cent were for two weeks or less and average costs were around $350. Around 30 per cent of courses were in job search skills, while the next most common courses were hospitality, IT, OH&S and first aid (DEWR, 2006b).

3. View from the coalface: Report on focus groups with Job Network staff

This section discusses findings from three focus groups conducted with staff from non-profit Job Network agencies in late 2007 in conjunction from findings from other research and evaluations. In total 25 participants were drawn from a number of DEEWR Labour Market Regions that included major metropolitan, regional and remote labour markets. Compared to the Job Network Frontline Staff Survey conducted in 2005 (A C Neilson, 2005) the focus group participants were more likely to be male, older, more experienced and have higher educational qualifications. One-fifth had previously worked with the CES or Skillshare, while several others nominated previous experience with community organisations. Focus group findings are reported in relations to the primary benefits promised by the introduction of the Job Network, particularly overcoming the problems of bureaucracy and delivering high quality, effective and innovative services tailored to the needs of individuals.

3.1 Eliminating bureaucracy?

Focus group participants were cognisant of the necessity for contract supervision but stressed that it was extremely time consuming and eroded time available to assist job seekers and market services to employers. They identified the role of DEEWR as impacting negatively on the effectiveness of the Job Network and the ability to deliver quality employment services to job seekers. One focus group summed this up as ‘administrivia’ and ‘compliance lock’. This assessment reinforced findings from the Job Network Frontline Staff survey where 80 per cent of staff indicated that the administrative burden was excessive (A C Neilson, 2005). One participant explained the impact administration and compliance procedures have on client interaction:

If I’m a Job Network person sitting down [with] my client … the first thing is I’ve got to do is the administrivia… and next thing is… this whole compliance issue and every decision that I make with [the client] is actually subject to review by compliance. And then once I’ve done the administrivia, once I’ve got over the compliance, I can say to [the client] “How can I help you?”

3.2 Policing the jobless

The second major issue relating to DEEWR expectations was the role of the Job Network as a policing agency to ensure that job seekers complied with increasingly onerous activity requirements. Job Network agencies have contractual obligations to monitor compliance and advise Centrelink when job seekers fail to comply with their obligations. Serious breaches
include voluntary unemployment, failing to accept a suitable job, or failing to participate satisfactorily in Full-time Work for the Dole and incur an eight week non-payment period.

Between 1997-98 and 2000-01 breach penalties increased from 12,718 to 346,078 annually (Commonwealth Ombudsman, 2002). Publicity surrounding the severe hardship endured by people who were breached and a major investigation by the Australian Council of Social Service (2000) resulted in modifications that reduced the number of penalties imposed.

During the first six months of operation of ‘Welfare to Work’ that commenced in July 2006, there were 86,761 participation failures including almost 6,000 cases where payments were suspended for eight weeks. However, the incidence of non-payment periods increased over time as shown in Figure 1. For the 2006-07 financial year a total of 19,217 people lost payments for eight weeks, but for the six months to December 2007 non-payment periods were endured by 18,944 people. The rate of imposition of eight week penalties declined after the change of government in November 2007. However, there were 32000 eight week penalties imposed during 2007-08 (O'Connor, 2008a).

**Figure 1** Compliance data, July 2006 to December 2007

![Graph showing compliance data](image)

<table>
<thead>
<tr>
<th>Month</th>
<th>Compliance Reports (000)</th>
<th>Serious Failures</th>
<th>Eight Week Non-Payment Periods</th>
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<td>Dec-07</td>
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Source: (DEEWR, 2008b)

The Commonwealth Ombudsman (2007) expressed concern about the new breaching regime that left clients without income, particularly the practices of:

- Withholding payment prior to a decision being taken;
- Failure to notify clients that payments were to be stopped;
- Awaiting a decision prior to providing Financial Case Management; and
- Unacceptable delays in decision making.

The dual role of providing employment assistance and policing activities of clients presents significant issues regarding maintaining effective relationships with clients. Several focus group participants expressed internal conflict about enforcing all obligations and submitting participation reports to Centrelink. One participant related an incident that demonstrated that...
the ‘system’ provided little room for discretionary action even in the most extreme circumstances:

Well we had one woman run out yesterday and said “I’m going home to kill myself”... Her job capacity assessment says that she should not be in Job Network but the system says that she has to be referred for Work for the Dole. So her Work for the Dole provider has breached her ...and she’s beside herself.

