Federal shake-up will destroy job services: NESA

Exclusive

David Marin-Guzman
Workplace correspondent

A federal government shake-up of employment services and job providers will disrupt hundreds of thousands of long-term unemployed and risk up to 10,000 jobs, the sector's peak body has warned.

The National Employment Services Association estimates the government has this month turned over existing job providers in 80 per cent of 51 regions, in a tender process the association's chief executive, Sally Sinclair, described as unprecedented in scale and without regard for past performance.

Every job provider in Victoria's Geelong region failed to retain their contracts, the organisation said, despite being headquartered there for decades.

Meanwhile, APM Human Services, one of the largest providers, told the ASX on Monday it had won 44 contracts and expanded its footprint from 18 regions to 27.

The federal government will pay private and non-profit organisations in the employment services industry $6 billion over the next four years to help the long-term unemployed successfully apply for, and keep, jobs.

Ms Sinclair said there appeared to be little reason for the awarding of some contracts, with a large proportion of high-performing providers losing their contracts in established regions but winning them in new areas.

She said the changes would force up to 400,000 long-term job seekers to move to a new service provider, forcing them to work with organisations that did not have established relationships with employers or the community.

"I think you can have disruption but you don't have to have destruction," Ms Sinclair said.

"Disruption to get a better outcome for employers and jobseekers makes sense, but not to actually destroy those organisations that have been doing the job well."

The government's awarding of some $6 billion in employment services contracts for the next four years has occurred against a backdrop of major structural change, including the introduction of digital services and enhanced face-to-face services for long-term unemployed through a rebranded system called Workforce Australia.

NESA chief executive Sally Sinclair in Melbourne yesterday. PHOTO: ELKE MEITZEL

While job providers' past performance had been weighted at 30 per cent in past tenders, the government grouped this criterion in the latest round with organisational capability for an overall 20 per cent weighting.

A spokesman for Employment Minister Stuart Robert said the government was "unable to discuss any matters relating to purchasing activities, to preserve the probity of the purchasing process".

"There have been extensive consultations on the policy design and procurement approach for Workforce Australia services over an extended period, including with the NESA," he said.

Ms Sinclair said although NESA was in favour of more contestability she had not seen disruption on such scale in her three decades in the sector, and warned it could put at risk reforms because new providers took "months or years to establish social capital".

"I told people that next to the establishment of the job network in 1998 this will be the biggest program of reform that we've had. But even I did not predict there would not be any weighting or focus or emphasis on the value and importance of high-level performance."

Ms Sinclair said full details of the Workforce Australia contracts had not been made public but a completed round of tenders for the $1.5 billion "transition to work" youth unemployment program had seen 51 per cent of providers lose their contracts.

Just 17 per cent were providing the same contract in the same region compared to 2016, she said.

She estimated some 10,000 employees would have to be retrenched due to the total turnover. While some providers were seeking to redeploy staff, the scale of geographic disruption had made it impossible for most.

Australian Council of Social Service employment adviser Dr Peter Davidson said providers needed local connections to make a difference to people's job prospects.

"We recognise that in a major tender process, some will lose out, but we would be very concerned if quality not-for-profit providers with strong local connections dropped out of the system," he said.