



The Evaluation of Job Services Australia 2009-2012

Key Findings

Introduction

The Evaluation of Job Services Australia 2009 - 2012 Report has been released on the Department of Employment, Skills, Small and Family Business's website. The strategy for the Job Services Australia (JSA) 2009 - 2012 evaluation, entitled *Evaluation Strategy for Job Services Australia 2009 - 2012* (Evaluation Strategy), was released in 2011 and is also available on the department's website.

JSA replaced Job Network and six related employment services contracts from 1 July 2009 with a budget of \$3.9 billion over three years. JSA was the continuation of a system under which non-government organisations and businesses are contracted to provide employment services. The JSA employment service delivery model continued for a further three years (with some changes made to the model from July 2012). An evaluation report of the JSA model from 2012 to 2015 is also available on the department's website.

The main elements of the JSA model were four service streams: one for work-ready job seekers (Stream 1) and three for more disadvantaged job seekers (Streams 2 to 4). Assessment of a job seeker's level of labour market disadvantage was made using the Job Seeker Classification Instrument (JSCI) and, where required, a Job Capacity Assessment or Employment Services Assessment. If the job seeker's level of disadvantage was assessed as having increased, they may have become eligible for a higher level of service and could be moved to a higher stream.

The levels of service provided in each stream related to the levels of labour market disadvantage of the job seeker. Service and outcome fees paid to JSA providers differed according to the level of services each stream offered.

To link employment services more closely to training that addressed skill shortage areas, job seekers fully eligible for JSA stream services were also eligible for extra places in the Productivity Places Programme.

Core areas of interest identified in the JSA 2009 - 2012 evaluation strategy were:

- participation in JSA
- job seeker assistance
- building labour force capacity
- addressing disadvantage
- impact on administrative burden
- Indigenous servicing

- social inclusion under JSA
- effectiveness of JSA
- impact of the economic downturn on employment services.

A series of evaluation papers relating to the 2009 to 2012 period have previously been released publicly and are available on the department's website. They include:

- The Impact of the Global Economic Downturn on Job Services Australia
- Servicing Indigenous Job Seekers in Job Services Australia
- Employment Pathway Fund, Chapter 1: Introduction
- Employment Pathway Fund, Chapter 2: Wage subsidies
- Employment Pathway Fund, Chapter 3: Reverse Marketing
- Good Practice in Job Services Australia.

The Evaluation of Job Services Australia 2009 - 2012 Report consolidates findings from these papers and subsequent internal evaluation investigations. Effectiveness comparisons in the evaluation are made between JSA and the programs it replaced (Job Network and its six related programs which are referred to collectively as JNS). Net impact analysis was not possible because:

- no control group could be identified as JSA was a universal access program
- no information was available on non-participants (even if they had been comparable).

What worked well

Employment outcomes for Stream 4 job seekers

New entrant Stream 4-type job seekers in JSA were more likely to achieve job placements and 13-week employment outcomes compared with similar job seekers in JNS. A greater proportion of Stream 4-type job seekers in JSA were off income support at the end of an 18-month study period compared with JNS, and these results are confirmed by regression modelling that accounts for differences in macroeconomic conditions and caseload composition.

Education and training outcomes for all job seekers

JSA was more effective than JNS in helping job seekers obtain skills and training. Both long-term unemployed and new entrant job seeker populations had higher education and training outcomes under JSA compared with JNS.

Training was also found to significantly improve the chances of job seekers getting a job, particularly for youth and mature aged. Regression analysis showed that job seekers in Streams 2, 3 and 4 had more than double the odds of getting a job placement if they had received Employment Pathway Fund (EPF) funded vocational or non-vocational training compared with those who had not.

Streaming

Streaming based on JSCI scores was found to be an effective and efficient way of distributing resources to drive outcomes for more disadvantaged job seekers.

For more information visit:

www.employment.gov.au

Regression discontinuity analysis¹ showed:

- a 14 percentage point difference in off-income support rates between job seekers at the top of Stream 1 compared with those at the bottom of Stream 2
- an 8 percentage point difference in off-income support rates at the boundary between Stream 2 and Stream 3.

Tailored assistance

Evidence suggests that JSA was operating as intended by providing individually tailored assistance to job seekers. JSA participants undertook activities which reflected their circumstances and the EPF was used to purchase services appropriate to job seeker needs. Work Experience activities selected for disadvantaged job seekers showed the high priority given to addressing non-vocational barriers.