Despite acknowledgement that the Work for the Dole requirement was incomprehensible and the outcome extremely detrimental, the client nevertheless suffered a financial penalty and no action was taken to reverse the decision. Many participants felt compelled to initiate participation reports, indicating that they too were pawns of the system and powerless to act otherwise despite the fact that they sometimes felt that punishment was harsh, unjust and counterproductive. In some instances staff indicated that they harboured feelings of guilt after breaching clients:

And that impacts on our souls, can I say. Because like I said before most of the people who join this industry ... do it because they really care about people.

Participants indicated that they developed coping strategies to assuage feelings of guilt. One strategy was to attempt to ensure that requirements were considered reasonable by the case manager and the activities would be beneficial for the client. In these instances breaches could be considered justifiable because the client had acted against their own best interest and there was no reason why they should not have been able to fulfil their obligation. However, one participant commented:

The concern for me is, I’m happy to back up a solid plan where you’re asking a person to do things that are genuinely going to help them get employment, but when you have a high turnover of staff in a compliance culture, you have people being asked to do unrealistic things and not being able to do it.

The depth of resentment about the prioritisation of compliance was evident in comments such as:

We are no longer employment officers we are compliance. DEEWR wants us to make sure that we’re breaching, we’re doing this, they’re looking for jobs, they’re doing their job searching... A lot of us, like myself, joined the industry because I wanted to help people get jobs. That’s not my job anymore. I don’t help people get jobs. It’s just making sure we’re complying with everything DEEWR wants us to do.

Another issue that caused concern was that the compliance aspect caused the ongoing relationship with the client to deteriorate by creating an ‘us and them’ environment. The Job Network Frontline Staff Survey identified similar concerns, with 61 per cent of staff indicating that they were increasingly required to deal with angry or challenging clients (A C Neilson, 2005).

3.3 Providing effective, innovative services to job seekers?

In addition to favourable macroeconomic settings, delivery of effective employment services is conditional on staff competency and appropriate policy instruments to assist jobseekers overcome barriers to employment. The Job Network Frontline Staff Survey found that staff were generally satisfied that the Job Network was effective in its role as a labour market intermediary but expressed reservations about the ability to deliver effective services to disadvantaged jobseekers such as parenting payment recipients, indigenous jobseekers, people
with disabilities, mature aged job seekers, and people from non English speaking backgrounds (A C Neilson, 2005).

Far from the dynamic, innovative, individually tailored service promised with the introduction of the Job Network, Centacare Australia commented:

*Job seekers are frequently met by a “one size fits all” service from providers, focusing on “quick fix” and process orientated solutions (such as “outcome buying”) which often result in a mismatch between a job seeker and a job. Job seekers are increasingly obliged to accept second rate positions because of the participation reporting powers of Job Network members. Individual service appropriate to needs is becoming less frequent and second rate placement more frequent* (Murray, 2006: 54, cited in Quirk et al., 2006).

One focus group participant explained how DEEWR oversight had negated the original intention of fostering innovation and variety in the Job Network, commenting:

*So Job Network now, if you go into a Job Network ... they look the same, they smell the same, they act the same.*

Focus groups engaged in a wide-ranging discussion about the issues Job Network staff faced in dealing with disadvantaged clients who made up a high and increasing proportion of caseloads. Several issues were identified including: insufficient labour demand, particularly in regional labour markets; lack of motivation; poor soft skills considered essential to successful engagement in the workforce; transport problems; and the dearth of training options. Participants were generally critical of the current suite of labour market programs and some were also critical of the dominant ‘work first’ approach.

There was a lively discussion in all focus groups about the attitude of job seekers to work and job seeking and the reasons why people remained unemployed. A minority view conformed to the ‘dole bludger’ stereotype with comments such as: “they don’t want to work but they want their benefits.” However, these views were vigorously challenged by other participants who disagreed with the ‘dole bludger’ label and stressed the complexity of the factors impacting on the unemployed:

*So you’re looking at people who are 4 years or ten years or twenty years [unemployed] and we’re saying to them “we demand that you go into a full-time job”... I think we’re unreasonable sometimes in our expectation and I don’t think there is enough allowance for easing people back into a workforce.*

All focus groups identified significant negative consequences for clients living in communities with high and persistent levels of joblessness, whether these were isolated rural areas or suburbs in major cities. One prominent issue was ‘inter-generational’ unemployment where no members of the job seeker’s family or social network were working. It was claimed that in some communities it is socially acceptable not to work. Moreover, jobseekers were said to be frequently of the opinion that the costs of employment, especially in precarious jobs, outweighed the advantages.

