



Inquiry into Workforce Australia Employment Services

31 March 2023

Dear Committee,

As the primary union representing Australian Public Service employees, the Community and Public Sector Union - PSU Group (CPSU) is committed to providing a strong voice for our members in key public policy and political debates. The CPSU welcomes the opportunity to make this submission regarding the future of employment services in Australia.

Our submission addresses

- The intersection of employment services, welfare reform and a changing labour market.
- The detrimental effects of outsourcing employment services to private providers focused on costs and profits.
- The consolidation of the employment services industry and what this means for service provision.
- The harmful impact of activation policies including mutual obligations, and
- The case for restoring a public sector employment service, and how this could be achieved.

This submission relies on information provided by CPSU members, responding to the Inquiry's Terms of Reference, who work in areas related to employment services in the Department of Employment and Workplace Relations, Department of Social Services and Services Australia.

[Inquiry into Workforce Australia]: CPSU submission

Summary

The CPSU argues that time is up for the current model of a privatised, primarily for-profit employment services system underpinned by a largely punitive and ineffective compliance framework.

Neither the employment services system nor the compliance framework is suitable for the realities of the modern labour market.

There is substantial evidence available to the Select Committee that the current employment services system is failing job seekers and employers. It would be open to the Committee to find that a major overhaul is required.

There is also substantial available evidence that, for job seekers, the compliance framework is punitive and can be a barrier to finding meaningful on-going work.

It is also clear that for providers the application of the compliance framework takes time and resources away from actually helping job seekers and is counterproductive to building trust between providers and job seekers. It would be open to the Committee to find that the compliance framework should be abolished or, at a minimum, suspended pending a review.

In considering what should replace the current failing system, the CPSU argues that for-profit service provision creates a fundamental conflict of interest that cannot be resolved with incremental changes.

We argue that the needs of job seekers and employers would be best met by a return to a unified public service provider, supplemented by specialist community-based services.

We also argue that rebuilding public sector employment services provision will help to rebuild APS capacity and expertise, benefitting policy development and allowing the Commonwealth to play a direct role in shaping labour market changes and responding to immediate and future policy challenges and economic priorities.

The CPSU recommends

1. The immediate suspension of mutual obligations, noting it is a punitive system that does more harm than good.
2. The Commonwealth take an in-principle decision to end the use of for-profit employment services, noting the conflict of interest inherent in a for-profit system.
3. The Commonwealth take an in-principle decision to rebuild a public sector based employment service.
4. That while there are a number of possible models for a rebuilt public sector service; the best option is to rebuild a new modern CES, supplemented by specialist community-based services, to provide enhanced support to jobseekers and rebuild APS skills and capacity.
5. The Commonwealth take steps to increase the number, range and location of entry level jobs in the Australian Public Service.

[Inquiry into Workforce Australia]: CPSU submission

1. A system not fit for the modern labour market

When CPSU members were asked what aspects of employment services are done well they typically replied:

“None”

“Honestly nothing and I mean that”

“There is almost nothing in the current model of employment services that I would recommend”¹

There are several reasons why CPSU members make this assessment. One key reason is the social security and employment services systems, despite going through many iterations, are not anchored in the realities of the current labour market.

The initial architects of these systems in the 1940s and 1950s were working in a labour market where full-time employment for a mainly male workforce was the norm².

That labour market led to a system design with a basic philosophy and purpose that only short periods of unemployment needed to be catered for and benefit levels could be kept low to avoid disincentives to work.³

Decades later we can still see that basic architecture as features of the current system including below poverty level benefits, the view that unemployment is caused by the unemployed not trying hard enough to get a job, and the ‘take the first job available/any job will do’ mantra.

This model of employment services is not suitable to support jobseekers in 2023 when high rates of casual employment and changes in employment status are now increasingly common and individuals are moving between jobs with greater frequency and/or with irregular or fluctuating patterns of work hours and income levels. The Select Committee on Job Security, established to report on the extent and nature of insecure and precarious employment in Australia, found it was clear that the incidence of insecure work has increased and continues to do so.⁴

At the same time, we are also seeing record numbers of Australians forced to take multiple jobs to make ends meet. ABS data for the December quarter of 2022 shows the number of multiple

¹ Quote from CPSU member, March 2023.

