

1 **The Jobs Game, 23 February 2015**

2 KERRY O'BRIEN, PRESENTER: Welcome to *Four Corners*.

3 As unemployment rises in Australia, so too does the money the Abbott Government pays out
4 to job agencies, ostensibly to help people find work - something like \$5 billion in the next
5 three years.

6 But there's one fundamental problem: there are many more unemployed people than there are
7 available jobs.

8 When the National Employment Service was privatised 17 years ago, it spawned a big
9 industry run by both commercial and not-for-profit agencies. Some people have become very
10 wealthy off fees charged for various re-training and job search programs.

11 There are credible claims of widespread rorting by some agencies but the relevant minister
12 has declined to discuss the problems with us.

13 We have now completed an investigation, with the help of whistleblowers, which suggests
14 that significant fraud - criminality - is going on.

15 This should not surprise the Government because a top-level audit by the Federal Department
16 of Employment in 2012 discovered that only 40 per cent of fees paid to agencies were
17 verifiable.

18 There are changes underway - but will they stop the fraud?

19 Tonight, **Linton Besser** reports on the true state of this multi-billion dollar, taxpayer-funded
20 industry.

21 KYM DEVLIN, JOBSEEKER: And I see all these people on the train, all going to work and
22 it's: why is it hard for me? It makes me wonder why, why, why is it easier for them to get a
23 job and not me? What makes me different? Why can't I have that? Why can't I have the help I
24 need to get a job? It's demeaning; depressing, even.

25 LINTON BESSER, REPORTER: Does it ever just get too much...?

26 KYM DEVLIN: Every day. Every day.

27 LINTON BESSER: Elizabeth. The northern suburbs of Adelaide, home to the most extreme
28 urban unemployment in the country: almost one in three people. This is what life looks like
29 when the jobs run out.

30 KYM DEVLIN: I want to work and I want to get back in the workforce, but it's hard to get a
31 job with an eight-year gap in your résumé. Centrelink is not the ideal pay cheque. It's not
32 something you choose, so...

33 LINTON BESSER: Unemployment hasn't been this high in Australia for 12 years and the
34 Government has a program to get people back into work. It's called Job Services Australia
35 and it costs \$1.3 billion a year.

36 But does it work?

1 Tonight on Four Corners we reveal the corruption at the heart of a scheme designed to help
2 some of our most vulnerable - and how it's turning the unemployed into a commodity.

3 BILL MITCHELL, PROF., ECONOMIST, UNI. OF NEWCASTLE: It started to reveal
4 corruption and, you know, fraud.

5 RUPERT TAYLOR-PRICE, CEO, JN SOLUTIONS: Hundreds of thousands of dollars, if
6 not more - millions of dollars in some cases -, has been reclaimed by the Government. No-
7 one that I know of has ever had their business sanctioned, even when they have found
8 systemic fraud.

9 DAVID KEMP, EMPLOYMENT MINISTER (December 1997): Mr Speaker, today marks
10 the start of the most significant reforms in 50 years to improve services for job seekers and
11 employers and get more unemployed people into jobs.

12 LINTON BESSER: In 1998, the Commonwealth Employment Service - or CES as it was
13 known - was effectively privatised.

14 PETER SHERGOLD, DR, FMR SECRETARY, DEPT. OF EMPLOYMENT: I think it was
15 probably the most innovative measure in terms of public administration that happened during
16 the Howard years.

17 ANNOUNCER (TV ad, 1998): On May 1st, the CES will be replaced with a better way to
18 help get unemployed people jobs. Over 300 private, community and government
19 organisations competing to connect the right person to the right job. The new Job Network.

20 LINTON BESSER: Today it's called Job Services Australia and it boils down to this: when
21 you're on the dole, it's compulsory to report to an employment agency. They're owned by
22 charities as well as for-profit operators.

23 When you arrive, you're classified by your level of disadvantage. If you didn't finish school,
24 don't have access to transport, have a mental illness or a substance abuse problem, or if you're
25 Indigenous, you're deemed harder to place in work.

26 The worse off you are, the more your agency makes.

27 When you walk in the door, it's paid up to \$587. Find a job and the agency claims up to \$385.
28 Stay in the job for three months: up to \$2,900. Hit the six month mark: up to \$2,900 more.

29 Along the way, the Government allocates up to \$1,100 to improve your chances of getting a
30 job. This covers things like learning to drive a car, new clothes for a job interview or even
31 wage subsidies to make you more attractive to an employer. There are funds for marketing
32 and training - and on it goes.

33 In all, the program has cost taxpayers almost \$18 billion since 1998.

34 DAVID THOMPSON, CEO, JOBS AUSTRALIA: A system that's got so many billions of
35 dollars floating around in it, so many billions of taxpayers' dollars, there will always be - or at
36 least the possibility - that opportunists will be there, trying to push the barriers.

37 LINTON BESSER: The incentive to push these barriers is exacerbated by a simple
38 arithmetic: there are just not enough jobs for the unemployed.