Many participants who disagreed with the dole bludger image indicated that there simply were insufficient job opportunities. Participants from rural areas with declining labour markets were acutely aware that relocation to improve employment prospects was a risky strategy in the face of uncertain gains and “all the economic costs that that incurs and the disengagement from family and community as well”.

Another perspective on poor motivation concurred with the ‘job snob’ description popularised by former Minister for Employment and Workplace Relations, Tony Abbott. One participant
commented that jobseekers were ‘picky’ about the type of job they were prepared to take rather than being prepared to take any position offered. This viewpoint was countered by participants who explained that there could be rational explanations for declining certain types of employment. In areas highly reliant on seasonal or casual employment many job seekers survive through a combination of work and benefits. Job seekers in regular casual employment were often reluctant to relinquish that work (and part Newstart Allowance) to take up other employment that may be precarious.

Several barriers to employment were identified by focus group participants. In some instances they indicated that most jobseekers left on their caseload were considered to be unemployable in the private sector because they lacked the vocational or soft skills necessary to sustain employment. Participants were in general agreement that training options through the Job Network were limited and that employers abrogated responsibility for training and expected a skilled workforce to be delivered to them. One participant commented:

*When we were talking about training before the one thing different between now and 10, 15 years ago is employers will not train their staff. The emphasis is on us to supply this ready-made product to them and they won’t accept anything less.*

A major topic of discussion in all focus groups related to people that Job Network staff considered were not employable due to illness or drug and alcohol addictions. In particular, the changing role of the Job Network in relation to the Disability Support Pension (DSP) in the post-Welfare to Work environment was recounted with exasperation:

*We are now getting disability pensioners in and telling them they have a requirement to look for certain hours of work. Two years ago we were actually assisting them to fill out their applications for disability pension, telling them they weren’t fit to be in Job Network.*

The option of sending these clients for a Job Capacity Assessment was generally found to be ineffectual. Comments such as the following were enthusiastically affirmed by other participants:

*A lot of the clients they send us aren’t Job Network ready so we have an option to send them for an assessment, a Job Capacity Assessment... But they bounce back to us and say they can do 30 hours a week*

*...it’s not a system that works well for the clients or us because the clients have to jump through all these hoops and go to these extra appointments and all that and there’s problems if they don’t turn up ... But they’re not getting a lot of benefit back.*

The Personal Support Program provides an alternative to the Job Network for up to 2 years for non-job ready clients such as the homeless or people with mental health, drug and alcohol or gambling problems (DEWR, 2007). However, focus group participants were disappointed with the operationalisation of the program due to capped places and inadequate resources available to PSP workers. Restrictions on the number of places meant that clients went onto a waiting list, were not offered effective assistance and could not access the Jobseeker Account. According to participants, PSPs workers are required to have a monthly meeting with the client but the program was undermined by the lack of resources available:

*But once they have been made PSP eligible and they drop back to us on the waiting list we can’t access the Jobseeker Account to do anything with them because they are back to jobsearch support. So we can’t spend money to help*
them and the Personal Support Program doesn’t have funding to do much. Its [just] talk to them once a month.

Transport difficulties were identified as a major impediment to assisting clients into sustainable employment. Participants recounted specific instances where motivated job seekers with appropriate skills were unable to take up employment because public transport was not available at the necessary times.

The skills, knowledge, and dedication of staff have been acknowledged as critical to the delivery of high quality employment services. However, DEWSBR (2001b: 8) noted:

While Job Network members recognise that investment in ongoing staff training and development may impact on performance, these activities, generally, do not appear to be a high priority.

