



The Evaluation of Job Services Australia 2012-2015

Key Findings

Introduction

The *Evaluation of Job Services Australia 2012-2015* Report has been released on the Department of Employment, Skills, Small and Family Business's website. A separate evaluation report for Job Services Australia 2009 - 2012 is also available on the website.

Changes were made between the initial JSA model and the 2012 - 2015 contract period. These changes, which were the main focus of the evaluation, included:

- changes to Stream 1 job seeker servicing
- cessation of automatic Stream Service Reviews (SSRs)
- introduction of a Compulsory Activity Phase
- increased help for Indigenous job seekers
- implementation of the Quality Standards Pilot
- changes to reduce red tape
- changes to the job seeker compliance and participation framework
- amendments to wage subsidies.

The evaluation compares various outcome measures between the initial 2009 - 2012 period with those of JSA 2012 - 2015.

What worked well

Effectiveness

Part-time employment outcomes

Survey data showed that part-time employment outcomes were generally better under JSA 2012 - 2015 for long-term unemployed (LTU) job seekers. Higher proportions of LTU job seekers in JSA 2012 - 2015 were in part-time employment in all streams except Stream 1. The same general pattern of higher part-time employment outcomes is evident across most job seeker groups, except mature age job seekers and job seekers with disability with employment restrictions.

Education outcomes

Education outcomes for Stream 4 new entrant job seekers were higher under JSA 2012 - 2015, however education outcomes for those in the other three streams and in total were similar between the two models. Education outcomes for LTU were also higher under JSA 2012 - 2015, with higher proportions of LTU job seekers in JSA 2012 - 2015 reported being in education in all streams except Stream 1.

Efficiency

Cost per employment outcome

Costs per employment outcome were generally lower under JSA 2012 - 2015 than under JSA 2009 - 2015.

Overall expenditure on JSA

There was less overall expenditure in JSA 2012 - 2015 than JSA 2009 - 2012 (by approximately 11 per cent). Using service and placement fees and EPF expenditure as a measure, the average cost of servicing a reference job seeker in the first year since commencement in JSA 2009 - 2012 was \$435 compared with \$325 in JSA 2012 - 2015.

Changes to administrative procedures

Overall red tape estimates declined significantly between JSA 2009 - 2012 and JSA 2012 - 2015 from \$321.9 million to \$259.3 million per annum (19.5 per cent).

Approximately three-quarters (84.5 per cent) of all red tape costs were incurred by providers. Despite estimated reductions in red tape over the JSA contract period, the level of red tape in employment services remains significant (at 20.9 per cent of program funding).

Changes to the job seeker participation and compliance framework

An overall increase in appointment attendance rates (from 60.8 per cent to 62.9 per cent in JSA 2012 - 2015) and across all streams and for job seekers with a vulnerability indicator demonstrate that the introduction of the Strengthening the Job Seeker Compliance Framework measure was successful in increasing job seekers' compliance.

Cessation of the Stream Services Review

Cessation of the SSR improved efficiency in JSA 2012 - 2015. That these reviews were largely unnecessary is indicated by the fact that three-quarters of SSRs conducted for Stream 1 to 3 job seekers recommended transition to the Work Experience Phase. Also, around 75 per cent of job seekers who had an assessment that recommended a change to a higher stream or to Disability Employment Services had that assessment before 12 months in service, indicating that the risk of job seekers not ready to transition to the Work Experience Phase being 'missed' without the 'safety net' of the SSR was probably low.

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Pilots

Indigenous Mentoring Pilot

The Indigenous Mentoring Pilot received positive feedback from providers who participated in the research. Ingredients found to contribute to a successful mentoring program included:

- mentors with experience of work, an understanding of the income support system, with links to support services, employers and the local community
- providers who had a Reconciliation Action Plan, some form of cultural capability training, adequate support for the mentor and continuity of mentoring staff
- employers who were willing to employ and mentor Indigenous staff.

The Quality Assurance Framework pilot

Overall, the evaluation of the Quality Assurance Framework pilot found that if cost and time requirements are managed within reasonable limits it is anticipated that the QAF should benefit all parties and might be an improvement on the JSA KPI 3 Quality Framework. The evaluation made several recommendations to achieve a balance between costs and benefits of adopting the Quality Assurance Framework.

Where there was negligible impact

Indigenous servicing

Cultural capability training

This training appeared to have had little impact on the way Indigenous job seekers were serviced in JSA 2012 - 2015. Qualitative analysis determined that both the take-up and the impact could be improved by having:

- the modules undertaken by staff members in groups to allow for discussion
- an Indigenous mentor, employment consultant or local elder being invited to assist with the sessions
- the modules undertaken over a six-week period to allow time for more discussion and also so as not to impact too severely on the work of the office.

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Where results were mixed

Effectiveness

Reliance on income support

JSA 2012 - 2015 appears to have been relatively less effective at moving new entrant job seekers off income support than JSA 2009 - 2012. There was a pattern of more job seekers on full income support and fewer off and on part income support in JSA 2012 - 2015.