² Carol Ey (2012, 4 December) Social security payments for the unemployed, the sick and those in special circumstances, 1942 to 2012: a chronology. Parliamentary Library. Retrieved from: https://parlinfo.aph.gov.au/parlInfo/download/library/prspub/2086993/upload_binary/2086993.pdf;fileType=application/pdf#search=%22Social%20security%20payments%20for%20the%20unemployed,%20the%20sick%20and%20those%20in%20special%20circumstances%22

³ Ibid

⁴ Senate Select Committee on Job Security (2022, Feb), ‘The job insecurity report’. Retrieved from: https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Job_Security/JobSecurity/Fourth_Interim_Report

[Inquiry into Workforce Australia]: CPSU submission

job holders increased 2.7% to 925,000 people⁵, and the most recent ABS Jobs in Australia report⁶ found that approximately 16.6% of employed persons or 2.4 million people held more than one job at the same time.

This mismatch between the basic tenets of the welfare system and the realities of the modern labour market was on full display during the Robodebt debacle – where the Coalition government set out to catch, in their awful terminology, ‘dole bludgers’, but actually ended up ensnaring hundreds of thousands of people who were trying hard to get, or keep, paid work while moving in and out of casual work, or juggling multiple insecure jobs with irregular hours, and all while trying to navigate mutual obligation provisions and the complex system of income reportage.

Our current system also places a large, stressful and at times demeaning administrative burden on job seekers. That burden is particularly unfair in a labour market where so many workers have to spend a lot of time and emotional energy chasing and juggling short term casual work.

The modern labour market is also characterised by higher, and increasing, skills requirements for many jobs, and the reduction in entry-level positions available⁷.

A December 2022 report from Anglicare found that on average in Australia there are 15 people to every entry-level job. For those without experience or qualifications the prospects of getting a job are daunting.⁸

The Commonwealth, as a major employer, also has some responsibility for the lack of entry level positions. There are very few entry level positions available across the APS and this is reflected in APS employee census data, with just 25.4% of APS employees under the age of 34.⁹ Graduates make up just 1.1% of APS employees and trainees only 0.6%, but these roles are highly desirable with more than 5,000 applications received for the 2022 APS graduate intake.¹⁰

An immediate step the Commonwealth should take is to significantly increase the APS graduate program and provide an additional 1,500 positions in alternative entry-level pathways, ensuring that these new roles exist across Australia in smaller states, regional centres and outer suburban locations.

⁵ Australian Bureau of Statistics (2023, 3 March), Labour Account Australia, reference period Dec 2022. Retrieved from: <https://www.abs.gov.au/statistics/labour/labour-accounts/labour-account-australia/latest-release#data-impacts-and-changes>

⁶ Australia Bureau of Statistics (2022, 8 Nov), ‘Jobs in Australia’, reference period 2019-20. Retrieved from: <https://www.abs.gov.au/statistics/labour/jobs/jobs-australia/2015-16-2019-20>

⁷ Jordan Beazley (2022, 8 Dec), ‘Thousands of australians locked out of employment as entry level jobs dry up survey suggests’. The Guardian. Retrieved from: <https://www.theguardian.com/australia-news/2022/dec/07/thousands-of-australians-locked-out-of-employment-as-entry-level-jobs-dry-up-survey-suggests>

⁸ Anglicare Australia (2022). ‘Jobs Availability Snapshot 2022.’ Anglicare Australia: Canberra. Retrieved from: <https://www.anglicare.asn.au/publications/jobs-availability-snapshot-2022/>

⁹ Australian Public Service Commission (2022, 3 Nov). State of the Service Report 2021-22. Retrieved from: <https://www.apsc.gov.au/working-aps/state-of-service/2022/report>

¹⁰ Ibid.

[Inquiry into Workforce Australia]: CPSU submission

Furthermore, the current employment services model continues the long-term failures to meet the needs of people with complex barriers to work¹¹. There is substantial evidence from previous inquiries and reports, the Disability Royal Commission, and civil society groups that the current system does not work and needs substantial reform.

The mismatch between the modern labour market, and the employment and social security systems shows up in a number of ways; for example,

- A current core philosophy of the social security and employment services is to push job seekers to accept the first available job even when that job will not assist the job seeker to develop the skills and experience needed to secure on-going meaningful work in a labour market with ever increasing skills requirements;
- The questionable utility of requiring job seekers to apply for a set number of jobs each period when, for some job seekers, there are simply very few available positions;
- The harshness of a mutual obligations regime where a job seeker can be penalised for applying for jobs they are not qualified for;
- The long-term failure to deliver outcomes for people with barriers to work; and
- Failures to plan ahead to train the workforce employers need.

