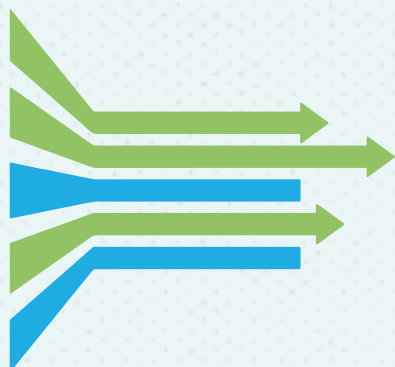


LEGISLATIVELY REQUIRED REVIEW OF

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**Youth Jobs**  
**PaTH**  
Prepare Trial Hire

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PREPARED FOR  
THE DEPARTMENT OF EMPLOYMENT,  
SKILLS, SMALL AND FAMILY BUSINESS

**FINAL REPORT**

OCTOBER 2019



CONSULTANTS

[WWW.ARTD.COM.AU](http://WWW.ARTD.COM.AU)

# ACKNOWLEDGEMENTS

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This independent review was completed with the assistance of the Australian Government Department of Employment, Skills, Small and Family Business who provided us with timely access to all the requested information.

We would also like to thank the many key informants from the department who provided answers to our questions and provided data and evidence requested by the review.

## **ARTD consultancy team**

Andrew Hawkins  
Imogen Williams  
Lia Oliver  
Ken Fullerton

## **Design work by**

Bella Gnechi Ruscone  
(Beehive Creative)

with additional graphics by  
Scott Williams  
(ARTD)



CONSULTANTS

<b>SYDNEY</b>	ARTD LEVEL 4, 352 KENT ST
<b>MELBOURNE</b>	ARTD LEVEL 4, 401 COLLINS ST
<b>BRISBANE</b>	ARTD LEVEL 3, 240 QUEEN ST
<b>MAIL</b>	PO BOX 1167 QVB NSW 1230
<b>WEB</b>	ARTD.COM.AU
<b>TEL</b>	02 9373 9900



**51,710**

Commencements  
in Employability  
Skills Training

**9,216**

Placements  
in voluntary  
internships

**37,981**

Jobs with the  
assistance of  
youth bonus  
wage subsidies

**66,771**

young people  
aged 15-24  
participated  
in PaTH

**42,206**

or **63%**

participants  
obtained a  
job placement

**PREPARE**

Employability Skills Training delivered to develop soft skills needed to find and retain employment.

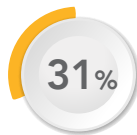


Perceived chance of getting a job\*

Less than 1 complaint per 1000 commencements



Got a job<sup>†</sup>



Kept a job<sup>‡</sup>

**TRIAL**

Internships provide a form of supervised work experience where there is a prospect of an ongoing job.



Perceived chance of getting a job\*

10 complaints per 1000 commencements



Got a job<sup>†</sup>



Kept a job<sup>‡</sup>

**HIRE**

19,373 businesses hired youth with a Youth Bonus Wage Subsidy.

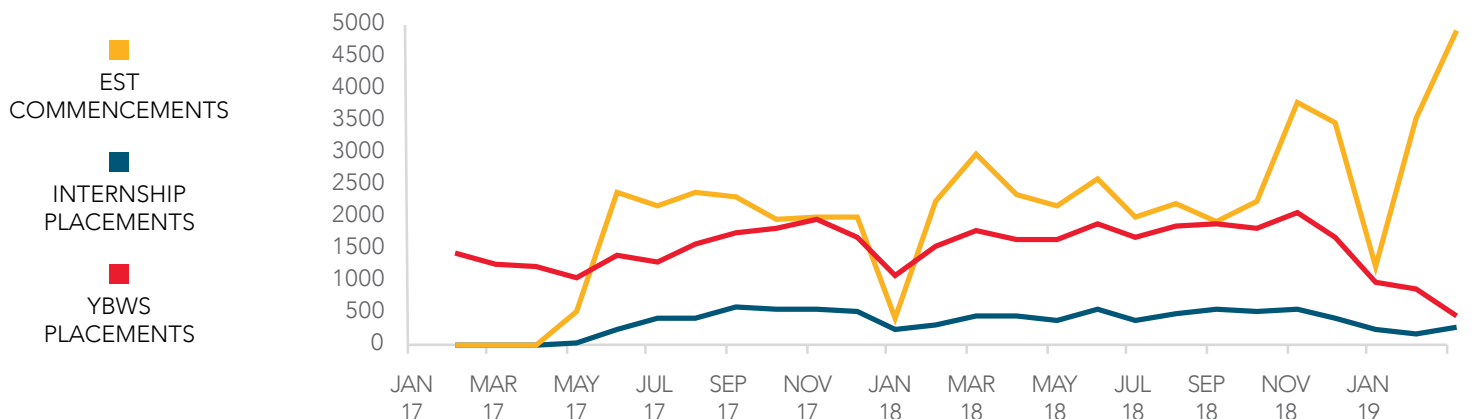


Got a job<sup>†</sup>

10 complaints per 1000 commencements<sup>§</sup>



Kept a job<sup>‡</sup>



**Youth unemployment has reduced. More analysis is required to determine the causal impact of PaTH.**

Please note: All data as at 28 February 2019

\* Percentage of respondents to post-program monitoring survey who reported the experience had improved their chance of getting a job.

† For 'Prepare': Percentage of respondents to post-program monitoring survey that were in employment 3 months after exiting jobactive service.

‡ For 'Trial': Department administrative data – percentage of completed internship participants who gained employment. For 'Hire': Department administrative data.

§ Complaints data only available for entire caseload, not just 15-24 year olds.

# EXECUTIVE SUMMARY

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This review of Youth Jobs PaTH was conducted by ARTD Consultants between March and May 2019 in accordance with Section 243A(1) of the Social Security (Administration) Act 1999, which requires the Employment Minister cause a review to be conducted into the operations of Youth Jobs PaTH.

The review findings are based on what the ARTD review team can reasonably conclude on the evidence examined. The review did not consider fraud and was not an audit of Youth Jobs PaTH. The review should not be construed as seeking to provide any legal opinion regarding Youth Jobs PaTH in any general or specific sense.

## YOUTH JOBS PaTH

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Youth Jobs PaTH (PaTH) was implemented progressively with the Youth Bonus Wage Subsidy (YBWS) commencing in January 2017, followed by Employability Skills Training (EST) and Internships in April 2017. These three elements aim to increase the employability of eligible young job seekers aged 15-24 years

### ■ PREPARE

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Employability Skills Training is delivered in two three-week blocks of 75 hours of participation each to develop soft skills needed to find and retain employment. Participation is mandatory once a job seeker has received services through jobactive for five months and remains on income support. jobactive providers may choose to exempt young people from attending the training if they have non-vocational barriers that need to be addressed before they can benefit from the training (for example, language or literacy barriers, homelessness), or where the young person may already have appropriate skills acquired from previous training or work experience. Job seekers can participate in one or both blocks, depending on their needs.



## ■ TRIAL

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Internships provide a supervised work experience opportunity where there is a prospect of an ongoing job. Internships last for 4-12 weeks and involve 30-50 hours work experience per fortnight and an incentive payment for young people of \$200 per fortnight on top of their income support payments and \$1000 for host businesses. Participation is voluntary. The six-month waiting period for internships eligibility was removed for eligible job seekers in July 2019 (this does not apply for Stream A participants who have not participated in EST).



## ■ HIRE

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YBWS of up to \$6,500 or \$10,000 (GST inclusive) over 26 weeks are available for eligible young job seekers who have received employment services for at least the last six months. Indigenous job seekers are eligible from day one of registration in employment services.



PaTH is supported through the work of Employer Liaison Officers (ELOs)<sup>1</sup> who work to drive demand from employers for PaTH, job seekers and government employment services more generally.

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<sup>1</sup> ELOs are employed by the Department of Employment, Skills, Small and Family Business.

## REVIEW of YOUTH JOBS PaTH

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ARTD was commissioned by the Department of Employment, Skills, Small and Family Business to undertake this review in accordance with Section 243A(1) of the Social Security (Administration) Act 1999, which requires the Employment Minister cause a review to be conducted into the operations of Youth Jobs PaTH.

The review was conducted between March and May 2019. Unless otherwise stated all data reported in this review is from commencement in January 2017 (for the Hire component) and April 2017 (for the Prepare and Trial components) until 28 February 2019.

The analysis relating to risks is based on key risks raised by Senators during the debate on the Social Security Legislation Amendment (Youth Jobs Path: Prepare, Trial, Hire) Bill 2016. The analysis of risk mitigation strategies and outcomes is based on documentary evidence, responses to review questions, and the results of data analysis requested by the review but conducted by the department.

## RISK MITIGATION and RISK REALISATION

---

The following key risks identified through review of comments by Senators and responses of the Australian Government and considered by the review were:

- Guidance on rights and responsibilities for job seekers and employers
- Take-up of PaTH by young people and employers
- Interns and subsidy holders displacing other paid workers
- Alignment of internships with interests, skills, experience and career aspirations
- Interns' hours participated, safety and prospects of ongoing employment
- YBWS participants terminated at the end of the 26-week subsidy period.

## GUIDANCE ON RIGHTS and RESPONSIBILITIES

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The review found that job seekers, interns, host businesses and employers are provided with information and resources to understand their rights and responsibilities. Documentation sets out that an internship is voluntary – 87 per cent of interns reported that they were told that their internship was voluntary, 7 per cent of interns reported that it hadn't been explained and 6 per cent didn't know if it had been explained. While a small proportion of interns may not be sufficiently aware the internship is voluntary, there is substantial evidence that interns were able to voluntarily end their internships early. It appears that 34 per cent of internships ended early and in 50 per cent of those cases it was ended by the intern. Further investigation in cases where it appears an intern may



not be aware of the voluntary nature of the internship from survey or complaints data may identify issues with particular providers and allow for rectification.

## TAKE-UP of PaTH

Take-up for the EST and Internship components has been substantially lower than budgeted for while take-up of YWBS has been stronger. Specifically, there has been about 16 per cent of the budgeted for number of internships, 40 per cent of the budgeted for number of commencements in EST and 89 per cent of the budget for number of YWBS. Market activation activities appear to have increased participation for EST mandatory job seekers. The number of EST mandatory job seekers who were without an activity dropped from 54 per cent in August 2018 to 14 per cent as at 28 February 2019. At the same time the proportion of EST courses cancelled or rescheduled dropped from 39 per cent to 17 per cent during April 2017 – February 2019.

## DISPLACEMENT

The review found some suggestions based on survey responses of host businesses that there may be cases of displacement of existing employees or reductions in shifts as a result of hosting an intern by a host businesses – although this data may not be reliable due to the nature of the survey data on which it is based. There have been no specific complaints made to the department about this issue. The department requires all businesses hosting an intern to sign an Internship Agreement which includes that

host businesses ‘not use the internship to displace current employees of the host organisation or reduce an employee’s hours of work’. Around seven per cent of host businesses reported that due to the internship placement the number of employees was reduced or that the number of shifts or hours given to employees was reduced during the period of the Internship, however, this is based on surveys of a sample of employers recalling a period six months prior and did not separate other factors influencing employment level in the business. We are unaware how this pattern relates to anticipated rates and usual fluctuations in employment across the economy. Further analysis of any association between hosting an intern and reducing numbers, shifts or the pay of existing employees using linked government data sets<sup>2</sup> would reduce any uncertainty about whether, and to what extent, this risk has materialised.

## ALIGNMENT with INTEREST, SKILLS, EXPERIENCE and ASPIRATIONS

Senators raised concerns that job seekers will be placed into internship positions that are available rather than those that align with the job seeker’s interest, skills, experience and career aspirations. The available evidence suggests that interns are not generally being used in this manner. Internships are co-designed between the job seeker and employer through the assistance of an employment service provider or ELO and the results of annual audit activity show risk assessments are complete in 99 per cent of cases. The appropriate safeguards such as requirements for risk assessments may be acting to limit rather than promote the use of interns. Further, while the concept of a ‘vocation’ is referred to in the PaTH policy intent, information for participants on internships is clear that ‘A PaTH Internship is a workplace trial

<sup>2</sup> The department could consider the possibility of future research using linked data sets to evaluate any changes in employee numbers in businesses that host interns relative to other similar business

so you can get work experience that could lead to a job. It is a chance for you to show an employer what you can do and how you fit into their business.’ The policy intent and information for participants do not appear to raise the expectation the internship will support a person in a chosen vocation beyond the provision of work experience aligned to their interests, skills and qualifications. Evidence already referred to suggests that interns generally understand the voluntary nature of the placement. Additionally, there is evidence from surveys completed by interns that 85 per cent felt tasks they were given suited their abilities.