Work Experience

Analysis showed a strong ‘compliance’ or ‘threat’ effect for Work Experience Activities for Streams 1 to 3 type job seekers. The compliance effect refers to job seekers who left JSA to avoid participating in an activity. There was little evidence of this effect for Stream 4 job seekers, which probably reflects the lower capacity of these job seekers to easily leave income support regardless of the ‘threat’ of the Work Experience activity.

There were lower exits from income support for those participants in Accredited Education and Training during the earlier part of the observation period. This reflects the ‘attachment effect’ of training courses whereby participants cease or restrict their job search activity while they complete training. The same analysis also indicated that Accredited Education and Training activities eventually led to more sustainable employment outcomes than other activities.

Churn

Return to service, or ‘churn’ in the employment services context, refers to job seekers cycling in and out of service (or unemployment). Evidence suggests that the rate of return to service was slightly lower in JSA than in JNS. While 17 per cent of new entrants had more than one period of assistance in the JSA population, this was around 26 per cent in the JNS population. Departmental, as well as external research, from Australia and overseas has found that placement in short-term jobs can actually provide an advantage when job seekers attempt to secure and sustain future job placements.

¹ By comparing outcome rates of groups just below and just above the JSCI stream cut off scores, regression models control for any differences between these groups that may impact on the outcomes being measured, and therefore any differences found between the regression models at the stream boundaries can be attributed to the effect of streaming.

For more information visit:

www.employment.gov.au

Where results were mixed

Employment outcomes for long-term unemployed job seekers

Post Program Monitoring (PPM) survey data shows lower employment outcomes for long-term unemployed job seekers under JSA compared with JNS. These results do not account for differences in macroeconomic conditions or job seeker characteristics. Regression analysis which does this shows comparable employment outcomes for long-term unemployed overall in JNS and JSA.

Long-term unemployed job seekers who exited JSA had more sustainable outcomes than similar job seekers exiting JNS, with higher off-income support and lower average reliance on income support 12 months after exit. This result holds for job seeker groups across all Assessed Streams and all age groups.

Employment outcomes for Aboriginal and Torres Strait Islander job seekers

According to PPM survey data, the gap in employment outcomes between Indigenous and non-Indigenous new entrant job seekers in Streams 1 to 3 widened under JSA. It should be noted that this comparison is complicated by the winding back of Community Development Employment Projects program, the worsening economic circumstances that prevailed under JSA and changes in job seeker cohorts.

Training provision and access

The Productivity Placement Programme was well supported by providers but there were issues in accessing places. JSA providers reported problems accessing appropriate training opportunities for job seekers. This was particularly the case in regional areas, where transport and course availability were constant challenges. There is anecdotal evidence of 'deadweight' and 'training for training's sake' in the provision of training in JSA.

Assessment mechanisms

Several lines of evidence suggest that the assessment mechanisms for streaming could be improved. More JSCI assessments were conducted per job seeker in JSA, which could indicate that the initial assessment needed revision. As JNS was based on a continuum of service, there was less incentive to have job seekers reassessed under JNS. Another indication is the prevalence of disadvantage found in lower streams and the fact that job seekers with multiple disadvantage occur in all streams.

Specialist providers

Specialist providers performed relatively poorly early in the contract period. Analysis of Star Ratings data shows that early in the JSA contract specialist providers were performing 0.6 Stars below

For more information visit:

www.employment.gov.au

generalist providers. As a result of mid-term business re-allocations and strong performance improvement from remaining specialist providers, by the end of the contract specialist and generalist Star Ratings were comparable. Specialist providers were better than generalist providers at achieving outcomes for their particular target cohorts. They also scored consistently better on measures of job seeker satisfaction.

Employment Pathway Plans

Results indicate that Employment Pathway Plans, when used effectively, worked well for both job seekers and providers, helping to identify job seeker needs and assisting in planning ways to address barriers.

Reverse marketing

Reverse marketing, when appropriately targeted, contributed to improved appropriateness and effectiveness of EPF funded services. Reverse marketing was an essential aspect of employer servicing. The evaluation found a risk that, if not well targeted, reverse marketing could result in inappropriate job referrals and employer contact fatigue.