More recently we have seen the emergence of a very tight labour market and skill shortages across many industries.

Recent job vacancy data shows a continuing labour shortage in some industries, with the number of vacancies in November 2022 being 94.9% higher than in February 2020 prior to the start of the pandemic. Despite this, hundreds of thousands remain in long-term unemployment.¹²

The CPSU would make two observations about this:

Firstly, even with these skill shortages, the employment prospects for a cohort of long-term unemployed people or people constantly moving between short-term insecure work do not appear to have improved. This points to a failure of our employment services and labour market programs and planning.

Secondly, there is an historic opportunity to make real progress for people who have struggled to access ongoing secure meaningful work, or secure any work at all. It is clear the current employment services system seems unable to deliver outcomes even at this time; *“there are many jobs available, but the participants in Workforce Australia are not adequately prepared or supported to take up the opportunities available¹³.”* This strengthens the case for an urgent and substantial intervention from government.

¹¹ Anglicare Australia (2022). ‘Jobs Availability Snapshot 2022.’ Anglicare Australia: Canberra. Retrieved from: <https://www.anglicare.asn.au/publications/jobs-availability-snapshot-2022/>

¹² Australian Bureau of Statistics (2023, 11 Jan). ‘Job Vacancies, Australia’. Retrieved from <https://www.abs.gov.au/statistics/labour/jobs/job-vacancies-australia/nov-2022>

¹³ Quote from CPSU member, March 2023

[Inquiry into Workforce Australia]: CPSU submission

As one CPSU member, with substantial experience in labour market programs and employment services put it:

“With employers crying out for workers, any Australian who wants a job should have a job. Supports need to be provided to connect workers and employers with training and retention incentives.”¹⁴

What this CPSU member’s observation points to is that the Commonwealth can directly facilitate greater labour market participation through shaping demand and providing the industry support that is needed to help people get secure work. There has been a focus on supply-side active labour market policies such as training programs and skills development, but not enough attention toward demand-side policies.

CPSU members are well aware the current system is lacking in this regard:

“Employers don’t want to use a service that is not going to give them what they need.”

“Employment services and complementary programs must also consider how to get employers to take people on permanently in jobs where they are willing to train and take responsibility for them.”¹⁵

Given the above, the CPSU submits that a holistic approach to reorienting the social security system and employment services systems is required. Tinkering will not cut it. What is needed is a substantial reimagining of these systems. Further in this submission we will argue that a return to a public sector provider of employment services must be part of the solutions.

2. Not the community-based employment system John Howard promised

When the Howard government was privatising the CES in 1998 they said that *“More than 300 private, community and government organisations will replace the Commonwealth Employment Service (CES)...They will cover every region in Australia with about 1400 sites providing employment services. This is more than four times the number of sites under the CES system.”¹⁶*

This pitch, that community-based providers would form the backbone of the new system, was a major selling point for the Government as they sought to build support for their controversial privatisation decision.

¹⁴ Ibid.

¹⁵ Quote from CPSU member, March 2023.

¹⁶ David Kemp (1998, 26 Feb), ‘New job network to replace the CES’, press release. Parliamentary library.

Retrieved from

<https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2FBXR30%22;src1=sm1#:~:text=At%20least%20306%20organisations%20will,sites%20under%20the%20CES%20system.>

[Inquiry into Workforce Australia]: CPSU submission

And while the initial round of tenders did deliver a large number of providers, the decades since have seen the consolidation of the industry to only around 40 providers.¹⁷

The small number of providers does not tell the whole story. A recent report from GetUp found the Australian private employment services industry is dominated by just three major players which together account for 74% of the \$3.3 billion in government tenders awarded to *jobactive* providers since its inception in 2015¹⁸.

The GetUp report also found the two largest *jobactive* providers, Max Solutions and APM, account for 56% of all public money spent on employment services contracts since 2015, and that these providers are ultimately owned by American-based multinational investment firms¹⁹. Adding in a further large provider, Atwork Australia, which is owned by American-based investment firm Gold Parent L.P, and has received \$136 million in contracts from 2015-2022, brings the total amount of money paid out to American controlled *jobactive* providers to just over \$2 billion, or 60% of all contracts awarded²⁰.