In two focus groups there was general agreement that training and support for Job Network staff was inadequate. Participants were particularly concerned that the increasing proportion of jobseekers with serious employment barriers required highly skilled employment consultants and access to specialists such as psychologists but these were not usually available. Some indicated that the restricted Job Network funding model precluded the types of services that were provided nationally in the CES era, while high levels of staff turnover meant that many Job Network staff were relatively inexperienced and ill equipped to deal with jobseekers with complex problems. Indicative comments included:

The makeup of that group that the Job Network is now dealing with has totally changed ... People with mental illness, disabilities, where discrimination is obviously much more of a real issue and to try and work with them...but there’s no-one, no qualified people to actually find someone a job... There’s no professional support

For individual staff I think a lot of us would prefer to have professional supervision with working with our clients....We’d like to be able to say “I need back-up, expert back-up”. I worked with an organisation that did have a full-time occupational psychologist and that was fabulous because you could get that sort of back-up. But in smaller offices and in rural areas you don’t get it.

I was initially trained in administration and helping people get jobs... I have no drug and alcohol training. The amount of drug addicts that I see is unbelievable and I have no training in helping these highly disadvantaged people that are seen as job-ready.

The third focus group was less homogeneous in their perceptions of the quality of their training. While some indicated that there were training deficits others expressed a view that their employer provided comprehensive training.

The majority view, that staff are ill equipped to deal with very disadvantaged job seekers, echoes the findings of earlier research with staff of non-profit Job Network providers, where staff expressed concern that job seekers were not able to access specialist assistance such as support for people with disabilities, interpreters or culturally sensitive services when required (Eardley, Abello and Macdonald, 2001).

The final factor raised by participants that impacted negatively on the quality and quantity of service provided to job seekers was the commercial and competitive nature of the Job Network model. All participants were acutely aware of the fact that provision of employment
services to the unemployed is, first and foremost, a business and the most important client is the government and DEEWR. This reality was explained with a great deal of feeling and justified somewhat apologetically:

*Job Networks haven’t effectively had any increase in our funding. For years the amount that we get per client hasn’t gone up ... and as the clients become more and more difficult, requiring much more investment in time and effort from the consultant ... But there’s actually a disincentive to work with a number of these clients because we’re not paid to do it.*

*Our survival depends on our outcomes and so we will take whatever outcomes that we can grab. ... So, you know, we’re driven a lot by what the government is asking us to do and at the end of the day we’ve got to look after ourselves. I mean, as a manager, the lives and livelihoods of every person working under my directorship or whatever you want to call it, depends on us getting those outcomes set by the government which quite frankly are unreasonable and they’re not social outcomes they are economic outcomes and they are not addressing the triple bottom line at all.*

In total, the picture painted by participants was of an increasing percentage of job seekers with severe employment barriers in need of extensive assistance that was not available in the Job Network due to funding constraints. There are few labour market programs to refer clients to and the work first approach in combination with insufficient funding severely restricts training opportunities for clients, consigning many to continuing unemployment or transitions between short-term employment and unemployment.

4 Has the Job Network delivered?

While the contestable market model was supposed to deliver superior efficiency, innovation and choice, there were _a priori_ concerns that received insufficient attention in the design phase. The Productivity Commission (2002) noted that the delivery of complex services such as employment assistance involves many essential components that cannot adequately be measured by outcomes. Importantly, the use of price competition is likely to have a detrimental impact on the quality of service when providers are reliant on outcome payments to maintain financial viability in an uncertain environment. In order to ensure adequate service levels to the most disadvantaged the system must provide sufficient financial incentives to ensure that businesses concerned with the bottom line are prepared to devote resources to those for whom employment outcomes are the least likely. Moreover, the Productivity Commission (2002) pointed out that client choice in the Job Network model was severely constrained. This section demonstrates that these issues have not been addressed comprehensively, either in the initial Job Network design, or through restructuring undertaken as major deficiencies became evident.

4.1 Outcomes

The primary objective of the Job Network was to ensure better quality services and achieve sustainable employment outcomes. Pre- and post-Job Network comparisons are complicated by differences in labour market conditions, client characteristics and programs available to those working in employment service delivery. The initial DEWRSB (2001a) net impact study found that the Job Network produced off-benefit results that were comparable to those achieved by the Working Nation programs but that Job Network was significantly less expensive. The net impact of Intensive Assistance, defined as the proportion of people who went off benefits, was 10 per cent which was comparable to the average net impact of the
suite of Working Nation programs. However, there was considerable variation in the performance of Working Nation. While some programs produced lower outcomes than the Job Network, outcomes for others were superior. Jobskills participants achieved a net impact of 14 per cent and Jobstart achieved a massive 31 per cent net impact.