1 In Australia there are about 780,000 unemployed people competing for only 150,000 job
2 vacancies.

3 BILL MITCHELL: It's an impossible task. There's not enough jobs to go around. You can't
4 make people search for jobs that aren't there - and that's the dilemma of the whole system.

5 PETER SANDEMAN, REV., CEO, ANGLICARE SA: Well, Job Services Australia: the
6 whole system presumes that there are jobs available for people. And, of course, in many parts
7 of Australia that's just not true.

8 LINTON BESSER: Here in Elizabeth, there are whole streets where they say no one has
9 worked for a generation.

10 KYM DEVLIN: My Mum didn't work, but I'm one of five siblings. She was a single mum
11 too. My Dad and my Mum split up before I was born, so my Mum did the best she could.

12 Like I said, I'm one of five, so I guess my Mum didn't really have the opportunity to get out
13 there and show us, you know, teach us even confidence and what you need to... the skills to
14 work.

15 LINTON BESSER: Established in the 1950s for a booming manufacturing sector, 60 years
16 later these areas of Adelaide have fallen by the wayside as the global economy has found
17 cheaper labour elsewhere.

18 KYM DEVLIN: I've thrown myself back out there and tried to pick my life back up and
19 make it for the better. I have my daughter. You know, I don't want her to live a horrible life. I
20 want her to have better than what I had.

21 LINTON BESSER: Kym Devlin hasn't had a job in eight years and is signed up with Max
22 Employment. Kym has been obligated to visit Max roughly every fortnight for the past two-
23 and-a-half years.

24 Despite this, she says she hasn't been put forward for a single job interview.

25 KYM DEVLIN: It's so frustrating because it's been going on for a couple of years. You get
26 treated like you don't matter. You know, you're just... you're just another name on their list
27 that they get to cross off so that when it comes down to it, they can hand back and say, "Yep,
28 look, I've filled my quota," whether you get help or not. It's, it's... it's demeaning. It's... it's
29 frustrating.

30 LINTON BESSER: Today Kym is going into Max Employment for another meeting, hoping
31 for a breakthrough.

32 But what is Max?

33 The agency is actually one arm of a giant multinational that is traded on the US stock market.
34 Despite a controversial history in the welfare sector in America, it has come to dominate
35 Australia's jobs program.

36 In her meeting, Kym discovered the résumé Max sends out on her behalf was riddled with
37 errors.

1 (to Kym Devlin) So what happened? Did you have to tell your story again?

2 KYM DEVLIN: Yeah. Update a résumé. My name was spelt wrong.

3 LINTON BESSER: Really?

4 KYM DEVLIN: Oh yeah. Um, there's jobs in here that - wrong years. Some of them weren't
5 even added. It had my Grandma on there, which - she passed away last year - as a reference.
6 So, a mess. My Business Admin and Business Cert II and III weren't even on my résumé.

7 LINTON BESSER: So, sorry: the courses they helped put you through...

8 KYM DEVLIN: Yeah, they put me through...

9 LINTON BESSER: They hadn't put on your résumé and...?

10 KYM DEVLIN: Nope. There was nothing on my résumé about them and that- I finished
11 those last year.

12 LINTON BESSER: Is there any evidence at all that they have put you forward for jobs in that
13 area?

14 KYM DEVLIN: Nope. Nope.

15 Oh, I've been trying to get them to transfer me...

16 LINTON BESSER: Kym doesn't realise it but she has been "parked."

17 In employment parlance, this is what happens to thousands of jobseekers when agencies put
18 them in the "too-hard basket."

19 BILL MITCHELL: They would take their first fee from the Government for taking them on
20 and then they would quickly work out that it was going to be, cost them too much resources
21 to get them skilled, so they'd just park them and forget about them.

22 RUPERT TAYLOR-PRICE: In the industry it's called "parking", where you get a jobseeker
23 in, you don't think there's much prospects of getting them an outcome, so you essentially try
24 and do the minimum amount of compliance activities that are required with them.

25 LINTON BESSER: So how many people are being parked and how many are getting real
26 help?

27 Rupert Taylor-Price is in a unique position to answer these questions. As a software provider
28 to many agencies, he has access to the vast volumes of data that flow between the
29 Government and its contractors.

30 RUPERT TAYLOR-PRICE: I'd say probably about one in 10 people have sort of a
31 significant interaction with the system that results in them... in a better chance of gaining
32 employment. It's a bit of luck, really. It's if you get the right service provider at the right time,
33 you get the right consultant.

1 Sometimes, ah, someone will feel very passionate about a jobseeker and put a lot of energy
2 in, but naturally the contract doesn't give the resource required in many cases to, to reform
3 someone's life back to employment.

4 LINTON BESSER: There may not be the money to reform the lives of the long-term
5 unemployed, but maybe that's not the point anyway.

6 If an unemployed person fails to attend a meeting at their agency or fulfil other obligations,
7 their payments are suspended.