### **HOURS PARTICIPATED, SAFETY and PROSPECTS OF ONGOING EMPLOYMENT**

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Senators raised concerns that host businesses could take advantage and exploit job seekers by making interns work excessive hours in unsafe work environments and by not providing the prospect of ongoing employment. There is little evidence to suggest the risk of unsafe work environments is a particular problem, or the lack of the prospect of an ongoing job, but there is some evidence of interns being asked to work excessive hours. Given this risk appears to be small on the available evidence, we do not suggest collecting data directly from every participant or business about their hours participated given the likely regulatory burden it would create. However, the review finds this risk could be better managed by seeking data from interns about their hours participated in Post-

Program Monitoring (PPM) surveys as this would provide a source of data even if as with all survey data there are risks of recall bias by respondents and questions about how well the survey sample represents the experience of all participants.

In relation to safe work environments, a competent person must ensure the host business has a safe system of work and create a risk assessment for the intern. The department also managed this risk through personal accident insurance and combined public and/or product liability insurance to cover participants during internships. There have been 59 incidents<sup>3</sup> and seven critical incidents reported for interns all of which have been investigated. This is an incident rate of 0.7 per cent which compares to an incident rate of 4.2 per cent in paid work more broadly<sup>4</sup>.

In relation to the prospect of ongoing employment, survey data shows that a relatively large proportion, around 70 per cent of interns, are in employment three months after completing their PaTH Internship.

### **YOUTH BONUS WAGE SUBSIDY and SUSTAINED EMPLOYMENT**

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Senators raised concerns that YBWS participants may be terminated at the end of the 26 week subsidy period. Due to the unavailability of data once a person leaves the income support system, the department focuses on monitoring 4-, 12- and 26-week outcomes rather than outcomes that occur after the

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3 The department defines ‘critical incidents’ as an incident that is considered to be dangerous, considered to be life threatening, criminal behaviour (with the possibility of resulting in criminal charges), has caused (or has the potential to cause) serious bodily or psychological harm, and/or has resulted in a fatality. Examples of critical incidents could include highly threatening or aggressive behaviour, harm to self, harm to others, assault or harassment. For further definitions of critical incidents refer to Part 3 – Incident Notification of the WHS Act 2011. There were seven critical incidents reported to the department, five of which were ‘inappropriate workplace behaviour’. These incidents have been investigated and led to some host businesses being excluded or being suspended pending review.

4 Australian Bureau of Statistics, 6324.0 Work Related Injuries, July 2017 to June 2018, 30 October 2018. Both calculations compare individual people rather than placements/positions.



completion of government assistance. The department does, however, monitor to determine if employers are 'churning' job seekers at the 4- or 26-week mark, and the department reports there is no evidence to support that this is a practice. In response to a request of this review it has been calculated that 81 per cent of wage subsidised participants who exited the jobactive caseload did not return to the caseload within six months after the subsidy ended.

## SUMMARY

Overall, the department appears to have been vigilant in monitoring risks and responding to identified issues for program implementation. The department initiated a number of strategies that have effectively responded to the lower than expected number of mandatory job seekers participating in EST activities. The department has undertaken four targeted program assurance activities, one for EST (March 2018) and three for Internships (June 2017, November 2017 and April 2018). Over the duration of the program, the department has used risk metrics and other sources of data to monitor internship placements and identify possible cases of misuse of the program. As of 31 January 2019, the department had conducted 136 host organisation reviews as a result of analysis of risk metrics. Of the organisations associated with these reviews, 27 have been required to correct a minor issue, 30 led to correction and monitoring by the department and nine were excluded from participating in the

program<sup>5</sup>. Investigations into unsafe work environments have resulted in the exclusion of two and suspension of three host businesses from the program.

## PARTICIPATION and OUTCOMES

Since the introduction of PaTH, a total of 66,771<sup>6</sup> young people aged 15-24 have participated in at least one element. Of these, 42,206 or 63.2% have obtained a job placement. About 1.5 per cent of eligible job seekers accessed all three elements of PaTH consecutively, more typically job seekers accessed services as and when required or suggested by their provider.

- 51,710 commencements in EST (31,987 commencements in Training Block 1, 19,723 in Training Block 2)— 42 per cent leading to an internship or a job within 6 months, while Post-Program Monitoring shows that 31 per cent were employed three months after exiting an EST activity.
- 9,216 placements in voluntary internships— administrative data shows that 65 per cent of these internships led to an ongoing job and Post-Program Monitoring shows that 70 per cent were employed three months after completing their PaTH Internship.
- 37,981 jobs were obtained with the assistance of a YBWS— 74 per cent remained in employment at 3 months, 55 per cent at 6 months (when the subsidy ends) while 81 per cent of subsidy holders who exited the caseload did not return to the jobactive caseload within six months after the subsidy ended.

5 Departmental administrative data - February 2019

6 Departmental administrative data - 28 February 2019

## CONCLUSION

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The policy intent of PaTH is supported by recent reviews focused on supporting disadvantaged youth into employment. These reviews support broad-based soft skill development, work experience where there is the prospect of ongoing employment and incentives in the form of subsidies for employers.

The review found evidence of a systematic approach by the department to monitor risks with the implementation of PaTH. The review notes evidence of a small number of cases where it appears the policy has not been applied as intended. The review understands that the department has responded to all such cases where it has become aware of a potential misapplication of policy or where incidents have occurred using a responsive series of sanctions and supports.

On the available evidence the employment outcomes of PaTH appear to be largely positive. The review also notes the broadly positive views of large numbers of participants who responded to surveys and the relatively small number of complaints received by the department.

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## ABBREVIATIONS and ACRONYMS

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ABN	Australian Business Number
ABS	Australian Bureau of Statistics
BLADE	Business Longitudinal Analysis Data Environment
CDP	Community Development Program
Department	Department of Employment, Skills, Small and Family Business
DES	Disability Employment Services
ELO	Employer Liaison Officer
EMS	Employer Mobilisation Strategy
ESS Web	Employment Services System Web
EST	Employability Skills Training
NCSL	National Customer Service Line (Employment Services)
NEET	Not in education, employment or training
NWEP	National Work Experience Program
PaTH	Youth Jobs PaTH (Prepare, Trial, Hire)
PPM	Post Program Monitoring
RED	Research and Evaluation Database
TtW	Transition to Work
YBWS	Youth Bonus Wage Subsidy

# 1. INTRODUCTION

---

The implied social contract of a reasonable job and the importance of participation and productivity in the labour market for economic growth ensures that employment policy has a central place in Australian public policy. The social benefits of employment provide further evidence of the crucial importance of reducing unemployment.



*There is a strong evidence base showing that work is generally good for physical and mental health and well-being. Worklessness is associated with poorer physical and mental health and well-being. Work can be therapeutic and can reverse the adverse health effects of unemployment. That is true for healthy people of working age, for many disabled people, for most people with common health problems and for social security beneficiaries. The provisos are that account must be taken of the nature and quality of work and its social context; jobs should be safe and accommodating. Overall, the beneficial effects of work outweigh the risks of work and are greater than the harmful effects of long-term unemployment or prolonged sickness absence. Work is generally good for health and wellbeing.*

Source: (Waddle and Burton 2006)

## 1.1 YOUTH UNEMPLOYMENT

Over the past decade, there have been considerable fluctuations in youth unemployment (15-24 years). Youth unemployment rose sharply during the global financial crisis from a low of 8.8 per cent in August 2008 (in trend figures) to 11.9 per cent in May 2009. It then continued to climb peaking at 14.1 per cent in November 2014 before starting to decline to 13.9 per cent in January 2015 and to around 13.0 per cent when PaTH was introduced and subsequently falling to its current level of 11.4 per cent as at March 2019. Many factors affect employment outcomes and more sophisticated statistical analysis is required to draw any conclusion about the causal impact of PaTH.

### 1.1.1 ADDRESSING YOUTH UNEMPLOYMENT

Policies and programs to address youth unemployment generally fall into those that seek to stimulate the supply of job seekers or those that increase the demand for these job seekers.

Recent reviews into policies and programs for 'disadvantaged' young people who are not in education, employment or training (NEET) or 'highly disadvantaged' job seekers 'facing high barriers to employment' have been completed in Australia (Borland et al 2016, Skattebol et al 2015). These focus on the development of non-cognitive 'soft skills', work experience incentivising, wrap-around supports for the most disadvantaged (including therapeutic interventions) and engagement with employers, such as brokerage to match job seekers to vacancies and post-employment support (Borland et al 2016, Skattebol et al 2015). Skatteboll et al 2015 focus on transition from school to employment and on school-based

interventions for raising awareness about the labour market in shaping young people's aspirations and providing career guidance. Borland et al 2016 focus on the most disadvantaged job seekers and provide four elements of best practice:

- Develop job readiness skills including self-organisation and basic health management.
- Assist in training job-specific skills necessary to obtain employment and perform a specific job.
- Help place job seekers in sustainable and potentially on-going positions.
- Provide ongoing monitoring and post-placement support, including an intermediary who can help prevent misunderstanding between employees and employers.

Skatteboll et al 2015 and Borland et al 2016 both emphasise the importance of system coordination and local level partnerships between service providers and employers due to:

- Confusion amongst the many stakeholders involved about which level of government is providing what supports. Clarity is needed around local area initiatives, in particular by employers who would benefit from a single point of contact.
- The reality that highly disadvantaged job seekers have multiple support needs that cross different government agencies and portfolios, and require a flexible, tailored, personalised and joined-up service that may include ongoing therapeutic interventions.



## 1.2 YOUTH JOBS PaTH POLICY INTENT

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The \$840.3 million Youth Employment Package was announced in the 2016-2017 Budget. The core of the package is Youth Jobs PaTH (Prepare-Trial-Hire), budgeted at \$751.7 million over four years. PaTH is designed to provide a pathway to work by providing young people with the employability skills that employers want, opportunities for work experience and the support to move from welfare to work.

Youth Jobs PaTH (PaTH) had a staged introduction. The Youth Bonus Wage Subsidy (YBWS) began on 1 January 2017. Providers could back-date wage subsidies for employment that had commenced up to 84 days earlier. The first back-dated subsidy agreement was for a job placement on 10 October 2016. PaTH Internships and Employability Skills Training (EST) began on 1 April 2017.

PaTH consists of three elements:

- **Prepare** - Employability Skills Training
- **Trial** - PaTH Internships
- **Hire** - Youth Bonus Wage Subsidy

These three elements are in line with the conclusions of the Skattebol et al 2015 and Borland 2016 reviews that support the benefits of broad-based soft skill development, work experience where there is the prospect of ongoing employment and incentives in the form of subsidies for employers.

Generally in this report we discuss each PaTH element on its own terms – while there is some conceptual neatness to considering a person moving along a pathway from Prepare, to Trial and then to Hire, the reality is that for many young people treading this entire path would be inefficient – for example, some may go from EST to a subsidy, others might not need EST at all.

### 1.2.1 PREPARE—EMPLOYABILITY SKILLS TRAINING

EST is the 'Prepare' element of PaTH. This element seeks to ensure all young job seekers have the basic employability skills that Australian businesses need. It helps young job seekers understand and develop the skills that employers are looking for when they hire staff and assist them to be successful in a job. EST aims to assist young people to enhance their work readiness through two training courses, each with a different content focus.

Training Block 1 courses are designed to equip participants with pre-employment skills and prepare them to meet the expectations of employers. Training Block 2 courses focus on job preparation and are designed to equip participants with advanced job hunting, career development and interview skills. Generally, each EST course can only commence with a minimum of 10 referrals in a non-regional location and eight referrals in a regional location (courses can continue when attendance is less than the referred number of job seekers).

Young people can do EST courses in any order and may do one or both blocks. Each block is 75 hours of face-to-face training. Courses are for 25 hours a week for three weeks for participants with a full time participation requirement and 15 hours a week for five weeks for participants with a part time participation requirement.

A young person is eligible to participate in EST if they:

- are aged 15 to 24 years (inclusive) and participating in jobactive
- have Mutual Obligation Requirements and
- are receiving income support.