It is abundantly clear we have an employment services system dominated by large multinational corporations who are making large profits off the back of Australia's unemployed and funded by the Government.

We would make three observations about this. Firstly, that employment services is clearly a good deal for these multinationals. Secondly, that this is a far cry from what the Howard Government said it was setting out to do; and thirdly this dominance by for-profit providers brings a fundamental problem to the system – namely, we have a system where profits are being placed before people.

3. The fundamental problem of profit

To date, Australia is the only OECD country that has privatised the entire delivery of its publicly funded employment services.²¹

There is a good reason for this, namely that a for-profit privatised system introduces an inherent conflict of interest between the profit incentive and the needs of job seekers and employers needing staff.

¹⁷ Australian Council of Social Service (2018, August). Submission on Future Employment Services. Retrieved from https://www.acoss.org.au/wp-content/uploads/2018/08/ACOSS_submission-on-future-employment-services_FINAL.pdf

¹⁸ Callum Foote, Stephanie Tran, Michael West Media (2021, 28 October), 'jobactive: the private investment firms profiting from Australia's unemployed' prepared for GetUp. Retrieved from <https://michaelwest.com.au/jobactive-report-who-profited-from-it/>

¹⁹Ibid.

²⁰Ibid.

²¹ Dr Matthew Thomas (2019, July). 'Reforming employment services'. Parliamentary Library. Retrieved from https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook46p/EmploymentServices

[Inquiry into Workforce Australia]: CPSU submission

The fact a conflict exists and that it means low quality services has been a finding on numerous Inquiries and reports. The 2019 Senate Inquiry report *Jobactive: failing those it is intended to serve* put the issue succinctly: there are widespread perceptions that the main outcomes of the system were “generating income and employment within service providers”²².

So pervasive is the practice of chasing profits at the expense of job seekers that the terms “parking” and “creaming” are well understood and widely used.

When discussing this aspect of employment services, CPSU members were scathing

“The privatised model has produced incredibly poor results over a generation. The profit motive has seen clients churned in and out which has the appearance of progress but those who want work are often shunted from placement to placement with a poor fit for job searchers.”

“Fundamentally, a profit driven competitive marked approach to delivery of employment services tends to prioritise providers putting the most resources into the least disadvantaged to maximise profit and performance ratings. The most disadvantaged, those who are least employable and require the most support to achieve sustainable employment, are often parked as a result. This has been the case since 1998.”

“They ONLY have customers so they get paid. I cannot tell you how many times a customer attends an office for Centrelink to explain their troubles and their concerns that their employment service provider (ESP) doesn’t understand and or doesn’t care.”

“Most employment services providers are not effective. In most cases they are a nuisance to payment recipients without actually providing genuine employment opportunities, and are known to “accidentally” incorrectly claim that people have entered employment – presumably to try and get an outcome payment.

“As a Service Officer I’ve seen people in tears because they have had domestic violence (DV) or even I’ve had a workplace injury I can’t work. The ESP will not support the customer at all for DV and the line I hear often is, “well Centrelink has a payment for that” when in fact the customer is wanting understanding when being pressured to look for work and they have their own issues going on. The ESP expects this and threatens to cut off their payments. ESPs need to be more understanding, uphold their obligations as they have a duty of care and not be PROFIT DRIVEN.”²³

The inherent conflict of interest created by the profit motive is also apparent in the current arrangements where employment service providers are able to refer jobseekers to their own training courses for additional payment. This arrangement allows providers to boost their revenue and profits by referring to job seekers to their own courses. It is large income stream.

²² The Senate Education and Employment References Committee (2019, Feb), ‘Jobactive: failing those it is intended to serve’, Inquiry into the appropriateness and effectiveness of the objectives, design, implementation and evaluation of jobactive, retrieved from https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/JobActive2018/Report

²³ Quotes from CPSU members, March 2023.

[Inquiry into Workforce Australia]: CPSU submission

According to media reports, employment service providers currently also hold around \$300m in training contracts.²⁴

The potential conflict of interest here is very clear.

This conflict of interest also links to and is enabled by the operation of the compliance framework and mutual obligations – whereby job seekers can be forced to undertake these training courses, even if they are not suitable for that individual, or risk having their social security payments stopped. Allowing employment service providers to refer clients to their own training businesses also creates concerns around the further consolidation of the industry. CPSU notes that the largest ESPs are also holders of large training contracts.