8 It's what they call "breaching" and some argue that this is the scheme's true purpose.

9 BILL MITCHELL: That's been a scandal in Australian history: the breaching, where, where
10 an unemployed person is fined. That is, they lose their income support if they don't satisfy
11 certain, ah, attendance rules and documentation rules and what- and, you know, record
12 keeping and all of that.

13 There's a whole industry of punishment and coercion and monitoring of the unemployed
14 when there's not enough jobs anyway.

15 LINTON BESSER: This is exactly what's happened to Kym. But in her case, she says she's
16 been breached unfairly many times - including when her consultant failed to show up for
17 their scheduled appointment.

18 KYM DEVLIN: Half the time, my payment gets cut off because they say I haven't attended
19 and get marked down as though I haven't attended. And Centrelink will call through and see
20 what's happened and I'll, I'll tell them I've been there and it has just come down to a case of a
21 few times that the secretary hasn't handed in the sign-in sheet. You know, like they literally
22 barely even notice you're there.

23 LUKE HARTSUYKER, ASSISTANT MINISTER FOR EMPLOYMENT: We as a nation
24 need to get more Australians into work...

25 LINTON BESSER: Four Corners requested an interview with the Minister who oversees the
26 scheme, Luke Hartsuyker. He declined. But the public servant who ushered in the program 16
27 years ago, Peter Shergold, says that despite its flaws, he believes the program is working.

28 PETER SHERGOLD: I know many fine members of Job Services Australia who are working
29 very hard to find people employment. But overall there is no doubt to me that it has been
30 pretty effective at helping people get into work.

31 LINTON BESSER: Ninety minutes out of Sydney, we meet another jobseeker who went
32 through Job Services Australia.

33 His employment agency was the for-profit company called ORS Group. It's a Perth-based
34 outfit with more than 60 offices around the country. Last year its turnover was \$66 million.

35 LINTON BESSER: Can you list for me the number of job interviews that ORS organised for
36 you in the time that you were there?

37 ADAM MATCHETT: Yeah, well I can list it: um, there was none. They didn't give me one
38 job interview.

1 LINTON BESSER: In 2010, Adam Matchett was a young carpenter living on the New South
2 Wales central coast. But one night tragedy struck when he was hit by a car.

3 In a coma for 19 days, Adam was lucky to survive. But when he woke up, everything had
4 changed.

5 ADAM MATCHETT: I had everything planned out. But that all of a sudden was just taken
6 away in an instant. I was in hospital for around about three to four months. Then I was in a
7 rehab centre for brain injuries. I was in there for about six months. And then after that I tried
8 to go back to work as a carpenter, but couldn't do that from the physical injuries.

9 I couldn't do a lot of things. Holding a bit of timber up there for architraves or something, I
10 couldn't, I didn't have enough strength to hold the gun up there, so I'd swap hands and hold
11 the timber up there, but I didn't have enough strength to hold the timber up there either.

12 LINTON BESSER: Adam was forced onto unemployment benefits. He had to rebuild his life
13 and find a new career.

14 ADAM MATCHETT: It's like, yeah, starting again from scratch. Well, I'd never been on
15 Newstart or Centrelink or anything like that and it was sort of a bit depressing getting help for
16 the first time. But I wanted to have a go and, um, I had no skills, so I needed help.

17 They sent me to this job a-agency, ORS, and I thought that was a great thing. I thought they
18 were going to help me to get new skills and all that sort of stuff.

19 LINTON BESSER: But that didn't happen.

20 After 10 months with ORS, Adam found himself a job at a wine bar called BPO.

21 Although ORS had not found him the position, it was still entitled to claim fees as a result of
22 Adam's success - but it had to obtain his signature to do so.

23 LINTON BESSER: When is the last time you think you ever signed any documents with
24 ORS Group?

25 ADAM MATCHETT (sighs): Um... the last time... well, I know I spoke to them after I had a
26 job but the last time I would've sat down with them and signed anything would've been
27 before the date that I got the job because now that I had a job I didn't have any reason to go in
28 there.

29 LINTON BESSER: So can I show you this document? Have a look at that. That's a form
30 that's dated six months after you started at BPO. Do you recognise that document?

31 ADAM MATCHETT: I remember filling out a form like this but I can't say it was six months
32 later.

33 The thing is: they'd send me these forms. I'd fill out the parts, like I'd put me name and BPO
34 and my signature. They'd say, "Oh, don't worry about the rest. We'll do that."