An EST eligible young person has a mandatory requirement to participate in EST once they have received services through jobactive for five months. An EST mandatory young person must be immediately considered for both EST courses and must be referred to the most suitable EST course regardless of which EST provider is delivering the course. Providers under jobactive have the discretion not to refer a job seeker to an EST course or include EST as a compulsory activity in the Job Plan if the provider considers that the young person:

- has non-vocational barriers that must be addressed first as a priority before they can benefit from an EST course. This could include language barriers, health issues or family problems
- already demonstrates employability skills (such as through having relevant recent workforce experience or already having a part-time job)
- has already completed similar training to EST
- has been referred to another activity.

## 1.2.2 TRIAL—PATH INTERNSHIPS

PaTH Internships are the 'Trial' element of PaTH. This element seeks to give eligible young job seekers the opportunity to undertake unpaid work experience by participating in internships. PaTH Internships aim to allow young people to demonstrate their skills to businesses, develop vocational skills and improve their employment prospects. Internships are also intended to enable businesses to trial young job seekers for 4 to 12 weeks to find the right fit with their organisation. Each Internship is voluntary and for 30 to 50 hours per fortnight over four to 12 weeks.

A young person in an internship placement receives \$200 per fortnight in addition to their normal income support payment. Host businesses receive a one-off \$1000 towards the costs of training and hosting the young person. Providers are eligible for an outcome payment if the intern participated in the internship for between 30 and 50 hours per fortnight and:

- participated in an internship for at least two weeks and then obtained employment, or
- the participant, host business and provider agreed to end the internship before the end date specified in the PaTH Internship Agreement, and the participant has participated in the Internship for at least four weeks, or
- completed the internship duration specified in the PaTH Internship Agreement.

Since commencement to 1 July 2019, to be eligible for an internship, a participant must have been:

- aged 17–24 years old (inclusive)
- on income support and have Mutual Obligation Requirements



- registered in jobactive, Transition to Work (TtW) or Disability Employment Services (DES)
- continuously serviced in employment services from any jobactive, TtW, or DES provider for at least six months.

Providers are required to check the business meets all eligibility requirements to host an internship before a PaTH Internship Agreement is created. An eligible business must:

- have a valid ABN
- have a reasonable prospect of employment, which means that the business:
  - has a current vacancy
  - will likely have a vacancy following the Internship, or
  - has a regular pattern of recruitment for a position aligned with the participant's interests, experience and qualifications.

### 1.2.3 HIRE—YOUTH BONUS WAGE SUBSIDY

The YBWS is the 'Hire' element of PaTH. This element aims to encourage businesses to employ young people. The YBWS is only available under jobactive and TtW<sup>7</sup>. At the employment services provider's discretion, employers may receive an incentive of up to \$6,500 or \$10,000 (GST inclusive), over a 26-week agreement, for hiring an otherwise eligible young person aged between 15 and 24 years (inclusive) in an ongoing job of at least an average of 20 hours a week over the 26 week wage subsidy agreement.

For the employer to be eligible for the YBWS, the young person needs to have received employment services from a provider (jobactive, TtW, ParentsNext, DES or Community Development Programme (CDP)) continuously for at least the last six months and currently be receiving service from jobactive or TtW.

The YBWS is up to \$6500 for Stream A participants and up to \$10,000 for Stream B or Stream C participants and for TtW participants on a qualifying income support payment. Otherwise eligible Indigenous Australian job seekers became eligible to attract a wage subsidy of up to \$10,000 (GST inclusive) from day one in employment services on 1 January 2018.



<sup>7</sup> Job seekers registered with Disability Employment Services may be eligible for other wage subsidy assistance and supports.

## 1.3 SUPPORTING and RELATED INITIATIVES

PaTH exists in a broader employment ecosystem that includes macro-economic and social industrial relations and factors affecting the supply and demand of labour. It is not the intention of this review to consider the complexity of factors affecting youth unemployment or the adequacy of all government interventions designed to optimise labour market outcomes. However, given that the primary purpose of Employer Mobilisation Strategy (EMS) is to support the implementation of PaTH it bears mentioning.

The EMS aims to engage employers at the national, regional and local levels to improve awareness of the services available and shift employer culture and behaviour to provide more opportunities for all young people. As part of the EMS there are ELOs whose work includes driving demand for PaTH job seekers by employers across the 51 employment regions.

Other Australian Government initiatives for young job seekers not considered in this review include:

- **Encouraging Entrepreneurship and Self-Employment** to support young Australians who wish to start their own business.
- **Transition to Work** that provides intensive, pre-employment support to improve the work-readiness of young people and help them into work or return to education. The service has a strong focus on helping young people to understand more about the workplace and to develop the skills, attitudes and behaviours expected by employers.
- **Empowering YOUth Initiatives** supported new, innovative approaches from not-for-profit and non-government organisations to help young people who were already, or at risk of becoming, long-term unemployed overcome the barriers they faced and move into work. All projects were funded for a maximum of two years and funding has now ceased.
- **ParentsNext** to assist parents of young children to plan and prepare for employment by the time their youngest child reaches school age. It provides tailored assistance to meet a parent's individual needs and supports them on their path to achieving education and employment goals.
- **Engaging Early School Leavers** to strengthen the chances of early school leavers finding and keeping a job. It supports early school leavers who are not on track for further education to look for work and find training opportunities.
- **Job Jumpstart** a website with articles, tip sheets and workbooks to help young people to better understand their employment goals and how to achieve them. The website provides information on topics like understanding your work preferences, where to find jobs, how to tailor your résumé, preparing for interviews and gaining work experience.

## 1.4 YOUTH JOBS PaTH EVALUATION

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The department is evaluating PaTH to assess the effectiveness and appropriateness of the program and (to the extent possible) the EMS. Specifically, the evaluation will report on the:

- *extent to which the design and operational processes of PaTH were effective in meeting the needs of key stakeholders [appropriateness].* The evaluation will explore the benefits, challenges, barriers and unexpected consequences associated with the program. It will also examine how young people, employers, providers and other stakeholders valued the program.
- *outcomes of PaTH and achievement of its objectives [effectiveness].* The evaluation will examine awareness of, referrals to and participation in the program, as well as training and employment outcomes of young people that participated in PaTH. This includes reporting on the achievements of the EMS

An internal strategy guides the evaluation. A program logic diagram for each of the three main elements of PaTH sets out the inputs, activities, barriers, assumptions and intended outputs and outcomes of each element.

The evaluation is using analysis of administrative data, quantitative surveys and qualitative (in-depth) interviews/focus groups to report on appropriateness and effectiveness.



## 1.5 YOUTH JOBS PaTH REVIEW (this review)

This review was conducted in accordance with Section 243A(1) of the *Social Security (Administration) Act 1999*, which requires the Employment Minister cause a review to be conducted into the operations of Youth Jobs PaTH.

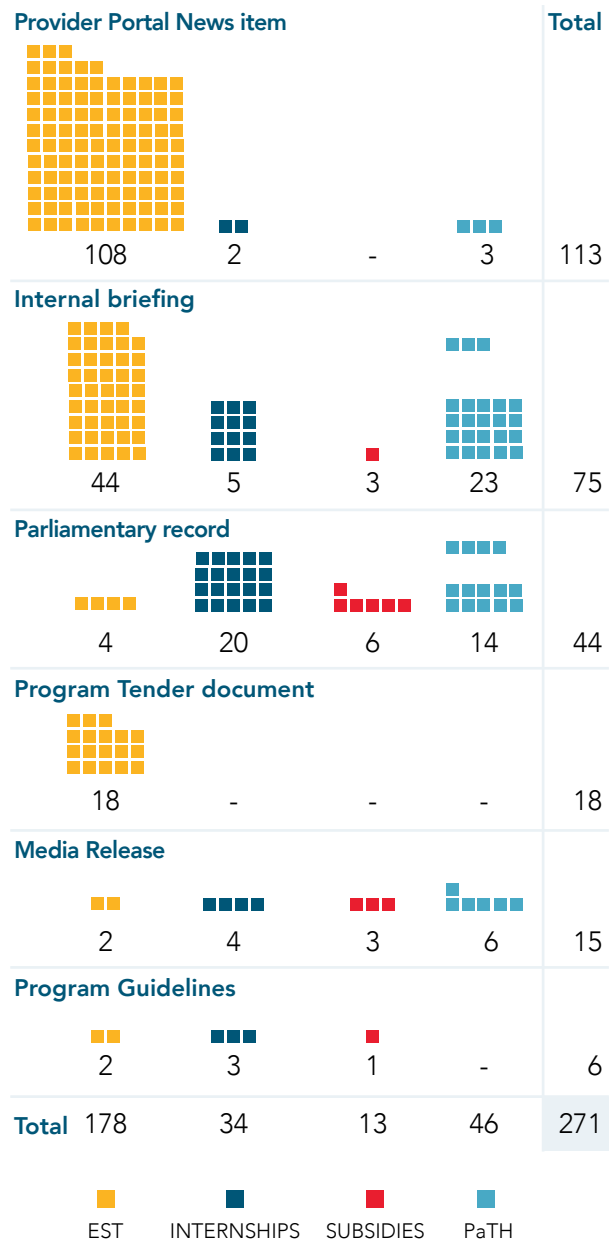
The review is focused on the extent to which PaTH has met the stated policy intent, risks associated with the implementation of PaTH and its outcomes. Risks were identified with reference to Hansard transcripts and the response of the *Australian Government to the Education and Employment Senate Estimates Committee*.

### 1.5.1 REVIEW METHODS

The review was based on documents provided to the review team (including data on participation, assurance and risk management activities, complaints and research and evaluation inputs commissioned by the department), supplemented with answers to questions about risk mitigation, risk manifestation and outcomes by the review team that were submitted to the department, including requests for additional analyses.

The review initially included approximately 271 documents that were provided by the department, a breakdown by type and focus is below in Figure 1. The review was provided with additional documents, updates, calculations and clarifications throughout the project in response to questions posed by the review team.

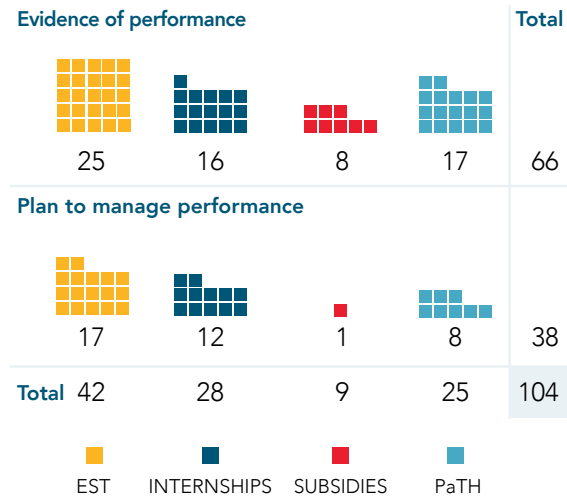
**Figure 1.**  
**Document type by focus of the document**



\* Note: In total there were 34 Provider Portal News items published by the Internship team.

Of these documents there were 38 unique documents providing a plan to manage performance and 66 that provided evidence of performance.

**Figure 2.**  
**Document content by focus of the document**



Each document was reviewed and categorised by staff of ARTD. Core information in each document on the extent to which risks materialised and outcomes were achieved was extracted and placed in a template. A summary of key information from each document was also entered in the catalogue. In addition, interviews and written responses were obtained from the department, as was raw data and the results of requested analysis and further relevant documents. The department was responsive, and forthcoming with all data requests.

### 1.5.2 LIMITATIONS of the REVIEW

This review is not a comprehensive evaluation of PaTH. It is a targeted and high-level review of risks and outcomes based on analysis of information provided by the department. It did not involve primary data collection but drew on existing data sets – although these were subject to new analyses.

The research and evaluation insights, answers to questions, and extraction and analysis of data provided to the review were useful for providing some evidence about the extent to which risks materialised and outcomes were achieved. However, while there was evidence of a small amount of risk materialisation, the methods of the review do not allow for inferential statistical analysis of the extent to which all risks materialised across the program. The review has provided some suggestions on analyses that may be conducted to further identify the extent to which risks materialised.

### 1.5.3 DISCLAIMER

The review findings are based on what the review team can reasonably conclude on the evidence examined. The review did not consider fraud and was not an audit of PaTH. The review findings should be considered alongside the findings from audit, assurance and evaluation activities conducted by the department. The review should not be construed as seeking to provide any legal opinion regarding PaTH in any general or specific sense.

