

Unemployment offices privatised in Australia

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19 March 1998

The Australian government has privatised its unemployment agency, to further create the conditions where the unemployed have no choice but to accept any job, including part-time, casual and contract work.

The Howard government plan to shut down at least 100 Commonwealth Employment Service (CES) offices, at the direct cost of 3,300 jobs, and place the jobless largely at the mercy of private profit-making agencies and church-based charities.

From May 1, these agencies will compete with Employment National, the rump that remains of the CES, to earn fees of up to \$10,000 by “placing” the unemployed in jobs. For the first time, private agencies will have a direct financial incentive to cut the unemployed off welfare benefits. Those who refuse to accept a job-any job-assigned to them, or who subsequently quit the job, could be denied benefits.

Prime Minister John Howard and his Employment Minister David Kemp claim that the jobless will have greater choice in selecting job agencies. But the closure of CES offices in many working class areas will ensure that the unemployed will have few options. In the Wollongong region, for example, most CES offices will close. Only 12 of the former 70 CES staff have been offered jobs with Employment National.

Moreover, many job seekers will have to pay for the “service” they receive. Agency fees of A\$200-250 have been predicted. This will be the case for all those not on the dole, including spouses of unemployed workers and newly retrenched workers. Even those on benefits, nearly 800,000 unemployed workers, may have to pay.

The new scheme is a further dramatic step toward dismantling the entire postwar welfare system, which the employers regard as an intolerable hindrance to increasing the exploitation of workers. Not only will the government abolish the CES, ending free and universal access to job-seeking assistance, it will intensify the stripping of benefits from the unemployed.

All those who reject a job will find themselves denied benefits for many weeks and even months under the government’s draconian new dole waiting times. Retrenched workers must also use up their severance payments and exhaust their liquid assets before receiving benefits, thus increasing the pressure on them to accept work at any price.

The lion’s share of the contracts awarded to private agencies went to Drake International, a Canadian-based multinational. Handed contracts potentially worth \$104 million, this company specializes in providing casual and temporary labour to corporate customers. Drake boasts of a pool of several thousand such workers, partly because it has already benefited from CES outsourcing, begun under the previous Keating Labor government.

Multi-million-dollar contracts were also given to charities such as the Salvation Army, Mission Australia and the Brotherhood of St. Laurence, known for their demeaning treatment of impoverished working class families and their enforcement of the profit system’s so-called “work ethic.” Many of these agencies are already running government “work-for-dole” projects, designed to force the jobless to labour in return for benefits.

In all, 306 contracts worth \$1.5 billion were awarded, including one to a man who has no office or staff, worth \$1 million. Details of the contracts and the tendering process itself have been kept secret, but in many cases contracts have obviously gone to the lowest cost bidders. Agencies that in the past purported to assist the unemployed, such as local Skillshare offices, received few contracts. They will be forced to shut their doors.

Their staff, plus thousands of former CES workers, will join the ranks of the unemployed. Only 1,200 of the CES work force of 4,500 will be appointed to Employment National. Another 1,000 have been driven

to accept “voluntary redundancies.” Those remaining will be retrenched if they cannot find work elsewhere in the federal public service, where more than 60,000 jobs have been slashed over the past two years.

The Community and Public Sector Union, that covers the CES and other public service workers, has been swamped by calls from anxious CES staff who are hoping for a campaign to defend their jobs. But the union has presented the new scheme as a fait accompli, with its secretary Vivienne Colmer baldly stating: “We expect there to be forced redundancies.”

The government is now boasting that it has gone further than any government in the world—even the former Conservative government of Margaret Thatcher in Britain—in privatising its job programs. Employment Minister Kemp said the introduction of the new Job Network was “a world-leading social reform.” Today “reform” means unleashing the full and unfettered profit-making operations of the capitalist market—in this case onto the unemployed.

Far from resolving the development of mass unemployment, the government’s scheme is designed to reinforce the global processes that are producing more and more jobless. Under continual demands from employers for unrestricted and unregulated access to cheaper labour, the government is intent on using the worsening mass unemployment to systematically drive down wages and conditions.

Just days before Kemp revealed the successful tenders, two of Australia’s largest companies, the ANZ Bank and Telstra, underscored the fact that today corporate profits are made directly through massive job destruction.

The ANZ announced another 1,700 job losses, taking the total it has eliminated since 1990 to 14,000, an overall cut of 30 percent. Investors welcomed the news by pushing the bank’s share price up 20 cents, or 2.1 percent, to \$9.74. Earlier, Telstra—currently cutting 24,500 jobs at the rate of 1,000 a month—declared a record Australian half-yearly profit of \$1.61 billion. Now the government plans to fully privatise the telecommunications conglomerate, accelerating its job shedding.

Business Review Weekly, a voice of Australian business, this month published a table of the “Top 20 Staff Cutters.” It shows that between them, 20 major companies and government enterprises have abolished

188,000 jobs in the past seven years. The list is headed by State Rail NSW, TNT, Westpac Bank, Public Transport Victoria, ANZ Bank, Foster’s Brewing, Coles Myer and News Corporation.



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