35 LINTON BESSER: So they were asking you to sign blank forms?

36 ADAM MATCHETT: Pretty much yes. Well, yeah, they were.

1 LINTON BESSER: The confusion in Adam's paperwork is not an isolated case.
2 His form was among a suite of internal documents obtained by Four Corners that ORS has
3 used to claim thousands of dollars from the taxpayer.
4 We tracked down some of those former ORS clients whose signatures appeared on the
5 documents.
6 LINTON BESSER: So do you think you signed that?
7 MONICA KOPP: It doesn't really look like me. Jesus, I don't know, to be honest. I don't
8 think so.
9 LINTON BESSER: Is that your signature?
10 MONICA KOPP: I don't think so.
11 LINTON BESSER (to Linda Edwards): Linda, have a look at that...
12 LINTON BESSER: In some cases, the job details appeared completely fabricated.
13 LINDA EDWARDS: It says, "I, Linda Edwards, confirm I commenced employment with..."
14 and I don't know who these, this...
15 LINTON BESSER: What does it say? It says...
16 LINDA EDWARDS: Samaritans Accommodation - is that what it says? I've never heard of
17 Samaritans Accommodation, so I'm not really sure what that means.
18 AIMEE TESTER: Yeah, that's not my writing.
19 LINTON BESSER: So do you think...
20 AIMEE TESTER: At all. Yeah, I don't write like that. I don't write in running writing. The
21 dates are definitely wrong, 'cause I was working already. And the company name's spelt
22 wrong. Don't even think that's actually my signature, 'cause I don't write it like that.
23 LINTON BESSER: Do you want to show me one? Here, why don't you do a signature on
24 here.
25 (Aimee writes her signature in a notebook)
26 LINTON BESSER: Wow. That's completely different.
27 AIMEE TESTER: Yep. (laughs) Yeah.
28 LINTON BESSER: So they've forged your signature?
29 AIMEE TESTER: Yeah.
30 LINTON BESSER: So the whole thing is a complete forgery?
31 AIMEE TESTER: Yeah.

1 LINTON BESSER (to Arwen Norbury): Just have a look at that. Do you recognise that
2 document?

3 ARWEN NORBURY (reads): Really! Really?

4 LINTON BESSER: What do you think's happened there?

5 Arwen Norbury: I'm shocked, 'cause I didn't fill this in. And you know what? That's how I do
6 my signature but that's not even on the line. I cross over on the line so they've, they've
7 Photoshopped that in.

8 And that is my signature, but it doesn't hit the line and I can tell you for a fact that I write
9 over the line, how my "A" goes, so they've, that's fraud.

10 LINTON BESSER: Dozens of ORS claims have been examined by Four Corners and more
11 than 70 per cent of them relied on suspect paperwork, with clients repeatedly disputing the
12 company's records.

13 Hours were bumped up, wages were inflated and, in several cases, the claim forms appear to
14 have been forged.

15 Now a company whistleblower says such fraud is rampant and that ORS routinely lodges
16 false claims worth millions of dollars.

17 We can't reveal his identity and have replaced his voice.

18 ORS WHISTLEBLOWER (voiceover): I would say about 80 per cent of claims that came
19 through had some sort of manipulation on them, from a forged signature with everything
20 completely falsified to manipulation of a date or the hours worked.

21 LINTON BESSER: How many wage tables have you seen manipulated or that you know
22 have been manipulated?

23 ORS WHISTLEBLOWER (voiceover): I couldn't even give you a number. It'd be in the
24 thousands.

25 LINTON BESSER: He says details are regularly whited out and altered; that signatures are
26 cut and pasted from one form to the next. The photocopied documents are uploaded to the
27 company's server and the originals are destroyed.

28 LINTON BESSER: And to what extent does the management of the company know this is
29 happening?

30 ORS WHISTLEBLOWER (voiceover): They know. It's called the "grey area."

31 LINTON BESSER: He says ORS promotes staff willing to do whatever it takes to earn fees
32 for the company.

33 ORS WHISTLEBLOWER (voiceover): It seems to become normalised throughout the
34 organisation, so when you have staff members that come - brand new staff members - it's
35 drilled into them from the very beginning, because they see everyone else doing it, that it is

1 normal culture throughout ORS to white something out, to manipulate a document that a
2 jobseeker has signed.

3 LINTON BESSER: He says he was driven to speak out after a particularly disturbing
4 incident.

5 An older unemployed man had his Centrelink payments cut off and he was forced on to the
6 street, all thanks to a false claim lodged by ORS.

7 ORS WHISTLEBLOWER (voiceover): He had to actually pay back money to the
8 Government because he had supposedly worked when he actually hadn't. The jobseeker
9 subsequently couldn't pay his rent so he became homeless. He actually came to our office
10 with a trolley with as much belongings as he could fit in it, because he actually had nowhere
11 else to go.

12 When he rocked up into the office it was gut-wrenching, because it was... it actually hit home
13 that we had actually done that to a particular person.

14 LINTON BESSER: These stories should come as no surprise to the Federal Government. In
15 2008, another ORS whistleblower came forward with almost exactly the same story.

16 LINTON BESSER (to Brooke Purvis): So what shocked you the most about working at
17 ORS?

18 BROOKE PURVIS, FMR ORS CONSULTANT: Um, the fact that we didn't help the
19 jobseeker; we tended to hinder them a lot more.

20 LINTON BESSER: Brooke Purvis was working for ORS on the NSW central coast and
21 realised something was wrong when the company scrambled to prepare for a Government
22 audit.