The Compulsory Activity Phase

The main finding is that the identified combination of the attachment and lock-in effects (around 6 per cent) of the Compulsory Activity Phase outweighed any negligible referral effect (less than 1 per cent). This is probably because even faced with the prospect of ongoing activities (11 months out of 12), the threat effect was found to be negligible on job seekers who had little capacity to leave income support quickly.

Wage subsidies in Job Services Australia

Employment Pathway Fund (EPF) and Wage Connect negotiated job placements were significantly more likely to result in sustained employment and reduced welfare dependency than unsubsidised placements for unemployed Newstart and Youth Allowance (Other) recipients. While no evidence was found that subsidised placements assisted Parenting Payment recipients to reduce reliance on income support, wage subsidies may still help these individuals maintain labour market attachment and consequently improve long-term employment prospects.

Employer servicing

Significantly less was claimed for employer-related services, such as post-placement support and reverse marketing in the JSA 2012 - 2015 contract than the JSA 2009 - 2012 contract. Evidence from providers suggests that the reduction in EPF expenditure had limited impact on providers actually undertaking these activities.

Employer awareness of JSA was lower than previously reported for Job Network. In 2012, 7 per cent of employers aware of JSA reported they had used the service, up from 4 per cent in 2010. This suggests providers, to some extent, were generating awareness through connecting with employers. However, employer use of JSA in 2012 remained well below the figure of 18 per cent for Job Network in 2007.

Indigenous Opportunity Policy

From the qualitative research conducted, it was evident that the Indigenous Opportunity Policy was broadly unsuccessful as a policy in terms of changing provider behaviour at the site level. However, providers were unconsciously implementing aspects of the policy that made good business sense. Given providers' core business – getting job seekers into jobs – a shift in focus to encouraging providers to work more closely with businesses required to implement the IOP may be a more practical approach.

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Areas for further consideration

Effectiveness

Full-time employment outcomes

Survey results show that the JSA 2012 - 2015 long-term unemployed LTU study population were less likely to be in full-time employment three months after receiving services than equivalent JSA 2009 - 2012 population. This result holds for all four streams. The same general pattern of reductions in full-time employment outcomes is evident across most job seeker groups.

For LTU job seekers, the predicted versus actual rates of exit from services measure shows that in every stream, the JSA 2009 - 2012 job seekers would have been less likely to exit employment services had they been serviced in JSA 2012 - 2015. The difference between actual and predicted exits is most marked for Stream 1 job seekers (5.1 percentage points).

Other measures which account for job seeker differences and macroeconomic conditions confirm that LTU job seekers in JSA 2012 - 2015 generally had less favourable income support status results 12 months after the snapshot date than those in JSA 2009 - 2012. The differences were most marked for job seekers in Streams 1 and 2, and smallest for job seekers in Stream 4.

Changes to Stream 1 servicing

The key effects of changes to Stream 1 servicing between JSA 2012 - 2015 and JSA 2009 - 2012 for new entrant Stream 1 job seekers were that JSA 2012 - 2015 job seekers:

- remained in service longer with a median time to exit 21 days longer than for JSA 2009 - 2012
- were less likely to be off income support after 12 months in service (by 10.5 per cent).

There is no indication of a referral effect under the JSA 2012 - 2015 Intensive Activity regime. This is in contrast to the noticeable effect in JSA 2009 - 2012, indicated by job seekers leaving in increasing numbers prior to the deadline for Intensive Activity. Outcome rates overall for job seekers in JSA 2012 - 2015 were particularly poor for Stream 1 job seekers. This indicates that the combined effect of all changes made to the service delivery for Stream 1 job seekers contributed to lower short- to medium-term outcome rates.

Total cost to government

While some efficiency measures, such as cost per outcome and program costs were shown to be improved under JSA 2012 - 2015, they do not tell the whole story. Income support costs, while not assisting job seekers into employment, are part of the overall cost to the government. This point is important because at any point in time, the vast majority of the JSA caseload was on income support. For example, at 30 June 2012 68.9 per cent of the active caseload was on Newstart Allowance, 11.1 per cent on Youth Allowance (Other), 0.6 per cent on Disability Support Pension and 10.7 per cent on Parenting Payments.

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A consequence of the effectiveness findings was additional cost to government in income support payments. Therefore, while the cost per employment outcome for JSA 2012 - 2015 implies a more cost effective employment service delivery model, this saving was at the expense of job seeker outcomes (and any secondary costs arising as a consequence of longer periods of unemployment) and resulted in increased costs to the income support system.

Overall conclusion

While JSA 2012 - 2015 is shown to have been an improvement on its predecessor by some efficiency measures, for example the overall cost of the program and cost per outcome decreased, by most effectiveness measures, many changes made to the model did not improve its function. For example, JSA 2012 - 2015 was less effective in assisting new entrant job seekers to move off income support within 12 months of entering service, less effective in assisting LTU job seekers to move off income support within 12 months of the snapshot date and less effective in achieving sustained exits from income support. Therefore, while servicing job seekers was cheaper in JSA 2012 - 2015, it was also less effective. It should also be noted, however, that the prevailing economic conditions for the 2012 - 2015 contract would imply that lower outcomes would be expected.

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