

Job Network undervalues help for the least skilled

Report urges system overhaul

By Kate Hannon

The 10-year-old Job Network is in need of an overhaul because it undervalues jobs by failing to help Australia's most disadvantaged job-seekers.

Independent policy think-tank Per Capita says the Rudd Government should redesign the job-finding network of private and community sector providers by increasing job-placement payments and stretching them over a longer period, as an incentive to better equip the jobless for work.

It said network providers needed an incentive to "invest in human capital" by improving a person's employability with a monthly trailing commission paid for up to three years instead of the present system of two payments at 13 and 26 weeks of employment.

In the paper, *Unlocking the value of a job: Market design in employment services*, to be issued today, Per Capita executive director David Hetherington, also proposes Job Network funding should be quarantined to allow community joint ventures to tender for up to \$250,000 in seed capital to generate work in suburbs and regions.

Per Capita argues the Job Net-

work "is no longer fit-for-purpose" as it fails to reflect current labour market conditions.

Originally designed in a climate of high unemployment, the Job Network replaced the old Commonwealth Employment Service 10 years ago this week.

With unemployment at a 30-year low, Job Network providers were finding a majority of their clients were long-term, disadvantaged unemployed who had experienced homelessness, mental health or literacy problems.

Per Capita said the Job Network underestimated the value of a job with its \$6600 cap on job-placement payments for a person who had been jobless for two or more years when it should be prepared to invest up to \$23,000 to prepare a person with the skills for a \$40,000-a-year job.

It said that a job with a \$40,000 salary generated a cumulative gain of nearly \$4000 a month for every month the worker stayed in the job due to the benefits of taxation, welfare savings and reductions in social expenditure such as health and justice.

For the placement of a person

jobless for less than two years, providers are paid \$1650 after 13 weeks of employment and another \$825 after 26 weeks, but Per Capita suggests additional payments or trailing commissions, totalling \$4200 over the next 2½ years.

A common criticism of the Job Network has been that many providers avoid the hard cases and simply job match clients who are ready to work for the lower payment.

One major provider, who did not want to be named, said this week the Job Network was "in desperate need of a revamp" because it was failing those most in need.

While Per Capita is calling for greater investment in the Job Network, providers fear that the Government could slash funding because of the low unemployment rate when it retenders the three-year contracts later this year.

Last financial year, Job Network providers placed more than 645,500 people into work, exceeding its annual target while more than 186,400 disadvantaged and long-term unemployed people were placed in work.