23 BROOKE PURVIS: You know, that I guess caused alarm bells for me. Um, there were things
24 that should have been there: um, you know, claims that have been claimed, signatures that
25 weren't on them.

26 Um, and we were sort of told, you know, if the signature's not on it, get it in any way that you
27 can. It's a little bit of an office joke: you know, you go away for the night and you come back
28 and all your files are fat.

29 LINTON BESSER: And what does that mean?

30 BROOKE PURVIS: A fairy's been in them and added whatever needs to go in to get through
31 an audit.

32 LINTON BESSER: And the jobseekers didn't put them on?

33 BROOKE PURVIS: Not unless they come in at night when no one's there to see them.

34 LINTON BESSER: The Department of Employment decided not to investigate Brooke's
35 claims, citing a lack of evidence.

1 But three years later, ORS staff in Tasmania made similar allegations and, mid-way through
2 last year, the Department conducted inspections of ORS offices around the country.

3 LINTON BESSER: What proportion of claims for fees made by ORS that you were aware of
4 do you think were suspect in one way or another?

5 BROOKE PURVIS: I- With my caseload that I know, at least half. I don't know how they're
6 still open. I really don't.

7 LINTON BESSER: Periodically, ORS prepares for Government audits that check the validity
8 of claims already made by the company.

9 ORS WHISTLEBLOWER (voiceover): An email is sent out once a month to all the
10 managers highlighting "yes" if they're correct and "no" if they're not. And if they're not
11 correct, we need to get new evidence.

12 LINTON BESSER: Four Corners has obtained one such email from July 2013.

13 In it, an ORS manager reminds the company's senior employees that they should not be
14 claiming fees...

15 ORS MANAGER EMAIL (voiceover): Unless all evidence requirements are met.

16 LINTON BESSER: But then she asks:

17 ORS MANAGER EMAIL (voiceover): Could all sites that did not achieve 100 per cent
18 please forward through the correct and updated documentary evidence. I will then review and
19 upload... and remove the old evidence. Just to reiterate, I will delete the old evidence and
20 upload the new.

21 LINTON BESSER: In a statement, ORS said it deleted information only when it was
22 incorrect, extraneous or redundant.

23 ORS WHISTLEBLOWER (voiceover): Some of the times, the evidence has already been
24 disposed of or has disappeared, so they just need to - they literally will just print off the one
25 that they've got up on the internet, fill in the changes that they've recommended, whiting it
26 out or manipulating it somehow and then upload it.

27 LINTON BESSER: And it looks perfect.

28 ORS WHISTLEBLOWER (voiceover): It does look perfect.

29 LINTON BESSER: It's a falsehood.

30 ORS WHISTLEBLOWER (voiceover): Yeah.

31 LINTON BESSER: Jobseekers who have found work aren't often interested in returning to
32 their job agency to fill in forms.

33 So at ORS gift cards are used to entice them back.

1 BROOKE PURVIS: Gift vouchers were used as bait. So if we needed a client to do anything,
2 you'd dangle the bait in front of them, which was a gift voucher, and say, "Well, look, if you
3 could just come in, sign for your gift voucher and, you know, you're on your way." They just
4 thought they were signing for their gift voucher but three-quarters of the time the paper they
5 were signing was the evidence that we needed them to sign off on to say that they agreed that
6 this had been undertaken.

7 ORS WHISTLEBLOWER (voiceover): The jobseekers: they're in hardship. They're going
8 through a hard time. They haven't got the financial resources to pay for fuel. A Coles Myer
9 gift card can be beneficial for them. So when that is shown to them, they're more focused on
10 the gift card - the fuel that's going to assist them with buying food or buying petrol and
11 getting them to work - than that form they're actually signing.

12 LINTON BESSER: Industry insiders say there are many loopholes in the program.

13 RUPERT TAYLOR-PRICE: I think one of the problems is that the Government assesses
14 whether people are inside the confines of the contract, rather than whether they've gamed
15 things successfully. When you optimise the contract within the rules in a way that isn't
16 necessarily best for the citizens, your performance is left intact. The Government will reward
17 the provider that successfully gamed the system.

18 LINTON BESSER: A common practice is for agencies to push their clients into a category of
19 greater disadvantage because it attracts a higher fee.

20 BROOKE PURVIS: You were kind of digging in their past to see if there was something that
21 may come up that may help ORS get them re-classified. We were told to make sure that we
22 re-classified as many people and sent them off for... for this, 'cause we'd get, ORS'd get paid
23 for it. So they kind of double-dipped and, and that was a big pushing point. We had to push
24 anyone that we thought that may have something that could get them re-classified.

25 LINTON BESSER: The biggest loophole is when agencies put jobseekers into training
26 courses run by their own registered training organisations.

27 In just four years to 2013, these courses cost taxpayers almost \$600 million. The unemployed
28 are poured into them.

29 RUPERT TAYLOR-PRICE: It's certainly prevalent that, um, people are put into, er, training,
30 ah, that the jobseeker may not have necessarily found beneficial, um, but the provider will
31 receive a payment from the Government for, for conducting.

