

# Australian government to close state-run job agency

**Barry Jobson**  
**25 June 2002**

A month has passed since Australian Treasurer Peter Costello presented the May 2002 budget. While budget measures such as tougher eligibility criteria for disability pensions and increased charges for pharmaceutical items have been the subject of ongoing comment and criticism, little has been said about the decision to close Employment National (EN), the government-owned job agency.

The media has largely ignored the announcement that all 120 Employment National offices will close by next June, destroying 750 fulltime and 450 casual jobs and ending all direct government responsibility for assisting the unemployed to find work. None of the opposition parties—Labor, the Democrats or the Greens—have raised the slightest objection.

The closure of Employment National, the remains of the Commonwealth Employment Service (CES), completes one more step in dismantling the post-war welfare system. Job assistance and placement will now be entirely in the hands of the private sector and run on a commercial basis with the needs of the unemployed completely subordinated to the requirements of profit.

Under the fully privatised job assistance network, the unemployed will be further stripped of their rights and coerced into low-paid, casual and part-time jobs in line with the needs of big business. Those who object in any way, by refusing job offers or by breaching their contract with a private provider, face heavy fines or being cut off benefits altogether.

The government-run social security agency, Centrelink, currently imposes penalties on the unemployed on the basis of recommendations from private job agencies, whose interest lies in pushing their “clients” into any type of work in order to collect lucrative placement fees.

In the three-year period since job assistance was

largely privatised, thousands of unemployed people have been penalised, many for trivial offences. A report by the Australian Council of Social Services (ACOSS) last August estimated that 349,100 people had been breached in 2000/01—an increase of 189 percent since 1997-98 when the figure was 120,718. The government gouged an estimated \$258.8 million in penalties from those who were breached.

The impact of such breaches on the unemployed, who are struggling to survive on minimal welfare assistance, is severe. For a first breach, which may only involve failing to attend an interview with the private job provider, single adults suffer an 18 percent reduction in their welfare benefit for 26 weeks—a penalty of \$850. From July 1, the system will become even more draconian. Those who miss an interview will have their benefit immediately suspended.

The ACOSS report stated that the “most disadvantaged jobseekers”—some of the “most vulnerable people in our society”—were being “trapped in a maze of bureaucratic requirements and are suffering tremendous financial hardship as a result of the penalties they receive”. These included people with learning skills, the mentally impaired, people with disabilities and indigenous people.

The decision to close Employment National completes a lengthy process. The previous Labor government began outsourcing the tasks performed by the CES to private agencies. When the Liberal-National coalition came to office in 1996, the assault intensified. In 1998 the Howard government announced the closure of the CES and the slashing of 3,300 jobs. Its replacement Employment National had just over 1,000 staff.

The government insisted that its decision was to ensure that the unemployed had the freedom to choose

between a state-run agency and a private provider. Its intention, however, was always to shut Employment National once a network of private agencies had been established.

From the outset Employment National worked at a disadvantage. Under the new arrangements, it was forced to submit tenders and compete with a least 13 private agencies, mostly run by charity-based organisations, such as the Salvation Army, Mission Australia, the Brotherhood of Saint Laurence and the Samaritan-run Job Futures—all highly favoured by the Howard government.

In the 1998 tendering, the government awarded a total of 306 contracts worth \$1.5 billion, with the lion's share going to private providers. When it sought to renew contracts in 2000, Employment National lost almost all of its more lucrative intensive assistance work to private sector providers and was left only with the less profitable job matching functions.

Since then Employment National has progressively wound back its operations, reduced its staff and negotiated its exit from leasing arrangements for a number of office sites. Only a skeleton staff operated many of its offices and in some cases only one employee was rostered to turn the lights on and off. In April, Employment National's chief executive Susan Williams suddenly resigned without explanation.

Even though the decision to close Employment National was clearly made some time ago, the public has been deliberately kept in the dark. When chief executive Martin Baird was asked in April about rumors of an impending closure or severe staff cutbacks, he refused to comment, saying such information was "company confidential". He then admitted, however, that a program to reduce leased office space "had been in place for some time".

Even though the warning signs were evident, the Community and Public Sector Union (CPSU), which represents public sector workers, said and did nothing. Once the decision had been announced, the union blithely declared in a bulletin that the closure "comes as no surprise". The bulletin then stated: "The union will work with management to ensure the earmarked closure of Employment National on June 30 next year is managed effectively and that all staff receive their full entitlements and their full range of options."

In other words, the CPSU will conduct no fight to

defend jobs and will collaborate with management to ensure staff members are bundled out of the door as efficiently as possible. The union's attitude also comes as no surprise. Over the last decade, the CPSU has cooperated with both Labor and Liberal governments to oversee and "manage effectively" the destruction of more than 100,000 federal public sector jobs.



To contact the WWSWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**