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The evaluation of jobactive final report

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Executive summary

Employment services in Australia

From 1946, the Commonwealth Employment Service administered employment services programs on behalf of the government, targeted primarily at job seekers receiving income support payments. This arrangement was changed with the introduction of Job Network in May 1998, when the delivery of employment services was outsourced, largely to non-government organisations and private businesses, but continued to be government funded. This arrangement continued through Job Services Australia (2009–2015) (JSA) and remains a defining element of the current employment services model, jobactive (2015–2022).

The jobactive model

On 1 July 2015, jobactive was introduced as the mainstream model for delivering employment services in all non-remote areas of Australia.¹ As a ‘work first’ program ([Lindsay, Klehe and van Hooft, 2014](#)), which primarily focus on employment, jobactive is designed to:

- ensure that participants are job ready and better meet the needs of employers
- introduce stronger Mutual Obligation Requirements (MORs) to encourage a work-like culture for participants
- increase job outcomes for unemployed Australians, including specific targets for Indigenous participants
- reduce service prescription and minimise red tape for stakeholders.

These goals are somewhat different to those of the previous Australian employment services model, which was more focussed on human capital development incorporating training/retraining.

The evaluation of jobactive has coincided with the consideration of policy and program models for the New Employment Services Model (NESM) being developed for beyond 2022.

Key features of jobactive

The key features of the jobactive model include:

- Participants are placed into one of **three streams (Stream A, B or C)** based on their relative chances of gaining and maintaining employment. This compares to the four streams in Job Services Australia (JSA) (streams 1 to 4). Participants in Stream A are the least disadvantaged in the labour market, whereas those in Stream C require the highest level of assistance.
- There are **three service phases** (the Self Service and Job Activity phase, the Case Management phase and the Work for the Dole phase) which determine a participant’s

¹ The Community Development Programme operates in remote areas of Australia and is managed by the National Indigenous Australians Agency.

participation requirements. Service phases are determined by both the service stream placement and duration of service within that stream.

- Providers are expected to work with industry and local employers to understand their needs and identify employment opportunities for participants. They can use **wage subsidies** to broker employment placements for eligible participants who employers might not otherwise employ. They also have access to the **Employment Fund** to provide support to participants to meet employers' needs and get a job.
- **MORs** include three elements (job search efforts, attending appointments with providers, and an Annual Activity Requirement (AAR)). The consequences for participants who do not meet their MORs are defined in the **compliance framework**. These MORs are in addition to Centrelink reporting requirements to maintain income support.
- The performance of jobactive providers is assessed via the **Star Rating system** and the **Quality Assurance Framework (QAF)** certification requirement.
- Administration fees paid to providers are smaller in value than those paid under JSA, and outcome fees are generally larger in value. This is designed to incentivise providers to place participants in employment. Payments are also greater for placements of longer duration, to encourage placement in sustainable employment. Disadvantaged participants attract larger outcome payments than do more job ready participants. This is designed to incentivise providers to focus on placing more disadvantaged participants.

The jobactive evaluation

This report provides an assessment of the overall performance of the jobactive model (to December 2018) including addressing questions of appropriateness, effectiveness and efficiency. Using a mixed-method approach, it assesses key components of the program including participation, engagement and outcomes for participants and employers. It also assesses aspects of the program such as Work for the Dole and wage subsidies. This report follows the *Evaluation of jobactive Interim Report* published in January 2020. The evaluation compares outcomes and operations of jobactive with the previous employment services model, JSA.

Participants in jobactive

As at 31 December 2018, there were 631,079 participants on the jobactive caseload (commenced, pending commencement, or suspended). Chapter 3 of the report details the key characteristics of the caseload and how they changed over time.

Participant streaming and connecting with a provider

Streaming of participants

Once a participant is registered for income support and assessed as jobactive being the most appropriate service for them, they are placed into one of three streams (Stream A, B, C) based on their relative level of disadvantage in the labour market.

The Job Seeker Classification Instrument

The tool used to allocate participants to Stream A and B is the Job Seeker Classification Instrument (JSCI). The JSCI collects information on such aspects as prior work experience, education, and health status. The results of the JSCI are used to allocate participants to Stream A or B.