32 (footage of Catherine O'Rourke conducting a jobseeker training class)

33 CATHERINE O'ROURKE: So what we're looking at this morning is customer service. When
34 we're dealing with, um, jobseekers...

35 LINTON BESSER: Catherine O'Rourke used to be the national training manager for Max
36 Employment. It too has its own training arm.

37 CATHERINE O'ROURKE: Communication is...

38 (footage ends)

1 LINTON BESSER (to Catherine O'Rourke): Were job seekers being funnelled into at times
2 irrelevant training so that Max's registered training organisation arm could gain a fee?

3 CATHERINE O'ROURKE: It was within the best interests of, of Max to place the maximum
4 amount of people in there, so they would, um, then get the, the funding placement dollars.
5 Um, and then as I said it would be backfilled in other areas. But the main objective was to get
6 as many of our Max clients into the different courses as needed to. Yeah.

7 LINTON BESSER: Because then Max Employment could, they could cop a fee two times,
8 couldn't they?

9 CATHERINE O'ROURKE: Yep.

10 LINTON BESSER: In 2009, Government investigators were alerted to an obvious training
11 scam at one of Max Employment's offices in Sydney.

12 Four Corners has obtained a copy of their confidential case report. They discovered Max was
13 enrolling vastly more people into training programs than was physically possible.

14 One hundred and forty-one jobseekers were receiving training onsite at Max Employment in
15 a training room that could fit only 15 jobseekers at a time.

16 But the investigation went nowhere because a senior department official told Max they could
17 go ahead and claim fees for the students anyway.

18 DEWR CASE ASSESSMENT REPORT (voiceover): I did specifically advise them that they
19 could claim for... commencements even though there was no prospect of the client
20 completing (or in the case of very late June, perhaps even commencing) the training.

21 CATHERINE O'ROURKE: And then the, you know, employment service officer would've
22 gone back and said, "Yes, they've attended." How long they attended for: might be two
23 minutes, might be two hours, might be, you know, never. But they would've had evidence of
24 some sort of signature and an acknowledgement to say that they would've been there.

25 LINTON BESSER: Is it real training?

26 CATHERINE O'ROURKE: No!

27 LINTON BESSER: So it's become big business in a way?

28 BROOKE PURVIS: Big business. It's not about the jobseeker; it's about the employment
29 networks. Look how big they've got...

30 LINTON BESSER: Poor quality training has long plagued Job Services Australia.

31 BROOKE PURVIS: It just looks like a graveyard of employment places.

32 LINTON BESSER: Brooke Purvis says the taxpayer money funnelled into training at ORS
33 Group should have been spent elsewhere.

34 BROOKE PURVIS: Attendance was shocking. People didn't want to come. It could have
35 been spent a lot better i-in a lot of other ways. It would have been exceptional to have that

1 funding available, um, you know, to get them a driver's licence which would give them a
2 bigger chance of employment than it would sitting in a classroom, swinging around off a
3 chair.

4 LINTON BESSER: If it would have helped to spend that money on driver's licences, why
5 was it not?

6 BROOKE PURVIS: 'Cause ORS don't own a driving school.

7 LINTON BESSER: Another way the system is exploited is through the use of wage
8 subsidies, where the Government pays companies to take on the unemployed. It's an effective
9 tool, because employers are suddenly offered cheap labour.

10 But the problem is this: when a person's subsidy expires, they can be simply replaced. And so
11 the cycle begins again.

12 CATHERINE O'ROURKE: And they will well and truly shaft that person and say, "Well,
13 you know, see you later" and, and then apply for the next person. So they can do that
14 because, you know, it's, it's a trial period. And that's why the milestone is 12, you know, or 26
15 weeks.

16 LINTON BESSER: And they'll, as in your words, "shaft that person" because the next person
17 has a wage subsidy?

18 CATHERINE O'ROURKE: Correct. Correct. But, you know, to, to, pump them in and pump
19 them out: it was, it was just so sad when you'd have them on a high and all of a sudden it's:
20 "Sorry, we haven't got the hours anymore." And, and, you know, that- it would be like
21 popping a balloon and be deflating them. And tha- and that was really sad.

22 TONY ABBOTT, EMPLOYMENT MINISTER (December 1998): Mr Speaker, the second
23 criticism...

24 LINTON BESSER: But it's not only the for-profit agencies pushing the envelope.

25 TONY ABBOTT: The organisations which provide the heart of the Job Network -
26 organisations like Mission Employment, the Salvation Army, Centacare and the Brotherhood
27 of St Laurence - are completely dedicated to the welfare of the unemployed. And the idea that
28 those organisations would rip anyone off is simply wrong.

29 LINTON BESSER: It was a bold assertion, but a questionable one.

30 Some of the country's most venerated charities have also gamed the system. The Salvation
31 Army and the Catholic Church are among the not-for-profits that have had to repay millions
32 of dollars for making false claims.