## 2. DELIVERY of YOUTH JOBS PaTH

PaTH formally came into existence on 1 January 2017, with the introduction of the YBWS. EST and Internship elements commenced on 2 April 2017. Unless otherwise stated the data in this report is at 28 February 2019.

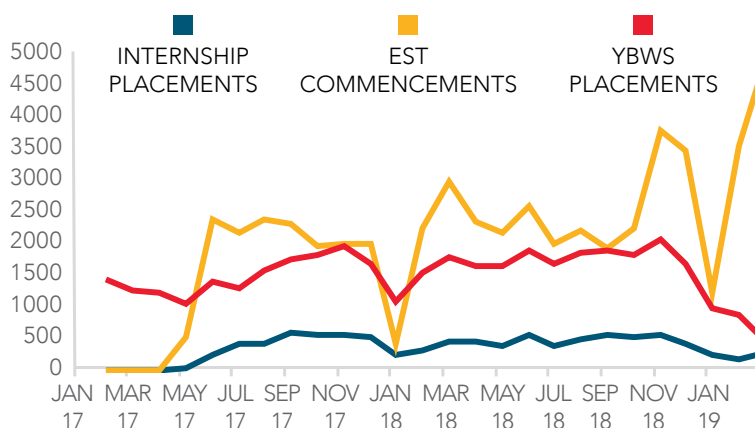
### 2.1 PARTICIPATION OVER TIME

Since PaTH began there have been 66,771 participants in at least one EST activity, Internship or YBWS across jobactive, TtW and DES up to 28 February 2019.

PaTH may be accessed as a complete journey, but for the vast majority of participants entering and leaving PaTH, it depends on their current needs. Only around 1,400 (2.1 per cent) participants have completed all three elements and only about 1,000 (1.5 per cent) have travelled across PaTH in sequential manner from EST to a YBWS. As such, we present data for each component on its own terms.

Participation rates have tended to stay fairly consistent over time with an increase in EST and decrease in Wage Subsidies (Figure 3).

**Figure 3. Participation in Youth Jobs PaTH**



Note: YBWS can be back dated 84 days and placement numbers for December 2018, January 2019 and February 2019 will increase in subsequent months up to the end of May 2019.

### 2.1.1 EMPLOYABILITY SKILLS TRAINING

As of 28 February 2019, there have been 51,710 commencements in EST (in 6,085 EST courses), representing 36,007 young job seekers. This is a take-up rate of approximately 40 per cent of estimates in the original budget. There are currently 98,178 job seekers eligible for EST, of which 58,207 were listed as EST mandatory. Of these:

- 29,852 have not been opted out and are mandatorily required to complete each of the training blocks, and of these, 4,842 are not participating in any activity.<sup>8</sup>
- 28,355 of the EST Mandatory have been opted out (opt-out reasons may include that a job seeker already possesses the necessary skills or has non-vocational barriers).

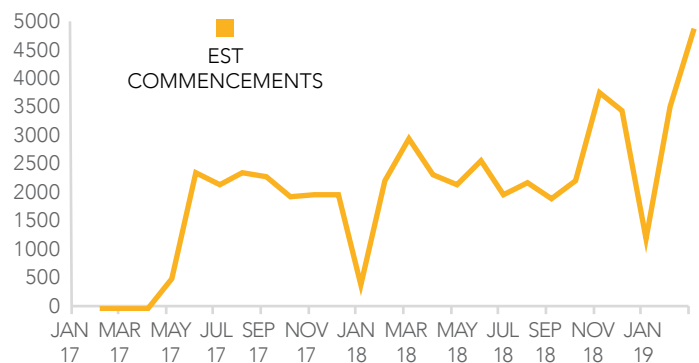
The proportion of mandatory EST participants who have not participated has dropped from 54 per cent at August 2018 to 14 per cent as of 28 February 2019 through the market activation efforts of the department. The main reasons for not participating include being referred to another activity (30 per cent), already possessing relevant skills (29 per cent), personal non-vocational barriers (25 per cent) and no suitable EST activity available (16 per cent).

It appears to have been difficult to schedule courses to match referral patterns. On average there have been 1.32 referrals for every commencement yet at the same time there have been courses planned that were unused<sup>9</sup>—this has dropped from around 39 per cent to 17 per cent of courses after the department’s market activation activities. While this has improved, there were 15 providers who ceased to provide EST in 2017 and 2018—in February 2019 there were 54 EST providers.

Participation in EST has increased over time (Figure 4) and the overall EST attendance rate has stayed within the band of 60-75 per cent over the period and is currently 71 per cent. This is confirmed by 2018 Post-Program Monitoring (PPM) survey data from participants where 67 per cent reported attending all of their EST activity.<sup>10</sup>

EST begins	APR 2017	MAY 2017	JUN 2017
	JUL 2017	AUG 2017	1st EST provider Forum SEP 2017
	OCT 2017	NOV 2017	DEC 2017
	JAN 2018	FEB 2018	Targeted Assurance Activity MAR 2018
	APR 2018	MAY 2018	JUN 2018
2nd EST provider Forum JUL 2018		Market activation begins AUG 2018	SEP 2018
Providers notified of indicative penalties OCT 2018		NOV 2018	Breach notices issued (for resolution by February 2019) DEC 2018
JAN 2019	All breaches rectified - no penalties issued FEB 2019		

Figure 4. Participation in EST



8 Departmental administrative data - 28 February 2019  
 9 Departmental administrative data - 28 February 2019, 12.3referrals/9.3commencements=1.32.  
 10 Departmental administrative data - 28 February 2019

### 2.1.2 INTERNSHIPS

As of 28 February 2019, a total of 8,495 young job seekers have been placed in one of 9,216 internships. Of these, 7,774 have come from jobactive, 723 from TtW, and 719 DES. This is a take-up rate of about 16 per cent of estimates in the original budget. There are currently 78,676 job seekers who are eligible to participate in a voluntary internship placement and 229 internships currently advertised (As at 28 February 2019).

A total of 4,038 businesses have hosted an intern and the top three industries (based on number of placements hosted and completed) include Accommodation and Food Services, Retail Trade and Other Services<sup>11</sup>. Participation in internships appeared to be fairly stable over time, except it dipped towards the Christmas break each year (Figure 5). Providers encourage internship placements to be complete by the end of December or delay the start until the new year as many provider close over the end of the year.

APR 2017	MAY 2017	Program Assurance Activities (internship agreements and risk assessments)	JUN 2017
<b>Internships begins</b>			
JUL 2017	AUG 2017	Providers instructed to verify arrangements with interns	SEP 2017
OCT 2017	Program Assurance Activities (incentive payments)	Youth Jobs PaTH Advertising campaigns	DEC 2017
JAN 2018	FEB 2018	Targeted Assurance Activity	MAR 2018
Program Assurance Activities (internship agreements and risk assessments)	APR 2018	MAY 2018	JUN 2018
JUL 2018	AUG 2018		SEP 2018
OCT 2018	NOV 2018		DEC 2018
JAN 2019	FEB 2019		MAR 2019
APR 2019	MAY 2019		JUN 2019
JUL 2019	<b>Internship eligibility expanded</b>		

Figure 5. Internship placements



### 2.1.3 YOUTH BONUS WAGE SUBSIDY

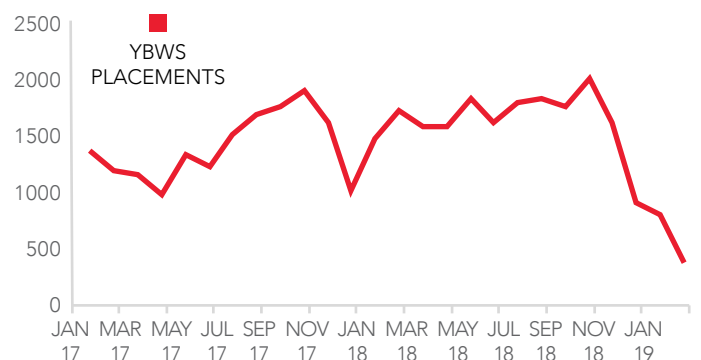
Since 1 January 2017, through 37,981 YBWS placements, a total of 34,467 young people have been employed by 19,373 businesses. This is a take-up rate of approximately 89 per cent of estimates in the original budget.

There were 74,291 young job seekers eligible for a YBWS at 28 February 2019. Young people under 30 are the most likely demographic group to receive any kind of wage subsidy from the department, over 1.5 times as many as for those aged over 50 or those with disability.

The financial incentive appears to influence host businesses' decision making to hire a job seeker after an internship. Feedback from host businesses in 2018 indicated that 73 per cent were influenced by the existence of the YBWS to employ an intern after the placement.

JAN 2017	FEB 2017	MAR 2017
<b>YBWS begins</b>		
APR 2017	MAY 2017	JUN 2017
JUL 2017	AUG 2017	SEP 2017
OCT 2017	NOV 2017	DEC 2017
	<b>Youth Jobs PaTH Advertising campaigns</b>	<b>Youth Jobs PaTH Advertising campaigns</b>
JAN 2018	<b>Immediate access to Indigenous job seekers to wage subsidies</b>	

**Figure 6.**  
**Youth Bonus Wage Subsidy placements**



Note: YBWS can be back dated 84 days; therefore, placement numbers for December 2018, January 2019 and February 2019 will increase in subsequent months up to the end of May 2019.



## 3. RISK MITIGATION and RISK REALISATION

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Risks for PaTH have been identified from the commentary of Senators and the *Australian Government response to the Education and Employment Legislation Committee Report*. Risk mitigation strategies and risk realisation has been identified through departmental records including participation, outcomes and complaints data and surveys of participants.

### 3.1 GUIDANCE on RIGHTS and RESPONSIBILITIES

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As discussed in the *Australian Government response to the Education and Employment Legislation Committee Report*, there is concern that job seekers and employers may have a lack of guidance of their rights and responsibilities when participating in all aspects of PaTH. In particular there is a concern that job seekers would not understand that the internship was voluntary.

### 3.1.1 RISK MITIGATION STRATEGIES

The department has established a number of risk mitigation strategies to ensure job seekers, host businesses and employers are all aware of their rights and responsibilities.

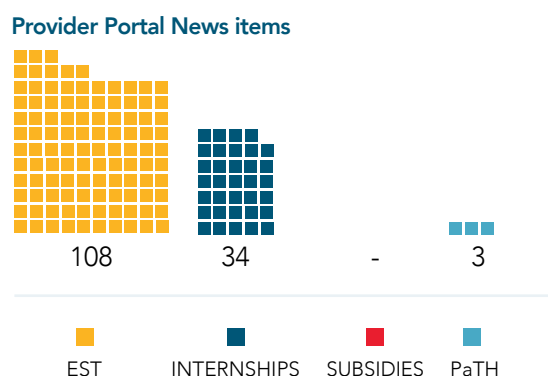
Providers are the key contact for job seekers, host businesses and employers participating in all PaTH elements and are responsible for communicating to job seekers, host businesses and employers about their rights and responsibilities.

To ensure that providers are aware of their own obligations and the rights and responsibilities of participants, the department has set out provider obligations in a Deed (of contract). The department has also produced Guidelines, which form part of the Deeds, for managing internships, EST and wage subsidies, and providers must perform in accordance with them. Each of these guidelines provide links to a suite of related documents, including factsheets for participants and employers. Guidelines are supplied to providers and are available on the department's website and through a portal accessible to providers and their staff.

The department monitors PaTH's delivery to ensure providers, EST providers, interns, host businesses and employers, are complying with their obligations. This is done through ongoing desktop monitoring, provider audits, investigations of tip-offs and complaints, and targeted assurance activities. These activities inform updates to guidelines and program procedures, which the department communicates to providers through various methods to inform them of their updated obligations. This includes through the provider portal, department Account Managers, letters to CEOs and provider meetings and seminars.

The department issued 145 PaTH provider portal new items between 2017 and 21 February 2019 (see Figure 7). Provider news portal items are administered through the provider portal and are used to give providers updates, send reminders and share information.