Prior to the commencement of jobactive, a review of the JSCI was undertaken so that it might better reflect the current circumstances. This resulted in some changes to the JSCI scoring for some cohorts. Analysis by departmental evaluators found that while the JSCI is working broadly as expected for most participants, there were some groups for whom the assessment resulted in unexpected outcomes. This finding was supported by providers, who reported some streaming anomalies which often occurred for ex-offenders/pre-release prisoners, participants with low English proficiency, Indigenous participants and participants with complex mental health and drug and alcohol issues. These unexpected streaming results may have factored into the low satisfaction with streaming among providers.

Employment Services Assessments

Participants whose responses to the JSCI indicate certain non-vocational issues are referred to an Employment Services Assessment (ESAt). ESAts are used to allocate participants to Stream C and Disability Employment Services (DES), as well as to determine a person's baseline work capacity. ESAts are organised by Centrelink and carried out by health or allied health professionals.

Effectiveness of streaming

Streaming, in combination with the provider payment framework, is designed to encourage providers to focus on outcomes for more disadvantaged participants. This evaluation finds that it is an effective way of distributing resources to help the most disadvantaged. Participants with similar levels of disadvantage, as assessed by the JSCI, have higher outcomes when placed in Stream B compared to placement in Stream A. In this report the effect is described as the Stream B effect. Analysis by departmental evaluators showed that it is always a positive effect but varies with age and cohort.

Connecting with a provider

Selecting a provider

Information about provider performance is publicly available and can be used by participants to make a more informed decision about which provider to use. Despite this, evaluators found that participants have low awareness of how they might choose a provider, and location is generally their primary consideration.

Commencement with a provider

Time to commencement can be used as an indicator of the efficiency of providers and the program in connecting participants to service. The measure used in this evaluation is the number of days it

takes from a participant being referred to jobactive to their actually attending an appointment with a provider.

Data shows around 70% of participants commenced jobactive within seven days from registration for income support. There is no notable difference in how quickly participants commenced under jobactive compared with JSA overall. The Work First policy,² introduced in January 2018, had little impact on the overall JSA–jobactive comparison presented in this evaluation. More detailed analysis before and after its implementation, however, shows that it is effective in encouraging participants to commence more quickly.

Participant servicing

Service Delivery Plans

Service Delivery Plans are a statement of the services offered by the provider. This provider-defined service approach is designed to facilitate flexible servicing arrangements for providers and be less prescriptive than servicing delivered under JSA. Provider feedback indicates the Service Delivery Plans were beneficial for servicing participants and employers.

Job Plans

Job Plans are created at the initial meeting between the provider and participant and outline the agreed items/activities that will satisfy the participant’s MORs and help get them into paid work. Providers should review these at future meetings to ensure they are current. They should be tailored to individual participants in order to provide the most appropriate service and the best chance of a job. Participants were aware of their Job Plan but did not consider that it was helpful in tracking progress or leading to a job. There was also evidence that Providers did not tailor job plans to the extent possible.

Provider assistance for participants

Servicing options

Servicing can be provided to participants in many ways, including individually or in groups, via teleconference/telephone, face to face, or enabling self-service. Most providers report that individual servicing is their main way of assisting participants. The proportion of providers servicing individually increases in line with the participant’s level of labour market disadvantage. Stream servicing appears to have changed over time, with an increase in individual servicing and a decrease in group servicing. Satisfaction with the amount of contact participants have with their provider varies by stream, but most participants (59.8% across streams) reported that they were satisfied with the level of contact with their provider.

² [Section A3.5](#) – amendment to the Work First social security legislation.

Addressing barriers to employment

Participants consistently reported similar personal and structural barriers to employment. Personal barriers include, for example, mental and physical health issues. Structural barriers include factors such as a lack of available jobs or public transport. Participants do not always disclose barriers to their provider, but many who did, felt that their provider did not assist them in addressing their barriers.

Providers consider it is more difficult to address participant barriers to employment under the jobactive model, which has a strong focus on employment pathways and outcomes. This is because addressing the multiple complex barriers some participants experience requires more holistic servicing and a tailored approach. Some providers do not feel they have the time to achieve outcomes with this group. In addition, access and availability of services is variable – for example, about two-thirds of providers reported that it was difficult or very difficult to access housing services for their participants.

Employment Fund

To assist with addressing barriers to employment, providers can draw on the Employment Fund (EF) for eligible participants to build experience and skills and to provide practical help (such as purchasing work boots). EF expenditure is at the provider's discretion, in line with the published guidelines. Providers receive a notional EF credit for each participant on their caseload; this can be spent at any time on any eligible participant on their caseload.