33 LINTON BESSER (to Peter Sandeman): Peter, how widespread is the understanding in the
34 charity sector that this contract - the Job Services Australia contract - is heavily gamed with
35 misleading or false claims for fees?

36 PETER SANDEMAN: I was around for Job Network one, two and three in Mission
37 Australia. And certainly at that stage there were a number of perverse incentives available to

1 organisations who could then, er, make quite, quite large and substantial surpluses from, from
2 the Network.

3 LINTON BESSER: In 2005 a major Government investigation targeted the Salvation Army
4 in Victoria. During a taped interview, a staff member made admissions of:

5 DEWR REPORT (voiceover): Unethical and criminal behaviour relating to fraudulently
6 upgrading jobseekers to the highly disadvantaged classification, thereby increasing payments
7 and bonuses for staff.

8 LINTON BESSER: The charity had to repay \$9 million but the Government would not say
9 whether anyone was ever prosecuted.

10 This is despite investigators concluding that:

11 DEWR REPORT (voiceover): Criminal offences, including falsifying documents and
12 forgery, have been committed by Salvation Army Employment Plus recruitment consultants.

13 LINTON BESSER: Peter Sandeman has refused to involve Anglicare SA in the jobs
14 program.

15 PETER SANDEMAN: Well, it's really a matter of whether you're going to support the
16 families and the individuals, er, in their aspiration and, er, developing them, as opposed to
17 being, er, the person who decides that they should have their unemployment benefit cut off.

18 So on the one hand you're trying to be their friend and supporter; on the other hand you're an
19 agent of the State. You're the, you're the cop on the beat. And the two roles are, are very
20 incompatible.

21 DAVID THOMPSON: The department constantly claims that they, they think they are still
22 getting better, better results.

23 LINTON BESSER: For David Thompson, who runs the peak body for non-profit agencies,
24 Jobs Australia, it's a familiar dilemma.

25 DAVID THOMPSON: And you get this dreadful irony that can happen, in theory at least,
26 where a major charity operating an employment service will, ah, breach someone, um, for
27 failure to do something and then send them round the corner to get some emergency relief
28 from another part of the same agency.

29 LINTON BESSER: Sandeman says charities are being forced to behave increasingly like
30 commercial operators in a race for Government contracts.

31 PETER SANDEMAN: The entrance of for-profit organisations into some of the traditional
32 welfare sector is a spectre that's been looming over Australia for some time.

33 And if you look at the international experience, often it means that the welfare agencies who
34 operate for no profit - we plough our resources back into our services - are supplanted by
35 large, er, international organisations who have a very strong profit motive.

36 LINTON BESSER: After the Catholic Church's employment arm was exposed rorting the
37 contract in 2011, the Government instituted an industry-wide inquiry.

1 It examined the extent to which one particular job placement fee was being abused.

2 DAVID THOMPSON: That audit identified a large number of cases where providers had
3 inappropriately claimed a higher outcome fee.

4 RUPERT TAYLOR-PRICE: There's been some reports with up to an 80 per cent failure rate,
5 ah, but, but that includes the soft fraud which is where people are including, er,
6 administrative mistakes.

7 LINTON BESSER: The inquiry examined only one type of fee and just six months' worth of
8 claims, but it still clawed back more than \$6 million.

9 But the extent of the rorts did not surprise this man.

10 Ian Whitchurch used to be a departmental auditor. Way back in 1999, he warned the
11 Government that fraud was rife.

12 IAN WHITCHURCH, FMR AUDITOR, DEPT. OF EMPLOYMENT: We found that about a
13 third of Job Network job-matching claims in that period, in fact the Job Network member had
14 had no involvement in getting the person a job, something which they'd claimed money off
15 the Commonwealth for. Probably about 50,000 of the Job Network job-matching claims in
16 the first year were probably rorted.

17 LINTON BESSER: Whitchurch prepared a scathing report about his concerns for Peter
18 Shergold, then the head of the Department.

19 PETER SHERGOLD: I can't remember that report but I certainly can remem- There were
20 two sep- there are two separate issues. There were... There was, I think, a provider - one
21 provider I can think of - who, in your language, I would say was rorting the system. There's a
22 difference, if you will, between gaming a contract and rorting. Rorting is taking funds for a
23 false outcome which hasn't been achieved. I've seen truly minimal evidence o-of that.

24 NEIL ANDREW, LOWER HOUSE SPEAKER (June 2001): The Minister for Employment
25 Services.

26 LINTON BESSER: Just two years after Whitchurch's report, another major company, Leonie
27 Green & Associates, was accused of shovelling thousands of people into phony jobs.

28 When the scandal erupted, the Government moved to defend the system.

29 MAL BROUGH, EMPLOYMENT SERVICES MINISTER (June 2001): This Department,
30 this Government, does not accepting placing anyone into phony jobs, phantom jobs or
31 whatever you care to mention. The fact is we have no problems with Job Network companies
32 utilising the services of, ah, labour hire companies as long as those jobs are real.