**Figure 7.**  
**Number of News Provider Items by focus of document**



Source: documents and counts provided to ARTD by the department

To help ensure the readiness of interns to participate in the internship, providers are required to identify any assistance the participant will require including transport, clothing and presentation, tools, equipment, work-related licencing and post placement support. The provider is able to seek reimbursement for some goods and services purchased to meet these needs through the Employment Fund for jobactive participants or Upfront Payments for TtW participants. DES providers can choose to pay for relevant goods and services through enhanced funding to deliver services.

The department has made it a requirement for the intern, provider and host business to sign a PaTH Internship Agreement before the internship can commence. This agreement outlines the terms and conditions of the internship including terms each individual party must comply with. In this agreement, the provider agrees to:

- 'Advise the host organisation and interns about insurance coverage for the internship and provide documentation.
- Ensure the intern understands the conditions of the internship and provide the intern with contact card and internship factsheet<sup>12</sup>.

The job seeker section of the agreement clearly delineates mandatory and voluntary aspects of their internship agreement – of which participation in an internship is voluntary.

To assist providers in communicating their rights and responsibilities, the department has published fact and information sheets for participants about PaTH elements. These products outline where to find further information about PaTH, including through the jobactive website and the department's National Customer Service Line (NCSL) contact details.

The department has created traditional and social media campaigns and social media accounts to promote and provide information about the PaTH elements for potential participants, including interns, host businesses and employers.

Participants and host businesses are provided details to contact the department directly for information about PaTH elements, including the website details and the NCSL.

The department's internet web page<sup>13</sup> for job seekers states 'PaTH Internships are voluntary, so if the industry or workplace isn't what you expected, you can leave the placement at any time without it affecting your Youth Allowance or Newstart Allowance payment'.

In September 2017, the department instructed all providers with active internships to contact their job seekers undertaking internships to verify correct arrangements were in place. As a result of this review by providers there was corrective action taken against four host organisations<sup>14</sup>.

To assist providers in recruiting and informing businesses about the PaTH program and their rights and responsibilities, the department introduced the role of Employer Liaison Officers (ELOs). ELOs encourage businesses to participate in PaTH and other jobactive related initiatives and to connect businesses with providers. They may also provide direct support to businesses during the internship. The review notes that a move already made by the department from promoting general awareness of the various products and services on offer by ELOs, towards more strategic engagement with businesses to understand their needs and facilitate access to various government supports – 'a kind of one-stop shop' is likely to be valued by businesses. This approach is also likely to provide further oversight and assurance that businesses are accessing government supports in line with the policy intent.

<sup>12</sup> Departmental resources

<sup>13</sup> Accessed 29 April 2019 - <https://www.jobs.gov.au/im-job-seeker>

<sup>14</sup> Departmental resources

### 3.1.2 RISK REALISATION

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The data from regular PPM Skills and Satisfaction surveys<sup>15</sup> shows that while most interns were explained that it was voluntary, not all were provided (or recall being provided) with all relevant information by their provider. It is likely that there is some recall bias in the survey data, yet it suggests not all job seekers were provided all the relevant information.

- 87 per cent of interns reported that it was explained to them that their internship was voluntary, 7 per cent reported that it was not explained that their internship was voluntary and 6 per cent didn't know.
- 92 per cent reported that the conditions of their internship and expectations of participants had been explained, 5 per cent hadn't been explained and 3 per cent didn't know.
- 73 per cent of interns said they had been provided with a fact sheet and contact card, 14 per cent reported they hadn't and 12 per cent didn't know.
- 60 per cent said they had been provided with the Job Seeker Insurance Guide, 18 per cent hadn't and 22 per cent didn't know<sup>16</sup>.

This data should not be construed as suggesting interns did not know their internship was voluntary – although based on evidence from complaints data it is likely that there was some confusion between the mandatory nature of EST and voluntary nature of internships. There is substantial evidence that job seekers were able to, and in fact did terminate their internships voluntarily and without penalty. It appears that 33 per cent of internships ended early and in 50 per cent of those cases it was ended early by the

intern and that, overall, 75 per cent of internships that ended within four weeks were ended by the intern. We have not identified any complaints relating to interns who felt coerced to participate in an internship—however, there is some evidence that in isolated cases interns were advised by their provider not to discontinue their internship.

### 3.1.3 CONCLUSION of the REVIEW

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Overall, the evidence provided to the review would suggest that job seekers, interns, host businesses and employers are generally provided with sufficient information and resources to understand their rights and responsibilities. This has not been perfect and further analysis of patterns from survey or complaints data may identify issues with individual providers and allow for rectification.

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<sup>15</sup> Each month the department randomly selects a sample of a few thousand job seekers to participate in PPM based on their status as existing an activity, they are provided with a number of options to respond and are asked questions based on the activities and services they have received. The response rates to these surveys is typically around 30–45 per cent.

<sup>16</sup> Departmental monitoring data June 2018. PaTH Interns, who began their internship between September 2017 and August 2018, four weeks after commencing an internship. There were 1,136 responses from PaTH Interns to the survey (45.7% response rate).

## 3.2 TAKE-UP of PaTH

Low take-up of PaTH elements by young job seekers has been an ongoing concern. The potential for low take-up was anticipated in some of the commentary in the parliamentary debate, based on views that that the internship component is unlikely to get traction – due to some people forming an opinion that the program will not genuinely improve the employability of young people.

### 3.2.1 RISK MITIGATION STRATEGIES

The department has employed a number of methods to influence the uptake of each PaTH element. To support uptake of PaTH overall the department developed the Employer Mobilisation Strategy to engage employers at a national, regional and local level. ELOs were employed to help drive demand for PaTH job seekers and find businesses willing to host job seekers as an intern or offer employment through a YBWS placement. Between 1 January 2017 and 30 September 2018, the department's 13 ELOs engaged with over 1750 employers and 360 peak industry bodies. ELOs had contact with businesses representing 17 per cent of Internship placements. ELOs also supported 242 new businesses to connect with and use the services of jobactive.

The PaTH advertising campaign ran twice, once from April 2017 to November 2017 and then from 12 February 2018 to 30 April 2018. The campaign's four key objectives included increasing awareness of participation in PaTH for business owners/managers, addressing misconceptions about the program, promoting positive attitudes towards employing young job seekers and encouraging employers to visit the program website.

### EMPLOYABILITY SKILLS TRAINING

In February 2019 there were 54 EST providers delivering EST across all 51 Employment Regions in Australia. The EST arrangements required the development of new business relationships between jobactive and EST providers (who may also be jobactive providers but cannot refer participants on their jobactive caseload to their own courses). Initially, low referrals were leading to course cancellations and were having a negative impact on the viability of EST providers—15 providers ceased to provide EST over 2017 and 2018.

The department has engaged in a number of market activation initiatives to increase referral rates and participation in EST. In early 2018, the department facilitated workshops with jobactive and EST providers to improve referral rates. In August 2018 the department wrote to all jobactive and EST providers, advising jobactive providers of their target referral rates and requiring them to meet a benchmark of no more than 20 per cent of all EST mandatory caseloads not having an activity, otherwise they would face remedial action and potential financial penalties. The response of the department to increase uptake of EST appears to be an effective application of responsive regulation, combining the use of sanctions and supports to drive compliance by jobactive.

In October 2018, the penalties that could be levied on jobactive providers for failure to refer were calculated, and in December 2018 a total of 26 jobactive providers were issued with breach notices and were required to remedy these by the end of February 2019 or face a financial penalty. A five per cent buffer was included in the benchmark assessment and breach notices were only issued to providers with performance

rates over 25 per cent. By February 2019 all jobactive providers were within the 25 per cent rate, with only one over 20 per cent. In summary, this meant that while 26 of the 62 jobactive providers were in breach of the original 20 per cent benchmark in October 2018 by February 2019 there was one—however, the introduction of a five-percentage point buffer meant no penalty was applied.

### **COMPLAINTS about EMPLOYABILITY SKILLS TRAINING**

There have been 44 complaints provided to the NCSL about EST from 51,710 commencements since 2 April 2017. This equates to a rate of less than 1 complaint per 1000 commencements.

Based on the sample of complaints analysed by the review, all complaints were made by job seekers. The majority relate to a perception by the job seeker that they should not have to undertake the course because they already had skills. In a small number of cases, the complaints were due to concerns over transport, interference with existing employment (some job seekers may be underemployed and receiving income support and therefore eligible for EST but still needing to attend work), because the course itself was not useful to them, or because they wanted to transfer to a different provider. Each complaint includes details of a response by the department that is detailed and appears to be appropriate.

### **INTERNSHIPS**

To encourage participation in the internship program by young job seekers, host businesses and jobactive providers, the department has offered financial incentives to each party. If a job seeker participates in an internship they will receive an extra \$200 in their fortnightly income support payments. If a business hosts an intern, they will be eligible to receive \$1,000, to cover the cost associated with hosting and supervising an intern. Providers receive an outcome payment for placements where a job seeker: takes up paid employment after a minimum of two weeks participating in the internship, completes the internship duration as specified in the PaTH Internship Agreement, or where the participant has participated in the internship for a minimum of four weeks and all three parties (job seeker, host business and provider) agree to end the internship.

The parameters and voluntary nature of the internships are designed to encourage young job seekers to participate in the program, as well as to protect the interns from exploitation. A job seeker should be well informed of their rights before signing a PaTH Internship Agreement and are able to leave a placement at any time without penalty.

At the beginning of the program, to be eligible to participate the job seeker must be 17-24 years of age, be on income support and have mutual obligation requirements, and be registered with jobactive, TtW or DES for at least 6 months. In December 2018, the department announced changes to the eligibility requirements for PaTH Internships. As of 1 July 2019, eligible young people will have immediate access to PaTH Internships (removing the 6 month waiting period), if they are in jobactive Stream A, aged 17-24 and have participated in EST, or in jobactive Streams B and C and aged 17-24, or in TtW or DES and aged 17-24.<sup>17</sup>

## **COMPLAINTS about INTERNSHIPS**

There has been a total of 93 complaints made to the NCSL about internships, from 9,216 commencements. This equates to a rate of 10 complaints per 1000 commencements.

Based on the sample of recent complaints analysed by the review, most complaints (70 per cent) were from job seekers followed by employers (23 per cent). The most frequent complaints related to system issues such as failure to receive the additional incentive payment, an inappropriate or inadequate service, or dissatisfaction with negotiation of the internship.

There were relatively few complaints made by interns about work health and safety, or fraud and there were two complaints by interns about working in internships without an Internship Agreement. Employer complaints most often related to failure to receive the \$1,000 payment, interns who were not engaged in their placements, or being told they could not host any further interns.

## **YOUTH BONUS WAGE SUBSIDY**

Wage subsidies are an established part of the employment ecosystem and employment service providers are well aware of this initiative. A young person is eligible to attract a YBWS placement if they have been receiving employment services from jobactive, TtW, ParentsNext, DES or CDP for six months. The subsidy can be up to \$10,000 over a 26-week period.

## **COMPLAINTS about WAGE SUBSIDIES**

Complaints about wage subsidies between 1 January 2017 to 28 February 2019 do not specify the specific wage subsidy that was involved, nor the employment service it related to. Overall, there were a total of 1,229 complaints received by the NCSL across all subsidy types (not just the Youth Bonus Wage Subsidy) – this is from 126,877 placements commenced in the same period, a rate of 10 complaints per 1000 placements (1 per cent).



### 3.2.2 RISK REALISATION

As at 28 February 2019, 66,771 people had participated in one or more elements of PaTH.

There has been lower than budgeted take-up across elements of PaTH (see Table 1). Specifically, there has been about 40 per cent of the budgeted number of commencements in EST, 16 per cent of the budgeted number of internships, and 89 per cent of the budgeted number of YBWSs (see Table 2).

**Table 1. 2016-17 Budget estimates of take-up for PaTH**

Youth Jobs PaTH	2016-17	2017-18	2018-19	2019-20	Total
Employability Skills Training	13,882	81,427	57,477	59,450	212,236
Internships	7,500	30,000	30,000	30,000	97,500
Youth Bonus Wage Subsidy	10,805	19,470	19,081	19,246	68,602

*Note: Figures are the expected number of commencements. This is not the same as individual participants, as an individual can in some cases commence more than once. This is particularly the case for EST, which has two blocks of training, and some job seekers will do both blocks. The figures for EST above relate to the number of commencements in either training block.*

**Table 2. Actual take-up rates of PaTH elements**

Youth Jobs PaTH	Total (as at 28 Feb 2019)	Total expected (by June 30, 2019)*	Total budgeted (by June 30, 2019)	Per cent of expected total (by June 30, 2019)
Employability Skills Training	51,710	60,703	152,786	40%
Internships	9,216	10,819	67,500	16%
Youth Bonus Wage Subsidy	37,981	43,824	49,356	89%

*\*Estimate based on an assumption that the average number of commencements in an element of the program over the period is achieved over the remaining 4 months of 2018-19.*

Please see Section 2.1, for further commentary about participation over time.