EF expenditure was lower than credits at the start of jobactive and increased slowly, a common pattern when a new model is introduced. Parity with monthly credits was reached in mid-2017. Analysis shows that more disadvantaged participants are more likely to receive EF spending. This is in line with the policy intent to assist the most disadvantaged.

The largest category of EF expenditure is accredited training.³ Participants can use accredited training to meet their Annual Activity Requirements and address vocational barriers, thereby increasing employability.

The longer people of similar types are in services, the less likely they are to receive EF. This could be due to providers imposing business rules on EF spending for individual participants in order to manage expenditure. It may also be because providers consider longer term participants as less likely to achieve an outcome (and they are more likely to invest EF on participants for whom an outcome is more likely).

Some providers reported that they did not use the EF as they deemed approved items eligible for reimbursement to be of little use in servicing participants. Both providers and participants reported

³ Accredited training courses are nationally recognised and meet quality assurance requirements of an established industry, enterprise, educational, legislative or community need. They provide appropriate competency outcomes and a satisfactory basis for assessment that is aligned to the Australian Qualifications Framework and may lead to a formal qualification.

that some training, such as computer/IT training, that was not eligible for reimbursement under the EF is useful in upskilling participants.

Changing providers

Transfers of participants between jobactive providers may be participant initiated, department initiated (for reasons of business reallocation⁴) or be Maximum Time Transfers (MTTs).

Participant-initiated transfers

Awareness among participants of the ability to transfer was low. For those who did choose to change provider, not getting along with their employment consultant was the most commonly reported reason. Participant-initiated transfers involve requesting a transfer, liaising with an alternative provider, completing paperwork and approaching the original provider to ask to be transferred. Participants who had undertaken this process reported being frustrated by it.

Maximum Time Transfers

An MTT is the automatic transfer of a participant from one provider to another after a certain amount of time without an employment outcome. The maximum time for participants to be with a provider before an MTT is two years for Stream A and three years for Stream B or Stream C. The MTT aimed to improve participants' prospects of gaining employment by encouraging higher servicing by current providers and/or providing an opportunity to experience servicing from a new provider. This evaluation, however, finds that MTTs appeared to have little impact on either participant or provider behaviours, or on employment outcomes for participants.

Mutual Obligation Requirements

To meet their MORs, participants are required to undertake job search, attend appointments with providers and meet their AARs.

The default setting of 20 job searches a month for participants with full-time MORs can be changed at the discretion of the provider to one that better suits individual circumstances. This evaluation finds, however, that default settings are often not changed.

Attendance rates

A higher attendance rate for appointments with providers under jobactive than JSA suggests a greater level of participant engagement. In particular, there is higher re-engagement attendance and a large fall in non-attendance without a valid reason. This is likely related to more stringent Job Seeker Compliance Framework (JSCF) operating at the beginning of jobactive. On the other hand, attendance rates are relatively low among Stream C participants, which may be indicative of

⁴ Business reallocation is the process of reallocating a provider's business share at the employment region or site level. It is designed to assist participants by moving them to higher performing providers and to drive continued improvements in provider performance. Two cycles of business reallocation were undertaken, at the 18 and 36 month points, in the 2015–2022 Deed arrangements.

inappropriate participant requirements, barriers preventing appointment attendance, or disengagement from employment services for some of the most disadvantaged participants.

Annual Activity Requirements

The AAR forms part of a participant's overall MORs during the Work for the Dole (WfD) phase. In line with the policy intent, younger participants generally have higher AARs (more hours) than those aged 30 or more.

Part-time and casual employment is the most common activity undertaken by participants with few barriers to employment. WfD is the default activity to meet AARs when another approved activity has not been chosen. Findings related to WfD activities during the WfD phase are presented in Chapter 7.

Analysis indicated a strong referral effect of AAR, prompting a significant effect on income support exit rates for Stream A participants from the earlier timing of AAR (i.e. at six months in jobactive, compared to 12 months in JSA). The analysis is detailed in Section 6.3.3.

Compliance frameworks

Job Seeker Compliance Framework

The compliance framework defines the consequences of not meeting MORs. The Job Seeker Compliance Framework (JSCF) was implemented from January 2015, just prior to the beginning of jobactive, and operated until 30 June 2018. This more stringent compliance regime under jobactive appears to have led to a better awareness among participants about their obligations, and a greater level of participant re-engagement. While attendance at the next appointment (re-engagement) improved, analysis shows that penalties under the JSCF did not appear to produce longer-term behavioural change beyond the participant's re-engagement appointment.