33 LINTON BESSER: An inquiry found no evidence of fraud by Leonie Green & Associates,
34 but they were forced to repay \$70,000.

35 Fifteen years after first voicing his concerns, and despite repeated changes to the jobs
36 program, Whitchurch says it remains vulnerable.

1 IAN WHITCHURCH: I'm reading the latest Job Network contract and I'm seeing so much
2 material in it that we identified back in 1998, 1999, as these rorts are legal under the contract.
3 And they are still legal under the contract.

4 So I would ask any secretary of the Department of Employment: have you looked at how the
5 system can be rorted? And have you attempted to prevent those rorts? Because we keep
6 seeing the same problems.

7 BROOKE PURVIS: There are plenty of things, I think, you know, that really should be
8 brought to attention. You know, the jobseeker's meant to be getting the help but it, it was
9 more so, um, they, they didn't get the help that they needed. It was: we got the help that we
10 needed to give them to get our company further ahead.

11 DAVID THOMPSON: We need to foster and develop a culture that says that kind, any kind
12 of behaviour that's untoward, that's pushing the envelope or the boundaries, will not be
13 acceptable. Not on the part of the Government and not on a, on the part of the people like me
14 and not on the part of the taxpayer either.

15 LINTON BESSER: Four Corners wanted to put these allegations of fraud and rorting to the
16 Minister, Luke Hartsuyker, Max Employment, ORS Group, the Salvation Army and the
17 Catholic Church. But all of them refused to give an interview.

18 ORS told Four Corners it had a relatively low rate of errors and it was not familiar with
19 allegations of doctored records but would be concerned if they were correct.

20 In the latest iteration of the jobs program, which begins in July, the Government has made
21 some changes. But these changes don't address the fundamental economic dilemma at the
22 heart of the program: there are too many people and not enough jobs.

23 And they cut away some of the red tape that providers say is a major problem.

24 DAVID THOMPSON: There were nearly 3,000 A4 pages of guidelines, rules, contracts, et
25 cetera, and 146 different types of outcomes. And a system that was so extraordinarily
26 complex and focussed on accounting for all of these micro-transactions that it was getting in
27 the way of, um, its real job, which was helping, ah, people to get really good job outcomes.

28 RUPERT TAYLOR-PRICE: The Government has essentially been removing audit
29 requirements rather than increasing them, even though they know that this is going on.

30 LINTON BESSER: And why is that a problem?

31 RUPERT TAYLOR-PRICE: 'Cause in, in a free market, red tape, er, is generally a bad thing.
32 This isn't a free market. This is a Government contract. Red tape in this industry is regulation
33 and it's making sure that public funds are accounted for.

34 DAVID THOMPSON: The longer somebody remains unemployed, the more damaged and
35 scarred and disadvantaged they become. And the prospects of their getting back to work get
36 smaller and smaller and smaller.

37 If we can sort of spread that around a bit, so that we've got people that are more likely to take
38 jobs when things turn better, th-then we will have created, ah, a set of circumstances that's
39 better for them and better for the country en-entirely.

1 The alternative would be to say, "Well, we can't do anything for those people. We'll just let
2 them rot." And I don't think that's much of an option either.

3 LINTON BESSER: Back in Adelaide, Kym and eight-year-old Mia have recently become
4 homeless. They stay with friends or, when they can, family.

5 KYM DEVLIN: Just... I've been through a lot in my life and Max Employment may not seem
6 like a big thing to miss appointments or have your consultant not show up, but when you've
7 survived what I have and... Things like that, little tiny things are, are huge. It's a little, tiny
8 weight that's there, ends up being the world.

9 (Mia and Kym are colouring an illustration)

10 MIA: I can do it.

11 KYM DEVLIN: Yeah, shade. Just do it lightly.

12 KYM DEVLIN: God, I hope she never has to go on Centrelink. This is why I'm trying to get
13 out there and get a job. I'm trying to better her chances and, and bring her up as in seeing me
14 work and, and the rewards from working.

15 It's hard enough living as it is. It's hard enough getting up, even waking up in the morning
16 and getting out of bed. It's, it's... It's not easy but I have a daughter, so I have to. I can't
17 imagine what it's like for people that don't have kids that have to do this, because that's the
18 only thing that keeps me going. That's the only thing that makes me think, "Well, no. I have
19 to get up today. I have to face today."

20 KERRY O'BRIEN: So how many people who genuinely want and desperately need a job is
21 the Government really helping to face the day and get a real one?

22 There are statements on our website from the Minister, Luke Hartsuyker, Max Employment,
23 the Salvation Army and the Catholic Church.

24 Before we go, a brief update on last week's story of scandal in the greyhound industry: there
25 are official enquiries being conducted in Queensland, NSW and Victoria and we understand
26 more than 30 greyhound trainers down the east coast have now been suspended with the
27 prospect of more to come.

28 Next week: the mighty Apple is the most valued brand on the planet but how does it treat its
29 workers? A special undercover investigation.

30 Until then, good night.

31