For the reasons above, CPSU does not support the use of for-profit providers. We believe that these services are properly the role of government. As one CPSU member frames it, *“until profit is eliminated from the scheme, job seekers, business and the community will never get the services it deserves”* therefore *“the current model should be scrapped and employment services re-nationalised so job seekers can be helped without the profit motive.”*²⁵

4. Privatisation and outsourcing limits accountability, and makes positive change harder to achieve

In addition to the poor outcomes for job seekers and employers, the privatisation of employment services also impacts on accountability and APS capability.

The many failings of the privatised system have been well documented in numerous reports over a long period of time, while users of the system and the general public also have a well-developed view of these failings. And this begs the question – given we all know it is not working, why hasn't it got any better? Or, why aren't we trying something different?

CPSU makes the following observations about this:

Firstly, one impact of privatisation is to limit accountability for outcomes. A 2015 report from the Centre for Policy Development (CPD) makes the point that “The blurred lines of accountability created by the outsourcing of public services has led to the emergence of “grand alibis” where no single organisation can be held responsible for service failures.”²⁶

²⁴ Luke Henriques-Gomes (2022, 27 Jul), 'Workforce Australia job agencies rake in millions more from training contracts', The Guardian. Retrieved from <https://www.theguardian.com/australia-news/2022/jul/27/workforce-australia-job-agencies-rake-in-millions-more-from-training-contracts#:~:text=The%20training%20contracts%20will%20see,expect%20to%20make%20from%20payments>.

²⁵ Quote from CPSU member, March 2023.

²⁶ Kelly Farrow, Sam Hurley and Robert Sturrock (2015, Dec). Grand Alibis How Declining Public Sector Capability Affects Services For the Disadvantaged.' Centre for Policy Development. Retrieved from <https://cpd.org.au/2015/12/grand-alibis-how-declining-public-sector-capability-affects-services-for-the-disadvantaged-report-december-2015/>

[Inquiry into Workforce Australia]: CPSU submission

Secondly, as has been found in numerous reports and Inquiries, over time privatisation reduces the capability of the public sector to effectively manage the services it is contracting out. This comes about for several reasons including the loss of corporate knowledge and lack of access to on the ground experiences.

And thirdly, as the public sector role becomes more about contract management than actual service delivery, this reduces the capability of the public sector to develop new and better policy ideas. The CPD report Grand Alibis succinctly states - *the reorientation of the public sector skills base towards contract and market management, rather than delivering services, "has become a self-perpetuating cycle that crowds out other service models from emerging...(having) lost the ability to be a plausible delivery agent, leaving outsourcing as the default solution."*²⁷

Apart from the outsourcing impacts, CPSU also argues the separation of service delivery from policy development makes it more difficult to develop policy responses that are fully grounded in the experiences and needs of those seeking support and assistance. That is, it's less likely policy responses will deliver benefits to those targeted by the policy.

The sudden appearance of a very tight labour market with widespread skills shortages and the seeming inability of the employment services system to meet employers' needs or turn this historic opportunity into jobs for long-term unemployed, highlights a further serious problem with the reliance on privatised providers – when Government is locked into long term, high cost and inflexible contractual arrangements with multiple parties, this substantially reduces the ability to quickly and effectively respond to rapid changes in the labour market.

For the reasons above, CPSU submits that rebuilding public sector capability and capacity is a priority, and this requires ending the reliance on external providers and returning to the design and delivery of employment services by the public sector.

5. Compliance framework: the harmful impact of mutual obligations

CPSU does not support the continued use of mutual obligations.

On a practical, outcomes focused level there is more than ample evidence available that the application of the compliance framework and its intersection with for-profit employment services providers causes more harm than good.

More broadly some of the underlying philosophies of the system lacks an evidence base, such as the view that discouraging welfare dependency requires strong activation processes, and that many unemployed people are jobless by choice. It must also be acknowledged, and considered, how deeply and regularly aspects of the social security system have been weaponised against job seekers for political purposes.

²⁷ Ibid.

[Inquiry into Workforce Australia]: CPSU submission

The current employment services model maintains the principle of mutual obligations, compelling jobseekers to undertake activities with consequences for those who do not meet their mutual obligation requirements. This is a deliberate policy objective that discourages reliance on welfare by attaching conditions to the receipt of income support and assumes that the unemployed are jobless by choice.