## EMPLOYABILITY SKILLS TRAINING

As a result of risk mitigation strategies already discussed, uptake of EST was increased and the percentage of EST mandatory job seekers without any activity dropped from 54 per cent in August 2018 to 14 per cent as at 28 February 2019. The number of commencements of EST per month prior to the beginning of the market activation period (August 2018) was under 3,000 and has since risen most months (excepting the usual absence of courses in December) to 4,696 commencements in February 2019<sup>18</sup>. Over the entire period, the peak number of job seekers opted out was 50,265 and the lowest number 15,411—reasons for this included being referred to another activity, already possessing relevant skills, personal non-vocational barriers and no suitable EST activity available.

## INTERNSHIPS

The number of internships is clearly lower than was budgeted. While the participation rate picked up in 2018, there is an indication that rate of take-up may be slowing, with about nine per cent of the anticipated take-up in 2016-17 increasing to 18 per cent in 2017-18 and appearing to be dropping to an estimated 14 per cent in 2018-19.

It is important to note that participation in internships is reasonably high when compared to the National Work Experience Program (NWEPP). There were a total of 53 people participating in NWEPP as at 28 February 2019 compared to 333 in Youth PaTH Internships. The main points of difference being that internships are only available to those aged 17-24 (while NWEPP is open to those aged 17

and older); internships come with an additional \$200 a fortnight supplement to income support payment and \$1,000 for the host business (compared to \$20.80 per fortnight for participants and \$300 for host businesses under NWEPP); and internships are of 4-12 weeks duration rather than 4 weeks under NWEPP.

On the available evidence it appears reasonable to conclude that uptake of internships has been lower than anticipated due to a lack of demand by business or an inability of employment services to provide a supply of suitable job seekers in the timeframes requested by businesses. While there were 78,676 job seekers eligible for voluntary internships as at 28 February 2019, there were only 229 internships being advertised. Anecdotal evidence reported to the department by providers suggests some providers were uncomfortable promoting internships as a result of negative media attention. It has also been suggested that greater awareness of rules by businesses relating to unfair dismissal in the first 6 months of employment reduced the perceived need for internships as a means of trialling a person before hiring an employee<sup>19</sup>. Anecdotal evidence also suggests some businesses may have been put off by the terms and conditions relating to hours of work and training that were intended as safe guards for interns but reduced the flexibility of business in how they made use of interns. Uptake may also be affected by the structure of outcome payments that incentivise the placement of people in jobs wherever possible (bypassing an internship). Competition in the sector may be limiting the ability to coordinate responses in local labour markets, including promoting the appropriate use of internships and other employment services with local businesses, a role for departmental ELOs.

<sup>18</sup> Departmental administrative data – February 2019

<sup>19</sup> Analysis of changes in the rate of the employment for the caseload of young people unemployed for 6 months or more over the period would support claims about a lower than anticipated 'need' for the program if employers are offering jobs to these job seekers without the need for trialling them with an internship.

## **YOUTH BONUS WAGE SUBSIDY**

As at 28 February 2019, there have been 37,981 YBWSs. These are tracking very close to the budgeted take-up.

### **3.2.3 CONCLUSION OF THE REVIEW**

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Take-up of EST was lower than anticipated but has increased substantially over time and the risk of low take-up of EST appears to have been well-managed. Take-up of internships has been substantially lower than budgeted for reasons that may relate to a lack of demand by job seekers, businesses and providers. The precise reasons for lower than budgeted take-up require further investigation. Take-up of subsidies has been broadly as budgeted.

PaTH attempts to address youth unemployment by increasing the employability of job seekers and by stimulating demand for job seekers by potential employers. The three elements appear to respond to recent research literature in the Australian youth unemployment context that supports the need for basic skills training, work experience in the real employment market (i.e. excluding Work for the Dole) and subsidies for employers (Borland et al 2016, Skattebol et al 2015). While none of these approaches are new in the employment policy context, the particular arrangements for providing EST and internships – a form of supervised work experience – were new and it is reasonable to expect that time would be required to increase awareness, understanding and uptake.

### 3.3 INTERNS and SUBSIDY HOLDERS DISPLACING OTHER PAID WORKERS

As discussed in the *Australian Government response to the Education and Employment Legislation Committee Report* there is concern that existing employees will be displaced and that their take home pay will be undercut. During parliamentary debate, concerns that the PaTH Internship will weaken the labour market and that people will not be able to hold onto their jobs, shifts and conditions were raised<sup>20</sup>.

The department defines displacement as a host business using an intern to displace an existing employee of a host business or employer or a reduction of an employee's hours of work. It also discusses the idea of substitution at the expense of other people who have not had access to the internship.

#### 3.3.1 RISK MITIGATION STRATEGIES

To ensure that current employees at a host business are not displaced by a business hosting an intern, the department requires a PaTH Internship Agreement to be signed by the host organisation (as well as the provider and intern). This is considered a deterrence method of the department's program assurance strategy. In this agreement, the host organisation agrees to 'not use the internship to displace current employees of the host organisation or reduce an employee's hours of work.'

The department considers that the scale of the PaTH Internships, their short duration and restrictions on number of hours per week will prevent distortion to the labour market<sup>21</sup>.

Similarly, wage subsidy placement eligibility requires that the placement must 'not displace an existing employee'. As with a PaTH Internship, the employer must sign an agreement with the service provider, certifying that the 'employment of the relevant participant has not, does not, and will not displace an existing employee'<sup>22</sup>.

<sup>20</sup> Departmental resources

<sup>21</sup> Departmental resources

<sup>22</sup> Departmental resources

### 3.3.2 RISK REALISATION

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To our knowledge, the department has not become aware of any specific incident where an intern placement has displaced an existing employee or reduced their hours of employment and therefore has not been required to investigate any incidents.

However, there is some evidence that displacement may have occurred. Employer feedback obtained for the Interim Evaluation suggests around seven per cent of host businesses reported that due to having an intern the number of other staff was reduced, or that the number of shifts given to other staff, or their working hours were reduced during the period of the Internship<sup>23</sup>. Employer feedback was based on recall of past internship placements, with employers recalling information from six months prior. It is likely that some have answered the question in relation to changes that happened concurrently with the internship rather than as a direct result of the internship. While we understand that no allegations of this kind have been made with the department, future research could potentially explore changes in employee numbers in businesses that host interns as linked data becomes available.

### 3.3.3 CONCLUSION OF THE REVIEW

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The department has invested in a number of risk mitigation strategies relating to the risk of displacement and there have been no complaints or investigations by the department due to this issue (to the knowledge of the review). However, there is some feedback from host businesses suggesting that displacement may have occurred in a small proportion of cases. Another approach to analysis could investigate if there are any hidden - yet systemic - patterns of displacement by analysing the association between hosting an intern and reducing pay of existing employees using linked government data systems.

## 3.4 ALIGNMENT of INTERNSHIPS with INTERESTS, SKILLS, EXPERIENCE and CAREER ASPIRATIONS

There are concerns that job seekers will be placed into inappropriate internships. During parliamentary debate concerns were raised that interns will be used as free labour and placed into positions that are available rather than those that align with the job seeker's interest, skills, experience and career aspirations, and without the prospect of ongoing employment.

The stated internship program objective is to 'give a young person the chance to demonstrate their skills in the workplace to a potential employer, develop vocational skills and improve their employment prospects.' The intended outcomes of the internship for interns as described in the program logic are that:

- participants gain work experience
- participants have improved employability and chances of employment
- participants are placed into a job with or without a wage subsidy
- interns are employed by host employer or another employer
- participants remain in a job
- participants have reduced reliance on income support, consistent with pre-existing Social Security Law.

### 3.4.1 RISK MITIGATION STRATEGIES

The department has employed multiple strategies in the design of the PaTH Internship program to mitigate the risk that young job seekers may be placed in inappropriate internships that do not align with their interests, skills and experience. As already described, internships are voluntary which means that job seekers can decide if it aligns with their interests, skills and experience. Individuals have the ability to cease an internship if they don't feel it is beneficial.

The department's Internet website<sup>24</sup> for job seekers states that 'A PaTH Internship is a workplace trial so you can get work experience that could lead to a job. It is a chance for you to show an employer what you can do and how you fit into their business. An internship gives you on-the-job experience in a business that interests you, working on activities that match your skills and qualifications. Internships run for from four to 12 weeks, with participation of between 30 to 50 hours per fortnight.'

When matching a participant to an internship, a provider 'must co-design the internship with the participant and host business or broker to match the participant's skills, interests and experience'<sup>25</sup>. This is to ensure that the job seeker's preferences and skills, interests and experience are considered when a provider is planning and initiating an internship.

<sup>24</sup> Accessed 29 April 2019 - <https://www.jobs.gov.au/im-job-seeker>

<sup>25</sup> Departmental resources

### 3.4.2 RISK REALISATION

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Overall, on the evidence available, there is no evidence to suggest that job seekers are systemically placed in unsuitable internships that do not align to their interest, skill set or experience.

PaTH Interns, who began their internship between September 2017 and August 2018, completed a Post-Program Monitoring PaTH Skills and Satisfaction survey, four weeks after commencing an internship<sup>26</sup>. Respondents were asked questions about their satisfaction with the internship. Overall:

- 78 per cent were either very satisfied or satisfied with how well they were being prepared for future employment, 12 per cent were neither satisfied nor dissatisfied and 10 per cent were very dissatisfied or dissatisfied.
- 82 per cent were either very satisfied or satisfied with the overall quality of their internship, 8 per cent were neither satisfied nor dissatisfied and 10 per cent were very dissatisfied or dissatisfied.
- 85 per cent were either very satisfied or satisfied that the tasks they were given suited their abilities, 8 per cent were neither satisfied nor dissatisfied and seven per cent were either very dissatisfied or dissatisfied.
- 81 per cent of participants said they would recommend an internship to other young people, 7 per cent said they wouldn't and 12 per cent didn't know.

As of 28 February 2019, 2,931 internships had ended early (34 per cent of all internships placements), of these 50 per cent were ended by the participant, 40 per cent were ended by the host business and 10 per cent were ended by the provider (less than five placements were ended by the department)<sup>27</sup>. This may indicate that interns had been placed into inappropriate placements and decided to cease participation. However, internships may have ended early by either the intern, host business, or provider for a variety of reasons. For example, a job seeker may have entered an internship to trial a particular occupation or industry. It may not be until this trial has commenced that the young person realised this type of work was not suited to their interests, skills set and experience.

In September 2017, the department conducted an audit of all internships and instructed providers to review all 620 active internships. All providers responded and indicated that the vast majority of placements were operating within the program parameters<sup>28</sup>.

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<sup>26</sup> There were 1,258 responses to the survey (39.5% response rate)

<sup>27</sup> Departmental administrative data – February 2019

<sup>28</sup> Departmental resources

### 3.4.3 CONCLUSION of the REVIEW

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It is the conclusion of the review based on the available evidence that the risk of job seekers being placed in internships that do not align to their interest, skill set or experience has been adequately managed and has not manifested in a systemic manner.

The review notes that an internship program may be suggestive of contributing toward a vocation and the stated objective of internships includes 'to develop vocational skills' and the preceding 'Prepare' component describes 'career development' as part of the focus of training. This raises the reasonable likelihood in the mind of a young person that they will be supported to develop a career aspiration but does not make any promise of such extensive support. The policy intent and more importantly, information for participants, do not appear to raise the expectation that the internship will support a person in a chosen vocation beyond the provision of work experience that is aligned to their interests, skills and qualifications. The internship element is not described as a vocational program where the long-term goal is a strong feeling of suitability for a particular career or occupation. The stated long term goals are that participants remain in a job and have reduced reliance on income support.

## 3.5 INTERN HOURS PARTICIPATED, SAFETY and PROSPECTS of ONGOING EMPLOYMENT

Some commentators have expressed concerns that host businesses may take advantage of the PaTH Internship program and exploit job seekers by making an intern work excessive hours and in unsafe work environments and not providing them with the prospect of ongoing employment. These concerns were raised by Senators and discussed in the *Australian Government response to the Education and Employment Legislation Committee Report*.

