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PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**MINISTERIAL STATEMENTS**

**Job Network: Service Performance**

**SPEECH**

**Thursday, 7 September 2000**

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## SPEECH

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**Questioner**  
**Speaker** Abbott, Tony, MP

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**Mr ABBOTT** (Warringah—Minister for Employment Services) (3.57 pm)—by leave—When the Howard government established Job Network on 1 May 1998, it replaced a bureaucracy with a market. This was no implementation of textbook theory but an expression of the government's faith in the ability of organisations such as the Salvation Army, Mission Australia, Centacare, Employment National, IPA, CHR, Work Directions and many other community based and private sector bodies to deliver better services to job seekers at better value to taxpayers than an overstressed bureaucracy whose time had passed. There were, of course, many good people in the old CES—and the Job Network has enabled them to put their skill and commitment to better use outside the shackles of a work-to-rule mindset and a system which rewarded process over performance.

The government's commitment was an act of faith based on reason. The government's confidence in Job Network members' abilities was based on their previous records providing welfare, educational, training or employment services—and I have to say that their performance has magnificently vindicated the government's decision. Even the shadow minister has recently conceded that, by and large, the experiment has worked—although she keeps insisting that, while Labor would keep the Job Network, its performance is 20 per cent worse than the previous system. How she can insist that the Job Network is underperforming the old CES while claiming to back it, is a mystery.

In fact, the Job Network has outperformed the old CES by close to 50 per cent at putting unemployed people into work and by nearly 100 per cent at putting job vacancies on the Australian Job Search database. What is more, Job Network programs have consistently outperformed Working Nation programs at putting harder-to-help job seekers back to work. Job Search Training has been 50 per cent more effective than job clubs, at under half the cost. Intensive Assistance has been nearly 20 per cent more effective than the full suite of Working Nation programs at scarcely half the cost. The member for Dickson says that the government has 'cooked the books' to inflate the Job Network's performance. As the government pointed out two years ago, the CES counted very short-term jobs, such as an hour unloading trucks at the markets, and placements into labour market programs as 'outcomes'. In addition, because payments did not depend on them, CES data was inherently soft. People with experience of the CES recall practices that meant that the current discount factor routinely applied to CES data actually overstated the old system's performance. For instance, in the early 1990s, one CES office had 3,500 job seekers registered with the same name, address and date of birth. Another office regularly recorded 1,000 referrals and placements to the town's largest employer in order to increase its monthly performance statistics. An office with four staff created so many phoney referrals and registrations that the staffing formula indicated 35 staff should have been required to run the office.

The government is confident that the Job Network can withstand the most rigorous scrutiny. When the Job Network was launched, the government announced an ongoing evaluation process: an implementation evaluation report—released in May this year; a report on further progress—to be completed by the end of the year; an independent review—currently planned for next year; and a full evaluation—scheduled for end-2001. As well, the government released 'first birthday' performance data and individual Job Network member performance data in December last year. By contrast, three months after the commencement of the Working Nation program, the former Labor government stopped publication of *The Job Report*, which had previously provided quarterly performance data on employment programs.

Today I am announcing that the OECD has agreed to conduct, commencing next month, a full study of the Job Network and Australia's other employment service and labour market arrangements. I am releasing the terms of reference and making available on my department's web site the background paper provided to the OECD inquiry. Further, now that the market has started to mature and longer-term programs can better be evaluated, I am releasing comprehensive data on the performance of employment services generally over the past 12 months. In future, the government will release this data in this format every quarter. These measures should further boost public confidence in the Job Network and dispel any unjustified suspicion that the government might be seeking to avoid scrutiny. As more data becomes available, the opposition will have no excuses for cheap shots at decent organisations trying to do their best by Australia's job seekers. If the opposition think the system

can be improved, they should say precisely how this could be done. If they think Employment National should have a guaranteed place, they should say how this would impact on future tender rounds. If they have concerns about the role of religious Job Network members, they should say precisely what these are and how they might be addressed. The opposition owe it to the hundreds of organisations that have invested millions of dollars in delivering these services and to the thousands of dedicated people working in the Job Network to commit themselves unequivocally and unambiguously to the system or to say clearly where things must change.

Job Network is not only a better way of delivering employment services but also a new way of conceptualising employment services. It is a paradigm shift from standard private and public sector approaches. Because Job Network members are largely paid on performance it does not rely on altruism. Because it involves a mix of private sector, charitable and community based agencies, it does not just run on the 'bottom line' either. The government did not stop delivering employment services when it closed the CES; it just stopped delivering them through an arm of the central bureaucracy. Even so, contracting out the provision of employment services is not the same as contracting out, say, the provision of property or IT services. These are not services to government but are actual government services and their providers are not simply suppliers to government but are the government's partners and allies in delivering services on the government's behalf.

The employment service market is not like the market for cleaning services or legal services, in which the government might decide to purchase services rather than provide them to itself. The Job Network is a market that the government has substantially created to deliver services which could not otherwise be delivered by market means. It is a social market because the government summoned the market into being and because the government largely pays for the services being delivered. Job Network members are social businesses because they can make a profit only by providing services with outcomes ordained by government, and they generate social capital because the market's end result is happier, more fulfilled individuals living in stronger, more dynamic communities. It is a moral market in which the ultimate purchaser/consumer is a government with the fundamental objective of moving people from welfare into work.

While others have talked about a 'third way', the Howard government has created new structures to empower community organisations rather than central bureaucracy and to turn service recipients into active citizens. As Noel Pearson has repeatedly pointed out, 'passive welfare is the kindness which kills'. By funding a range of community organisations on a strict performance basis government becomes an enabler rather than a director. As far as this government is concerned, what matters is getting people into work, and how Job Network members bring this about is almost entirely up to them. The government is a virtual silent partner in the Job Network, staking capital and reviewing performance but otherwise leaving community agencies alone to run themselves. Hence, over time, the Job Network can become a vehicle for developing social entrepreneurs—leaders whose focus is renewing the threads of kinship and common purpose which constitute the social fabric of a diverse democracy. The government's aim is to work constantly with job seekers, preferably to put them back to work but, in any event, to give them something useful to do. It should be impossible to go on the dole and disappear into the system to emerge years later as part of the problem of long-term welfare dependency. We know from repeated disappointments in the past that government officials on their own cannot achieve these objectives.

Like all good policy, the Job Network is a work in progress, subject to continual refinement as new challenges and opportunities emerge. The government does not claim that the Job Network is flawless or that it always works perfectly in practice, but we do claim that it is a big improvement on previous schemes. The government is confident that the OECD study will confirm that the Job Network is among the best of current world practice in the delivery of employment services. I conclude by presenting the following papers:

Employment Service Performance—Ministerial statement, 7 September 2000.

Job Matching—Job Network out-performs the CES.

Job Network—Evaluation strategy—State of play, September 2000.

Getting the facts—Media release by the Minister for Employment Services, 7 September 2000.

Labour Market Assistance Outcomes—Department of Employment, Workplace Relations and Small Business, June 2000.

OECD Labour Market Review of Australia—Terms of Reference, 7 September 2000.