Targeted Compliance Framework

The JSCF was replaced by the Targeted Compliance Framework (TCF) from 1 July 2018. Both participants and providers generally supported the concept underpinning this compliance framework. The application of the TCF is designed to target a small proportion of participants. Attendance rates at appointments were higher following the introduction of the TCF. There was also a decrease in the number of financial penalties (where income support is stopped and not back paid). There were, however, higher levels of payment suspensions (where income support is suspended, but back paid once the non-compliance is addressed) under the TCF than under the previous framework. It should be noted, however, that suspending payments for highly disadvantaged job seekers, regardless of whether it is back paid can prove stressful for these participants.

The Work for the Dole program

The WfD program is designed to help participants build skills, experience and confidence to move from welfare to work, as well as have them contribute to the community that supports them while they are looking for work.

Participants, providers and host organisations identified a range of benefits associated with participation in WfD activities (such as skills development, gaining work-like experience and increased motivation to find employment), and community benefits of supporting not-for-profit organisations.

Retail (op shop stores) represented the highest proportion of WfD activities, followed by building and construction, warehousing and manufacturing. Stream B participants were in WfD activities at higher rates than other jobactive participants. About one-fifth of participants exited before completing a WfD activity; many of these participants were moved to a more suitable activity. This may indicate that there is scope to improve the matching of participants to activities. Barriers that affected ability or willingness to participate in a WfD activity include stigma associated with being in WfD, personal circumstances (e.g. mental health, drug and alcohol issues) and the cost or availability of transport. Participants reported that the Approved Program of Work payment is often not enough to cover transport and/or communication costs associated with participation in WfD.⁵

Overall, participants interviewed were satisfied with the WfD activities they undertook, and the majority suggested that appropriate levels of supervision were in place and that host organisation supervisors had the necessary skills relevant to the WfD activity tasks. Participants did however raise concerns around the number of required hours (up to 25 hours a week) combined with undertaking job search activities, especially for those who had other obligations or caring responsibilities. The research also found that group activities with fewer WfD places may be more beneficial in terms of improving participant confidence or participants taking away positive behavioural change from their participation.

Employer servicing

Engaging with employers in a meaningful way and supporting work ready participants into employment is central to the jobactive program.

Wage subsidies

Wage subsidies are a longstanding labour market intervention. They provide a financial incentive to encourage employers to recruit and retain eligible participants who might not otherwise be employed.

Awareness and use

Early in jobactive, the number of wage subsidies used was lower than in JSA. Usage increased steadily to be around 2,000 subsidies per month by December 2016. This is roughly the same as the

⁵ This payment is of \$20.80 per fortnight, and has not increased in even nominal terms since it was introduced in 1998.

average usage over the JSA contract. Policy changes introduced in January 2017 prompted increases in both the number and the average value of subsidies (by around 197% and 63% respectively).

The majority of employers surveyed (that had used a wage subsidy previously) indicated that they would use a wage subsidy if they had a vacancy in the future. Reasons for not using wage subsidies included a perception that the claim process was burdensome, poor previous experience with wage subsidies, and not offering an employee enough hours work each week to qualify. Factors that would make them more likely to use a wage subsidy in the future included having no minimum hours, better claim processes, suitable candidates who are reliable and willing to work, and businesses being able to cover the wage beyond the subsidy period.

Targeting

Wage subsidies are often offered after the hire decision and are not always used as a negotiating tool to secure a placement. The majority of providers interviewed considered that offering a wage subsidy in the first instance detracts from the goal of getting the right participant into the position.

There is evidence of providers offering wage subsidies for any eligible job placement, regardless of whether the subsidy had a role in gaining the placement or maintaining or improving the conditions of employment. Having wage subsidies paid from a discrete funding pool provided little incentive to ensure effective targeting of subsidies on the ground, as there is no opportunity cost for providers in this arrangement. This is supported by findings that the proportion of wage subsidies that did not directly impact the hiring decision was higher under jobactive. This compares with the JSA wage subsidy settings, where wages subsidies came from the Employment Pathway Fund, not from a separate fund.

Administration

Providers noted that there was improvement in the wage subsidy administration process in jobactive, compared to that under JSA. Improvements included the introduction of tools to help manage wage subsidies online, the introduction of online agreements, and the head agreement and schedule system. Most providers appreciated the availability of online agreements but did not always use them. The main reasons for this related to IT system issues, lack of employer capacity, or their preference for face-to-face contact. The head agreement and schedule system meant that one agreement with an employer (the head agreement) was sufficient, and schedules could be attached for each individual wage subsidy. Previously employer information had to be duplicated across each individual wage subsidy.