### 3.5.1 RISK MITIGATION STRATEGIES

The department has developed safeguards to prevent host businesses from exploiting interns and not providing a genuine work experience or employment opportunity. These are applied through the department's program assurance strategy.

The Internship program is designed to be voluntary and interns can work between 30 to 50 hours per fortnight for up to 12 weeks. To be eligible to host an intern, a business must 'have a reasonable prospect of employment, which means that the business: has a current vacancy, will likely have a vacancy following the internship, or has a regular pattern of recruitment'<sup>29</sup>.

The department requires that prior to an internship commencing, the intern, host business and provider must sign a PaTH Internship Agreement that stipulates the conditions of the internship, including the number of hours an intern will work and the length of the internship. In this agreement the host business declares that they agree to the terms and conditions of the internship, including that there is a reasonable prospect of employment and provides the intern with an appropriate supervisor with knowledge, skills or experience in training and supervising the work of others<sup>30</sup>.

It is the responsibility of the providers to ensure that internship placements are appropriate, intentions of host businesses are honest, and that host businesses do not breach the PaTH Internship Agreement. The department assists providers to monitor internships and host businesses. Through the ESS Web and Employment Service Reporting portal, providers are able to access information about the host business' history with internships. Throughout the internship, the provider is responsible for monitoring and proactively managing internships to ensure that 'the host business is meeting the terms of the Internship Agreement.'

Prior to signing an Internship Agreement, the provider must visit the workplace and ensure the host business has a safe system of work. The provider has to create a risk assessment for each participant in an internship. Throughout the internship, the provider must ensure that the host business maintains an appropriate level of supervision. The department purchases personal accident insurance and combined public and/or product liability insurance to cover participants during internships. The department publishes a number of insurance resources for interns, hosts and providers and providers are required to share this information with interns and host business as outlined in the Managing PaTH Internships Guidelines. Providers agree in the Internship Agreement to advise interns and host business of insurance coverage and provide insurance documentation.

The department undertakes routine monitoring activities, as well as targeted auditing and assurance activities and participant feedback surveys. If the department detects potential risks, cases are escalated and investigated further<sup>31</sup>. Host businesses found to be using the internships inappropriately may be excluded from the

29 Departmental resource

30 Departmental resource

31 Departmental resource



program and service providers may be issued a breach notice. In instances of non-compliance the department has liaised with providers to rectify any issues, as well as requiring the providers to take an educative approach with all frontline staff, job seekers and host organisation to ensure that obligations of all parties are understood.

### 3.5.2 RISK REALISATION

There has been some evidence of host businesses requiring interns to work excessive hours in a small number of cases, however most internships appear to have been genuine and appropriate, providing job seekers with a reasonable prospect of employment.

PaTH Interns, who began their internship between September 2017 and August 2018, completed a PPM satisfaction and outcomes survey, four weeks after commencing an internship. There were 1,136 responses to the survey (45.7 per cent response rate). Respondents were asked questions about their improvement in soft skills. Overall,

- 91 per cent reported improved work experience either a little or a lot, seven per cent reported no improvement and 2 per cent did not know.
- 91 per cent reported improved work-related skills either a little or a lot, eight per cent reported no improvement and one per cent did not know.
- 80 per cent reported improved chances of getting a job either a little or a lot, 10 per cent reported no improvement and 10 per cent did not know<sup>32</sup>.

As described in the outcomes section, administrative data shows that as of 28 February 2019, 65 per cent of interns who completed their placement were offered ongoing employment<sup>33</sup>. Post-Program Monitoring survey data shows that 70 per cent of people who participated in a PaTH Internship between July 2017 and June 2018 were employed three months after completing their internship<sup>34</sup> - an employment rate that is higher than for other similar programs targeting this cohort of job seekers.

The department is aware of a number of incidents where an intern has worked more hours than outlined in the Internship Agreement which is more than an intern is eligible to work during an internship. During an internship audit conducted by the department in September 2017, less than five hosts, with seven interns between them, were found to have scheduled participants to work more hours than agreed. In these instances, corrective actions were taken.

Over the duration of the program, the department has used risk metrics and other sources of data to monitor internship placements and identify possible cases of misuse of the program. As of 31 January 2019, the department had conducted 136 host organisation reviews. Of these reviews, 75 related to a reasonable employment prospect, 20 to workplace safety, seven to workplace conduct, and 34 to other program requirements. As a result, 66 organisations have been considered to have not met the requirements of the Internship Agreement. Of these organisations, 27 required correction of a minor issue, 30 correction and monitoring by the department and nine were excluded from participating in the program<sup>35</sup>.

32 Department monitoring data - June 18

33 Departmental administrative data - 28 February 2019

34 Department monitoring data - June 2018

35 Department administrative data - February 2019

In relation to safe work environments, there have been 59 incidents reported to the department, seven of which were treated as critical incidents<sup>36</sup> for interns, which is 0.6 per cent of all Internships. This has resulted in the exclusion of two and suspension of three host businesses from the program. The department has received two insurance claims for interns. This is an incident rate of 0.7 percent which compares to an incident rate of 4.2 per cent in paid work more broadly<sup>37</sup>.

### 3.5.3 CONCLUSION OF THE REVIEW

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It is the conclusion of the review on the available evidence that the department has taken steps to mitigate the risk of interns working excessive hours and that while there is evidence that this risk has occurred in a small number of cases it has been well managed. Unfortunately, there is insufficient evidence to verify the number of hours participated by all interns and this information should be collected in PPM surveys directly from interns.

It is also the conclusion of the review on the available evidence that the department has taken reasonable steps to ensure that interns have been provided with a safe working environment and that the prospect of ongoing employment as a result of an internship—which is in no way a guarantee of a job—is reasonably high.

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<sup>36</sup> All incidents are required to be reported to the department within 24 hours – incidents include any near misses, work health and safety issue or property damage. The department defines ‘critical incidents’ as an incident that is considered to be dangerous, considered to be life threatening, criminal behaviour (with the possibility of resulting in criminal charges), has caused (or has the potential to cause) serious bodily or psychological harm, and/or has resulted in a fatality. Examples of critical incidents could include highly threatening or aggressive behaviour, harm to self, harm to others, assault or harassment. For further definitions of critical incidents refer to Part 3 – Incident Notification of the WHS Act 2011. There were seven critical incidents reported to the department, five of which were ‘inappropriate workplace behaviour’. These incidents have been investigated and led to some host businesses being excluded or being suspended pending review.

<sup>37</sup> Australian Bureau of Statistics, 6324.0 Work Related Injuries, July 2017 to June 2018, 30 October 2018

## 3.6 SUBSIDY PARTICIPANTS TERMINATED at the END of the 26 WEEK SUBSIDY PERIOD

There was concern expressed during the parliamentary debate that YBWS participants may be terminated at the end of the 26-week subsidy period. The amendment being debated was to extend the income support suspension period from 13 weeks to 26 weeks to prevent young people from needing to apply for income support if they were employed with a YBWS and subsequently lost their job through no fault of their own. Senators expressed a preference for extending the suspension period to nine or 12 months, 'to avoid disadvantaging young people who have entered these positions with the best intentions'<sup>38</sup>.

### 3.6.1 RISK MITIGATION STRATEGIES

The department employs a number of strategies to prevent all wage subsidy participants, including YBWS participants being terminated at the end of 26 weeks. To be eligible for a YBWS, an employer must declare that the placement is 'a sustainable, ongoing position, offering an average of 20 hours per week over the 26-week duration of the Wage Subsidy Agreement, and expected to last more than 26 weeks'<sup>39</sup>. The department requires Providers to use discretion when determining whether a wage subsidy is offered, acknowledging that providers are best placed to understand the needs and intentions of participants<sup>40</sup>.

### 3.6.2 RISK REALISATION

As of 28 February, 15,478 YBWS placements had achieved a 26-week outcome representing a 55 per cent 26-week outcome conversion rate. PPM data shows that 88 per cent of job seekers who were placed in YBWS between April 2017 and March 2018 were employed three months later<sup>41</sup>. The review sought to extend the analysis to ask what proportion of young people with a YBWS were employed after the subsidy period ended, i.e. at a time when there was no ongoing payment being made to the employer. This analysis found that in the 77 per cent of cases where the job was sufficient for the young person to exit the caseload, 81 per cent did not return to the caseload in the next six months. When considering all holders of YBWS (i.e. not just those that exited the caseload), 62 per cent resulted in the participant not returning to jobactive within the next six months.

### 3.6.3 CONCLUSION OF THE REVIEW

The available evidence suggests the YBWS is generally leading to ongoing employment. As with internships, further analysis of the number and proportion of subsidy holders that return for income support over the immediate, medium and longer term will provide evidence of any hidden but potentially systematic risks in use of wage subsidies in certain sectors, employer types or with certain job seekers. This information could be used to improve targeted assurance strategies and policy refinement and targeting to maximise the outcomes that can be achieved.

38 Departmental resource – February 2017

39 Departmental resource

40 Departmental resource

41 Departmental resource

## 4. OUTCOMES of YOUTH JOBS PaTH

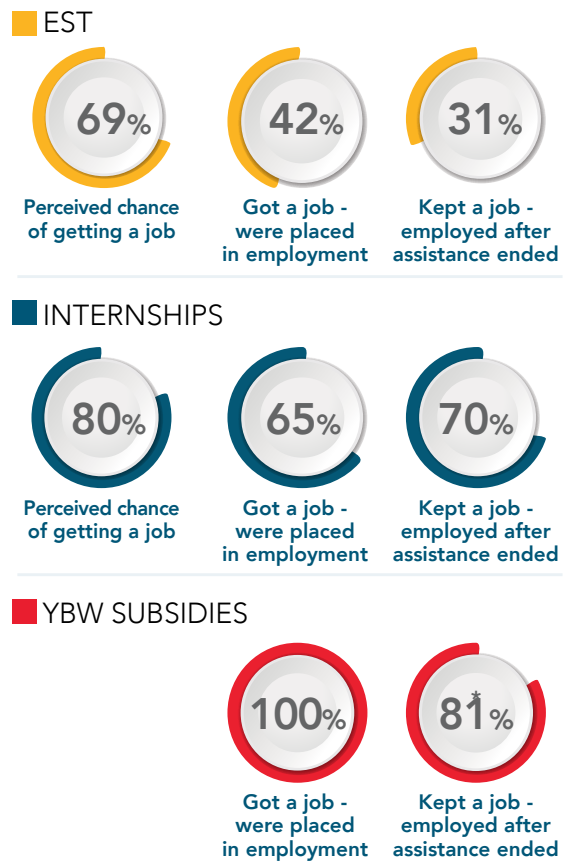
The outcomes of PaTH presented in this report are based on descriptive statistics. It cannot be emphasised enough that many factors affect employment outcomes and sophisticated statistical analyses are required to draw firm conclusions about the causal impact, additionality and future value of each element or combination of elements for different job seekers participating in PaTH.

Also, as described in section 1, the youth unemployment rate was 13.0% in January 2017 when the YBWS was introduced and 12.9% in April 2017 when EST and Internships were introduced. Since that time the youth unemployment rate has declined and is currently 11.4% as at March 2019. Many factors affect employment outcomes and more sophisticated time series analysis is required to draw any conclusion about the impact of PaTH relative to other policy responses and macro-economic factors.

### 4.1 SUMMARY of PaTH OUTCOMES

As at 28 February, of the 66,771 participants in PaTH, 42,206 (63.2%) obtained a job placement. This outcome is validated by PPM surveys that show that PaTH participants perceived they had a high chance of getting a job and experienced a high rate of employment after exiting an activity. Figure 8 shows the proportion of participants in each element of PaTH that perceived the assistance increased their chance of getting a job, the proportion that got a job and the proportion that retained a job. Measurement of the outcomes attributable to each PaTH element would require additional statistical analysis that controls for differences in the caseload characteristics and participation of individuals in multiple PaTH elements.

**Figure 8. Perceptions, placements and sustainability of PaTH employment outcomes**



Source: Perceived chance of getting a job and 'keeping a job' comes from PPM data and relates to three month outcomes for EST and internships while 'getting a job' is calculated from administrative data. Data for subsidies come from administrative data only as no PPM data is collected after assistance has ended – while by definition 100% of subsidy holders got a job, the percentage returning is calculated based on those that got a job and exited the caseload, that did not return for another period of assistance in the next six months. \*PPM data collected at 3 months of assistance would suggest that kept a job is 88%, it should be noted that wage subsidies recipients are still receiving assistance/subsidies at this time.