When asked about the compliance framework CPSU members typically said

“Mutual obligations, low income receipts, constant assessment, pressure to rejoin the workforce in demeaning and underpaid work, presenting unemployment as the welfare recipient’s fault and something they can fix rather than a product of large-scale economic factors.”

“The layers and layers of administration and compliance that a provider is subject to. When working for over a decade as a manager within Employment services I witnessed the changes that meant more and more of every day was taken up by the monitoring and compliance of job seekers rather than allowing more freedom to really engage and support the most vulnerable. The system seems to actually ignore the real barriers many face.”

“Targeted Compliance Framework (TCF); payments being affected by employment consultants who want to punish job seekers; online servicing is provided by non ongoing agency staff; unreasonable job search expectations; forcing people, who have medical issues, who are not able to obtain DSP, to apply for jobs they can’t do or face losing the small payment they get.”

“Bundling administration of penalties through the TCF with the service provision creates an unhealthy tension and an inappropriate power balance between a case manager and an unemployed person seeking help. Not only does this create a punitive atmosphere for job seekers, it also creates an unpleasant and psychologically damaging workplace for employment consultants...they are not trained or supported to cope with.”

“The JobActive program was a totally broken and punitive system that lined providers pockets and punished job seekers for being unemployed and in financial hardship.”

The CPSU strongly opposes this punitive approach to social security. Not only does this approach contradict Australia’s commitment to social security as a right for all citizens, but it also redirects resources that could be better used delivering real outcomes for job seekers and employers.

While there is now a mass of evidence on the damage caused to people by the current system, the pandemic also provided evidence of the benefits to be gained by removing mutual obligations and increasing benefit payment rates.

[Inquiry into Workforce Australia]: CPSU submission

Research by Swinburne University of Technology & Centre for Excellence in Child and Family Welfare²⁸ found that the corona supplement and the lifting of mutual obligations improved respondents physical and mental health and contributed to their overall wellbeing.

“These dramatic changes enabled people to turn their attention away from day-to-day survival and towards envisioning and working towards a more economically secure future for themselves and their dependents.”

The additional benefit supplement and suspension of mutual obligations increased respondents’ engagement in labour market and other economic activities. The report authors find that strategy to force people off social security payments as soon as possible by providing meagre support is harmful, creates barriers to employment and other productive activities, and is therefore counterproductive to stated policy goals.²⁹

A further reason the CPSU does not support mutual obligations comes from the Jobseekers being forced to engage with private employment service providers to meet their compliance obligations. This poses a serious conflict of interest between the client and the provider who directly profits from them remaining in the system.

CPSU believes that access to social security is a citizen’s right and should only be limited in exceptional circumstances. We say that such decisions should only be exercised by the State, and the power to breach benefit recipients and suspend their payments cannot be a decision outsourced to private providers – who are mired in self-interest.

For the reasons above, CPSU submits that this Inquiry should recommend the immediate suspension of mutual obligations while government undertakes a substantial redesign of the entire system.

6. The case for a public provider of employment services and how this can be done

CPSU believes there is overwhelming evidence that a privatised employment services system does not work. Nor do we believe that the problems can be fixed by tweaks or tinkering.

The 2019 Senate inquiry found that:

- There is a widespread perception that the main outcomes of the privatised system were “generating income and employment within service providers”.

²⁸ Klein, E, Cook, K, Maury, M & Bowey, K 2021, Social security and time use during COVID-19, Swinburne University of Technology & Centre for Excellence in Child and Family Welfare, Melbourne.

²⁹ Ibid.

[Inquiry into Workforce Australia]: CPSU submission

- Job seekers described their experience of service providers as “going through the motions”, and
- Those who have worked for providers said the system turned unemployment into a profitable business.

While there have been recent changes to the system these underlying problems remain - root and branch reform is required. Fundamental to that reform should be a return to the public sector provision of employment services. This sentiment was repeatedly echoed by CPSU members³⁰:

“The CES should have never had been privatised.”

“Revert back to CES. You can’t fix a profit driven solution to a National problem. Since when has privatisation ever worked to solve an issue other than their own hip pocket?”

“The old CES system was far superior to the current punitive program initiated by a punitive government; the early employment programs were not terrible and these could be revisited”

“Move away from a competitive model, so things like direct service delivery by government, one provider per region etc”

(We need) “a public employment agency, which assists those who need it, and provides confidence in the income support system for those who don’t.”