In addition to consideration of the net impact of programs it is necessary to acknowledge qualitative differences in the characteristics of jobseekers. While the report does not indicate the length of time people had been unemployed it provided duration of benefit receipt which serves as a proxy measure. The proportion of long-term unemployed Intensive Assistance participants was considerably lower (59.7 per cent) than for any of the Working Nation programs with the exception of Skillshare (57.9 per cent). Under Working Nation almost all Jobskills and New Work Opportunities participants were long-term unemployed (95.8 and 92.3 per cent respectively). Moreover, only 41.8 per cent of Job Network Intensive Assistance clients had been unemployed for two years or longer compared to over 60 per cent of Jobskills participants and almost three-quarters of New Work Opportunities participants (DEETYA, 1996; DEWRSB, 2001a).

More recently, the net impact of the current suite of labour market programs was compared with a matched control group 12 months after commencement (DEWR, 2006a). In February 2005 the net impact of WfD was 7.3 per cent compared to 8.2 per cent for Mutual Obligation, 10.1 per cent for Customised Assistance and 11.2 for Job Search Training (DEWR, 2006a).

Sustainability of outcomes was a major justification for abandoning the Working Nation programs that were accused of churning the unemployed between program participation and periods of unemployment. Within Job Network long-term outcomes are defined as placements of Intensive Support clients, disadvantaged job seekers and those registered for more than three months in jobs that last at least 13 weeks. Recent data suggests that employment outcomes are not being sustained. Of the 645,500 placements recorded by the Job Network in 2006-07, there were only 186,400 long-term outcomes for Intensive Support job seekers (Australian Government, 2007). In 2006-07 less than one-third of disadvantaged job seekers remained in employment three months after placement, indicating that the Job Network is failing to secure sustainable employment outcomes.

The focus groups’ perception of the inability of the Job Network to provide effective services to disadvantaged job seekers is borne out by the fact that the proportion of long-term unemployed and disadvantaged clients has increased under the Job Network. The proportion on benefits for five years or more increased from 18 per cent in 2004 to 29 per cent in 2008 (DEEWR, 2008a). Despite the fall in the unemployment rate in recent years, the number on benefits for five years or more increased from 74,000 in 1999 to 110,000 (O’Connor, 2008a). Similarly, the proportion of highly disadvantaged job seekers increased from under 20 per cent in 2003 to 29 per cent in 2008 (DEEWR, 2008a).

4.2 Client choice

Client choice of provider was promoted as a major advance for job seekers who would be able to make informed choices and therefore drive innovation and excellence as providers vied for customers. It is important to note at the outset that, as consumers, job seekers are severely constrained due to Mutual Obligation requirements and the fact that the government is the primary client of the Job Network. In the first contract round automated referral processes severely limited client choice of provider (PC, 2002). More recently, the Australian National Audit Office (ANAO, 2005a) concluded that job seekers did not have informed choice of provider because they were not given appropriate information at Centrelink seminars, were
required to choose a provider prior to attending the seminar or were not invited to attend a seminar.

4.3 Individually tailored, innovative, quality services?

The quality of services provided by Job Network members has been found to be deficient in numerous ways. Perverse financial incentives have been blamed for ‘creaming’ and ‘parking’ where providers concentrate on providing services to those considered most likely to gain employment, while failing to provide services to the most disadvantaged. The Productivity Commission (2002: xxxii-xxxiii) commented:

*The providers often then direct their services to job seekers who are likely to be responsive to their interventions. They may park those with either insurmountable or high barriers to work who have low likelihoods of achieving payable outcomes.... Parking may mean that the net effect of participating in Intensive Assistance is negative for some job seekers.*

An ANAO (2005a) investigation found that there was reason to believe that Intensive Support services were inadequate and that DEEWR could not ensure service delivery. The Job Network design means that Job Network members make decisions regarding assistance for individuals, subject to the Employment Services Code of Practice and the Job Network Service Guarantee. The ANAO found that levels of contact with clients rarely conformed to service standards, echoing an earlier DEWRSB survey of Intensive Assistance clients in 1999 that found that around one-quarter had met with their case manager only once or twice and only 38 per cent had ever been referred to a job (OECD, 2001; ANAO, 2005a). Similarly, there was limited documentation of employment barriers (ANAO, 2005a) and very few providers were addressing underlying barriers to employment by referring clients to counselling, training or other assistance (OECD, 2001). Despite the fact that individualised assistance was one of the primary justifications for Job Network from the outset, the ANAO report found that there was very limited customisation of services (ANAO, 2005a). Moreover, variations in the use of the Jobseeker Account meant that some job seekers received “considerably less assistance than others” (ANAO, 2005a: 139).