## 4.2 EMPLOYABILITY SKILLS TRAINING - INSTILLING CONFIDENCE AMONG YOUNG PEOPLE

The EST program logic describes intended outcomes related to participants demonstrating improved employability and awareness of the labour market. It seeks to improve employers' perceptions of a young person's employability and result in job placements. In the longer term it is designed to assist participants into sustainable jobs aligned to their interests.

The EST program logic identifies an assumption that skills obtained from targeted training match demand in the labour market. It is also noted that EST alone may not be adequate in addressing barriers to employment and that participation may be hampered by competition from other employment programs – which may include Work for the Dole, as well as state programs and those run by employment services providers.

Overall, it appears that job seekers who commenced or completed EST have improved employability skills and labour market awareness. Of the 11,942 post EST participant assessments, completed by providers in the department's IT system, ESS Web, 81 per cent agreed that the job seeker had improved their employability skills<sup>42</sup>. EST participants also reported improved employability skills and awareness of the labour market after participating in EST. Job seekers who had participated in EST were surveyed between August and September 2017 and 1,703 provided a

response (45 per cent response rate). Participants across both training blocks reported improvement in their skills,

- 80 per cent of Block one participants reported improvements in communicating with others, 79 per cent planning and organising time, and 76 per cent problem solving in a work environment.
- 77 per cent of Block two participants reported an improvement in finding jobs that suit their skills and interest, 85 per cent knowing how to approach potential employers and 83 per cent tailoring applications to a particular job<sup>43</sup>.

As of 28 February 2019, 10,391 (42 per cent) of unique job seekers who had commenced EST went on to either obtain an internship placement and/or a job within 6 months—overall 886 (4 per cent) participated in an internship, 1,066 (4 per cent) participated in an internship and obtained employment and 8,439 (34 per cent) obtained employment. Job seekers who participated in EST and got a job have been able to sustain employment, with 66 per cent keeping their job at 4 weeks, 59 per cent at 12-weeks and 43 per cent at 26-weeks<sup>44</sup>.

This corresponds with results from a 3-month PPM survey conducted with job seekers who had participated in EST between August and September 2018,<sup>45</sup> which indicated that 31 per cent of

<sup>42</sup> Department administrative data – February 2019

<sup>43</sup> Departmental resources – February 2019

<sup>44</sup> Department administrative data – February 2019

<sup>45</sup> There were 1,214 responses to the survey, a responses rate of 41%

participants had obtained employment<sup>46</sup>. Of the respondents who were employed, over half (55 per cent) said they had used skills and experiences gained from EST to help find their current job<sup>47</sup>. Approximately 17 per cent of respondents indicated that they were currently participating in education and training opportunities either full-time or part-time.

Interns who had participated in an EST course before their internship were generally considered by host businesses to be more work ready – particularly in motivation and presentation.

#### **4.2.1 CONCLUSION OF THE REVIEW ON OUTCOMES OF EST**

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Overall, the available data suggests that while both job seekers and employers report greater employability, the outcomes data is not able to determine the degree to which EST improves outcomes.

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<sup>46</sup> Department monitoring data\_2018

<sup>47</sup> Department monitoring data

## 4.3 INTERNSHIPS - PROVIDING REAL WORK EXPERIENCE for YOUNG PEOPLE

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The Internships program logic describes intended outcomes related to gaining real work experience and improved employability and chances of employment. This includes placements into a job and sustained employment by participants. It also includes, as both a process and an outcome that employees are satisfactorily matched with employers and that employers continue to engage with the Government's employment services.

The Internships program logic identifies as an assumption that skills obtained from real work experience match demand in the labour market. It also assumes that there will be a sufficient supply of suitable young people and demand by employers in the form of job vacancies.

Overall, it appears that internships provide young job seekers with an opportunity to gain real work experience and a chance of employment and improved employability. As of 28 February 2019, 9,216 internship placements had commenced and of these 5,747 completed their internships<sup>48</sup>. Of completed placements, 62 per cent (3,549) ended with employment by the host business and 3 per cent (198) of interns were employed by another employer.

Interns directly reported their satisfaction with their internship placement and that they have improved work experience, work-related skills and soft skills. Approximately 1,258 interns, who began their internship between September 2017 and August 2018, completed a PPM satisfaction and outcomes survey, four weeks after commencing an internship. Of these respondents, 82 per cent were either very satisfied or satisfied with the quality of their internship placement, 91 per cent reported improved work experience, 91 per cent that their work-related skills had improved a little or a lot and 85 per cent reported an increase in self-confidence. Eighty per cent felt the experience improved their chances of getting a job a little or a lot.

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48 Departmental administrative data – 28 February 2019



Employers and host businesses appear to participate in the PaTH Internship program to trial workers and provide young people with work experience opportunities. Feedback to the department from host businesses suggests that their top three reasons for hosting an intern were to give young people the opportunity to gain experience (87 per cent), to try someone out before hiring them (83 per cent) and to help find the right person for the job (73 per cent).

There is some indication that employers and host businesses continue to engage with the Government's employment services. As of 31 January 2019, 3,933 businesses have hosted an internship, and of these 35 per cent (1,377) have hosted 2 or more interns<sup>49</sup>. This suggests that some host businesses are maintaining contact with the Government's employment services to access the internship program, but this does not provide insight into employers and businesses using the Government's employment services for other purposes.

Job seekers who obtained a job following participation in an internship have more sustainable employment than other young people (under 25 years) in jobactive. As of 31 January 2019, 78 per cent of internship participants kept their job at 4-weeks, 71 per cent at 12-weeks and 51 per cent at 26-weeks, compared to 61 per cent at 4-weeks, 54 per cent 12-weeks and 41 per cent at 26-weeks for other jobactive participants under 25.

#### **4.3.1 CONCLUSION OF THE REVIEW ON OUTCOMES OF INTERNSHIPS**

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Overall, the available data suggests that internships may increase the likelihood of obtaining a job as well as the sustainability of employment. As per all outcome analyses in this report more sophisticated statistical analysis is required to measure the causal impact and additionality of internships.



## 4.4 YOUTH BONUS WAGE SUBSIDY - FINANCIAL INCENTIVES for EMPLOYERS to HIRE YOUNG PEOPLE

The YBWS program logic describes as an intended outcome that there are more young people in employment through wage subsidies, that they complete these placements and that a young person supported by a YBWS is working at least 20 hours a week on average. Longer term intended outcomes are for sustained employment after the subsidy ends and reduced reliance on income support.

The YBWS program logic identifies as an assumption that there will be awareness of YBWS by employers, that it will be simple to access, and that the subsidy amount will be high enough to support use by employers. It also assumes that there will be a sufficient supply of suitable young people and demand by employers in the form of job vacancies.

Overall, it appears that the YBWS assists young people to secure employment. As of 28 February 2019, 37,981 young people were employed through a wage subsidy. Of all YBWS placements eligible to achieve a 12-week and 26-week outcome, 74 per cent achieved a 12-week outcome and 55 percent achieved a 26-week outcome. This was higher than all wage subsidies combined, in which 72 per cent obtained a 12-week outcome and 54 per cent a 26-week outcome<sup>50</sup>.

There is some evidence that YBWS has reduced young job seekers reliance on income support. Between 1 April 2017 and 31 October 2018, 81 per cent of job seekers who obtained a job and left the employment services caseload are considered to have remained employed after the subsidy had ended as they did not return to the jobactive caseload within six months after the subsidy ended.

### 4.4.1 CONCLUSION of the REVIEW ON OUTCOMES of YOUTH BONUS WAGE SUBSIDY

Overall, the available data suggests that the YBWS is associated with sustainable longer term employment at a six-month period.

As per all outcome analyses in this report – more sophisticated statistical analysis is required to measure the causal impact and additionality of YBWS . There is a particular question for all wage subsidies about the requirements and the amount of the subsidy that is offered and how the amount and means of promoting this to employers manages the risk of deadweight losses, that is, paying an employer to employ people that they would have employed anyway.

## 5. CONCLUSION and AREAS for FURTHER INVESTIGATION

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The review has drawn conclusions about the operations of PaTH based on the available evidence. It has identified analyses that would provide greater certainty about the extent of risk realisation.

### 5.1 CONCLUSION

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The policy intent of PaTH is supported by recent reviews focused on supporting disadvantaged youth into employment. These reviews support broad-based soft skill development, work experience where there is the prospect of ongoing employment and incentives in the form of subsidies for employers.

The review found evidence of a systematic approach by the department to monitor risks with the implementation of PaTH. While the review did not uncover any evidence of systemic abuse of PaTH, the absence of evidence should not be construed as providing evidence of absence. The review notes evidence of a small number of cases where it appears the policy has not been applied as intended. The review understands that the department has responded to all such cases where it has become aware of a potential misapplication of policy or where incidents have occurred using a responsive series of sanctions and supports. The review also notes the broadly positive views of large numbers of participants who responded to surveys and the relatively small number of complaints received by the department.

While youth unemployment has dropped from 13.0 per cent to 11.4 per cent since PaTH began and the outcomes of PaTH appear to be largely positive when compared to other similar programs, many factors affect employment outcomes.

## 5.2 THE APPROPRIATE LEVEL of RESOURCES for EMPLOYER MOBILISATION and LOCAL COORDINATION

It is imperative to the success of PaTH that situations are created whereby young job seekers are able to access the training they need, demonstrate what they can do, and be hired by an employer. Most fundamentally, that host businesses and employers are aware and attracted to the supply of eligible participants. This is addressed through EST, internships and subsidies – however, regardless of the actual merits of PaTH, if employers are unaware, uninterested, or unimpressed by available job seekers they will not be inclined towards the program. If they view the program as either endless paperwork or a hand-out from the government, they will not be using it as intended. Or even if there is simply a misalignment in the patterns of supply of job seekers, the program will not achieve its maximum potential.

The available evidence and literature considered by the review suggests there is a core role to be played in stimulating demand, understanding local employment markets, while providing employers with tailored advice on how they can make best use of government assistance. It was outside the scope of the review to consider overall barriers to uptake of employment services more generally. However, the review suggests that benefits of competition by employment service providers might be balanced with carefully planned coordination to meet the longer term needs of employees and employers leading to more sustainable and ultimately cost-effective outcomes. This may include facilitating access to supports for the most disadvantaged job seekers who may require therapeutic responses to engage in ongoing and sustainable employment. While the role of Employment Liaison Officer is one part of the employment ecosystem – alongside employment services providers and other supports such as employment facilitators – the review suggests the department review the merits of an increased focus on local labour market coordination to drive cost effective uptake and use of available supports for job seekers and employers.

## 5.3 FORENSIC STATISTICAL ANALYSIS of RISKS

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Based on the available evidence, the review is satisfied that the department is engaging in a suitable risk monitoring and rectification process that is aligned with good practice principles in the regulation of employment services providers. This includes responses in the cases where employers appear to be misusing the program or where complaints and incidents are recorded. There are, however, some risks that relate more to program design than program delivery, for which forensic statistical analysis of patterns in bigger data sets are required. For example, the risk of displacement of workers by interns or subsidy holders is difficult to measure based on departmental data alone. Analysis of linked government data sets that include data on the hours and wages paid by participating employers and comparison with matched non-participating employers (if and when data is available) is required to uncover how and when this may be occurring in any systematic manner. The results of this kind of analysis can be used to further refine risk metrics and policy settings, such as around eligibility or terms and conditions of participation by employers, to further mitigate risk of unintended consequences and maximise the cost effectiveness of PaTH elements.

A number of linked government systems such as BLADE and research datasets such as RED that tackle income support and employment services should be supported and leveraged for forensic statistical analysis of risk, as well as refining and developing new policy and program responses.

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CONSULTANTS

**SYDNEY**  
**MELBOURNE**  
**BRISBANE**  
**MAIL**  
**WEB**  
**TEL**

ARTD LEVEL 4, 352 KENT ST  
ARTD LEVEL 4, 401 COLLINS ST  
ARTD LEVEL 3, 240 QUEEN ST  
PO BOX 1167 QVB NSW 1230  
ARTD.COM.AU  
02 9373 9900