“CES gave an excellent, consistent service to job seekers and employers. It was a one-stop shop that also administered flexible funding for training and could outsource specialist training for disadvantaged cohorts when necessary. Staff were well-trained and supported to prevent burn-out. Offices were conveniently located and pleasant for job seekers.”

“The government should take an active approach in the delivery of all employment services.”

“The government should consider the reintroduction of service delivery by the public service. Case management should be retained and delivered by qualified and experienced staff who are interested in this work as a career. We should retain digital servicing of the most job-ready.”

“Return to a nationalised employment services model, similar to the CES, which would work with people for whom digital services alone would not be sufficient or who have remained on payment for more than a year.”

“Get rid of publicly-funded private services. Make it be a publicly-funded public service. “

“Re-nationalisation of employment services.”

³⁰ Quotes from CPSU members, March 2023.

[Inquiry into Workforce Australia]: CPSU submission

At one level the case for a return to a role for the public sector is simply that the privatised system has never been as effective as the Commonwealth Employment Service it replaced, and if the privatised system was ever going to work properly it would have worked by now.

The benefits of a return to a public sector provision of employment services would include

1. Replacing the conflict of interest inherent in the privatised profit driven model with a system much more clearly directed at meeting the needs of job seekers.
2. Increased transparency and accountability for outcomes – which is a public good in its own right and also a powerful tool for keeping a focus on delivering good outcomes.
3. Reconnecting service delivery with policy development, to ensure policy and programs are grounded in the needs of those relying on the system – both job seekers and employers.
4. Enabling greater coordination between employment services, complementary programs, and labour market and industry planning. This would reduce duplication and give the Commonwealth an enhanced ability to develop policy and programs and enable better program evaluation.
5. Increase the ability of the Commonwealth to respond to, and shape, labour markets.

These benefits could be achieved through a range of potential models for a new system.

The CPSU submits that the best, and most reasonable, arrangement would be a new single unified national provider, essentially rebuilding a complete modern CES-style national labour exchange that offers universal access for employers and job seekers to state-of-the-art digital services and high quality face to face services. In this model, the Commonwealth would also take responsibility for training, skill development and transition to work functions, while retaining space for non-profit community providers to deliver complimentary and/or specialist services.

The CPSU recognises that rebuilding a modern, effective accountable Commonwealth Employment Service is no small task, and we make the following observations about this:

Firstly, the recent return to public service provision for the on-line stream of employment services is an important step from a purely privatised model and has created an opportunity and a base to rebuild a public sector service provision.

Secondly, given the scale of the project a step-by-step process would be required, and this should incorporate capacity to develop and pilot a range of options that eventually builds into a complete new system. One such step would be leveraging off existing APS resources in regional Australia to develop a Country Employment Service, noting that regional Australia has had specific difficulties with the current system.

Thirdly, we would say that a clear priority is to get started. The current system is doing more harm than good, and people cannot and should not have to wait for a compete new model to be devised and implemented before they see any improvements. A key guidepost must be to replace, as quickly as possible, the worst performing aspects of the privatised system. In that regard, we note the recent report on the failings of ParentsNext and suggest that is a next logical step to rebuilding a public sector service.

[Inquiry into Workforce Australia]: CPSU submission

7. Conclusion

CPSU considers the overwhelming evidence demonstrates a privatised employment services system does not work, and the compliance framework and mutual obligations is a punitive system that creates barriers for people in securing ongoing meaningful work.


CPSU considers the problems with privatised employment services systems cannot be fixed by tweaks or tinkering.

Root and branch reform is required to fix the employment services systems.

Fundamental to that reform should be a return to the public sector provision of employment services.

The CPSU recommends

1. The immediate suspension of mutual obligations, noting it is a punitive system that does more harm than good.
2. The Commonwealth take an in-principle decision to end the use of for-profit employment services, noting the conflict of interest inherent in a for-profit system.
3. The Commonwealth take an in-principle decision to rebuild a public sector based employment service.
4. That while there are a number of possible models for a rebuilt public sector service; the best option is to rebuild a new modern CES, supplemented by specialist community-based services, to provide enhanced support to jobseekers and rebuild APS skills and capacity.
5. The Commonwealth take steps to increase the number, range and location of entry level jobs in the Australian Public Service.



Yours sincerely,

Michael Tull