Wage subsidies

The majority of wage subsidies were provided to job seekers in the first six months of service, indicating that they were not being used for long-term unemployed job seekers. There is some evidence, stemming from employer attitudes, to suggest that they may be slightly less effective for this group anyway. Wage subsidies led to sustained outcomes as they resulted in better off income support outcome rates after 12 months and reduced reliance on income support. The odds of being off income support after 12 months were 14 percent higher if wage subsidies were provided. Results from the 2011 Employer Incentives Survey indicate substantial levels of deadweight (31 per cent) for these wage subsidies, indicating a need for strict targeting.

Areas for further consideration

Employment outcomes for more competitive job seekers

Overall employment outcomes for less disadvantaged job seekers were stronger under JNS than under JSA. PPM shows outcome rates for Stream 1, 2 and 3 type job seekers being up to 11 percentage points better under JNS for new entrant job seekers. These results are not regressed and would therefore be affected by the more favourable economic climate, fewer job seekers with part-time participation requirements and, on average, less disadvantaged job seekers in JNS. Regressed measures (such as exit rates and income support reliance) support the finding that employment outcome rates for these job seekers were lower under JSA. There is evidence, however, that exits for Stream 1 to 3 new entrant job seekers under JSA appear to be more sustained. Outcomes for long-term unemployed Stream 1 to 3 job seekers were comparable under both models. Some of the reasons for the lower outcome rates for less disadvantaged job seekers were a result of policy changes, including the removal of early activation requirements (as a cost saving

For more information visit:

www.employment.gov.au

measure) and compliance changes discussed below. Another contributing factor may have been removal of Job Placement Licence Organisations, which existed in the previous service, but not in JSA.

Removing early activation requirements

With the introduction of JSA, the activity requirements for less disadvantaged job seekers changed with the removal of the Intensive Support job search training phase of JNS.

Analysis of exits from service and income support from JNS and JSA found a sharp spike in exit rates in JNS at around 12 weeks in service. Job Search Training was a three-week full-time program of training in job search techniques that took place after three months in service in JNS for less disadvantaged job seekers. It was compulsory for most job seekers on activity tested payments. Further analysis estimated the net impact of Job Search Training on the chances of leaving income support at 18 months was eight percentage points in exit rates for JNS job seekers (compared with propensity score matched JSA job seekers). While previous evaluations have noted high levels of deadweight and limited efficacy in increasing job search skills for similar interventions, this evaluation finds that interventions that prompt early exits can have long-term benefits, and in light of the associated compliance effect, are cost effective.

Compliance framework changes

The compliance system supporting JSA was designed to be more responsive to the needs of an increasingly disadvantaged job seeker population. JSA allowed more discretion for providers and Centrelink (now the Department of Human Services) to not take compliance action. This was to prevent vulnerable job seekers from being subject to inappropriate compliance action. An Independent Review of the Job Seeker Compliance Framework by Disney et al. (2010) describes how these changes affected engagement. Departmental analysis shows that the median time between a missed appointment and the next attended appointment over the first 18 months of service was two to three working days longer under the JSA compliance framework than under JNS (13–19 days for JSA compared with 11–16 days for JNS).

Revised compliance arrangements (implemented on 1 July 2011) as a result of the Disney review resulted in job seekers reengaging faster after these changes. Attendance rates at interviews also increased slightly following these changes.

Red tape

Providers who operated under both models reported higher administrative burden in JSA than Job Network. Some of this would be expected as JSA was a combination of Job Network and six associated contracts. Providers, however, reported that much of the red tape was related to data entry and was considered duplication between either, Centrelink and the Department, or between paper and electronic records.

For more information visit:

www.employment.gov.au

Parking of job seekers

Some parking of more disadvantaged job seekers in higher streams appeared to be occurring. This was indicated by declining expenditure with increasing JSCI scores in Streams 2 and 3. This pattern was also found in JNS analysis for job seekers with JSCI score equivalents of 27 or higher indicating that there may be some job seekers with JSCI scores above this level who providers feel are unlikely to achieve outcomes. The fact that approximately 23 per cent of Stream 4 job seekers and 32 per cent of Stream 3 job seekers did not receive any EPF assistance between July 2009 and December 2011 is also an indication that there were job seekers who providers felt would not benefit from EPF spending.

Conclusion

The answer to the question of how well JSA 2009 - 2012 achieved the program objectives is complex. JSA largely achieved the objective of providing training in order to prepare job seekers for the workforce, but not necessarily to overcome skill shortages. It achieved the objective of directing resources effectively to help more disadvantaged job seekers into work, but did not effectively activate job seekers who were less disadvantaged.

For more information visit:

www.employment.gov.au