5. The future of the Job Network

The DEEWR (2008a) Discussion Paper on the future of employment services identified the failings of the Job Network as: poorly targeted assistance that was not focussed on the most disadvantaged; lack of flexibility; lack of incentives for skill development and training; excessive red tape; complexity and fragmentation; lack of employer focus; inadequate services for remote job seekers; underutilisation and poorly targeted use of the Jobseeker Account; and a counter-productive compliance system. Many of these criticisms have been made before, both in relation to the CES and past configurations of the Job Network.

The Rudd Labor Government is modifying employment services for the contract from July 2009 to June 2012. The government identified clear objectives:

We can get people into real and meaningful work. We can find staff for our employers. We can address the skills shortages which will otherwise put our future prosperity at risk. Together, we will build a stronger, more stable economy. Together we will build a truly socially inclusive Australia where all Australians can share in our nation’s prosperity (O’Connor, 2008b).

The breaching regime will be less punitive, there are greater opportunities for training through the Productivity Places Program that commenced in April 2008 and the system will be less prescriptive. Changes to breaching will reduce hardship for individuals who have difficulty
complying with the requirements of the system. The suitability of the Productivity Places Program for disadvantaged jobseekers has been questioned. Many commentators have stressed the need for on the job training, pre-vocational assistance and a high level of support in order to be successful (DEEWR, 2008c).

The Rudd Government supports the Mutual Obligation and Welfare to Work framework established by the Howard Government along with supply side policies. The failure to address labour demand suggests that the most disadvantaged job seekers will remain unemployed and at the end of the jobs queue.

6. Conclusion
The privatisation of employment services in Australia marked the continuation of welfare state retrenchment that included the abandonment of full employment in favour of supply side policies and the imposition of increasing conditionality for those forced to rely on welfare payments. The Job Network was introduced to serve several purposes: it shifted provision to the private sector; provided an opportunity for the government to reduce fiscal outlays; incorporated the non-profit sector more firmly into the state apparatus and effectively used the Job Network to police welfare recipients.

While the Job Network was promoted as a dynamic, innovative system that would provide individualised service rather than the bureaucratic one size fits all CES model the reality has been far removed from the promise. Evidence from various reviews and evaluations, staff surveys and the focus groups conducted as part of this research demonstrates that the system has become increasingly bureaucratic, there is little evidence of innovation or individualised assistance, financial incentives encourage reduced services to the most disadvantaged and clients have few ‘rights’ to services or training opportunities, which are largely determined by providers.

Both private and non-profit providers have been willing to enforce government policy, including depriving the most disadvantaged sections of Australian society of income for extended periods and dictating increasingly draconian conditionality for receipt of benefits. Such policies cannot be understood as increasing the likelihood of successful employment outcomes, reducing poverty and deprivation, nor do they empower the unemployed or increase self-esteem.

The changes to be introduced in 2009 may constitute an improvement in terms of reducing financial hardship by attempting to re-engage rather than punish job seekers, providing greater access to training and reducing the administrative burden but do not constitute fundamental change. If success in employment services is measured by the restoration of full employment and thereby attainment of the social inclusion goals espoused by the government, then it must be stated that the new arrangements will not succeed in a demand constrained environment with rising unemployment.

References
Cook


Department of Employment Workplace Relations and Small Business (DEWRSB) (2001b) *Towards better practice in employment services: A study to identify the factors that contribute to high performance in Intensive Assistance*, Department of Employment Workplace Relations and Small Business, Canberra.


1 The Department of Employment and Workplace Relations (DEWR) became the Department of Education, Employment and Workplace Relations (DEEWR) after the election of the Labor Government in late 2007.

2 Programs available under Working Nation in the 1990s included JobStart wage subsidies; JobSkills and New Work Opportunities that provided employment for 26 weeks; training courses JobTrain and SkillShare; and Job Clubs.