Providers also noted, however, that administration was still high for wage subsidies and they have responded to the perceived administrative burden and increased volume of subsidies by almost universally centralising processing to varying extents.

Employers generally do not find wage subsidy administration burdensome. More than eight in 10 interviewed employers who had accessed a wage subsidy agreed that the provider was supportive and helpful throughout the wage subsidy application process. The majority of employers being interviewed (70%) managed the wage subsidy process electronically.

Integration with other policies

It appears that wage subsidy policy does not always integrate well with other jobactive policy settings. For example, the wage subsidy minimum average of 20 hours per week does not align with the full-time AAR (25 hours per week) or the part-time AAR (15 hours per week). The result is that an employee with a wage subsidy who has a full-time AAR may still have to supplement their subsidised job with other activities, potentially including job interviews and taking an alternative job if offered. Participants with a 15-hour AAR, typically Principal Carer Parents or people with a partial capacity to work, were sometimes reluctant to engage in employment for more than their minimum AAR. This means in a practical sense that providers cannot use a wage subsidy even if they believe that it would be to the participant's advantage.

One of the main aims of jobactive policy is to get participants into work and off income support. Twenty hours per week of employment (at the minimum wage) would not result directly in the employee leaving income support completely.

Labour market impacts

Wage subsidies had a substantial positive effect on whether participants achieved a 26-week employment outcome (16.7 percentage points higher for subsidised than unsubsidised participants). They also increased the likelihood that a participant left income support within 12 months (7.9 percentage points higher for subsidised than unsubsidised job placements). Wage subsidies also contributed to sustained employment outcomes in the first 12 months. A lower proportion of participants who used wage subsidies returned to income support, compared to participants who did not use a wage subsidy.

Participants in jobactive were able to access wage subsidies of either \$6,500 or \$10,000. This differential presents an opportunity to test whether higher value wage subsidies produce better outcomes. There is some evidence of a 'dose effect', where the positive effects on participants' likelihood of achieving outcomes within 12 months was larger for those who had \$10,000 subsidies than for those who had \$6,500 subsidies. This effect however, was small, reduced over time, and was minimal after 12 months.

Meeting employer needs

One of the key objectives of jobactive was to ensure that participants are job ready and better meet the needs of employers.

Employer needs

Employers filling lower skilled vacancies and employers in regional areas commonly use informal methods of recruitment such as word of mouth or direct approach by a job seeker. Employers are looking for a mix of skills – good technical skills, and well-developed employability skills. Non-vocational attributes such as reliability, willingness to work, interpersonal skills and readiness and ability to take on a job are most highly valued by employers. Small business employers (those with fewer than 20 employees) identified non-vocational attributes such as willingness to work and

reliability more frequently than vocational skills and experience as a reason to select a candidate. Medium and large employers, however, identified relevant work skills and experience more frequently than non-vocational skills as a reason to select an employee.

Employer awareness and usage of jobactive

While most employers are aware that the Australian Government supports unemployed Australians with a suite of employment services, awareness of the jobactive brand is relatively low in spite of marketing campaigns. Lack of awareness of the jobactive program and a perception that unemployed people are not suitable for their organisation were the main reasons employers did not use a jobactive provider to assist with recruitment. In the 2017 Employer survey almost two-thirds (65%) of employers interviewed reported advertising online when recruiting, mostly using commercial job boards (such as Career One, Seek and Indeed).

Employer engagement

While jobactive is intended to have an enhanced focus on employer servicing, there is little evidence to suggest that employer engagement changed significantly with the introduction of jobactive. Employers who directly engaged with jobactive providers recruited Stream B participants more often than employers who did not directly engage with a provider (60% compared with 34%). The difference was even more stark for Stream C (41% compared with 14%).

Satisfaction

Employer satisfaction with providers is variable. When providers took a proactive and engaged role in the placement of participants, employers reported high satisfaction with services and support delivered. Employers are generally positive about participant referral process; however, they consistently raise concerns about the non-vocational skills of these participants. Employers value being offered funding for licences, clothing, tools or workplace equipment for the participants they employ; however, they report this does not typically influence their hiring decision.

More than eight in 10 employers who interacted with the jobactive program and used a provider to assist with recruitment reported they were likely or very likely to use a provider as part of their recruitment process in future.

Provider performance and administrative burden

Providers in jobactive deliver service across 51 Employment Regions across Australia. At December 2018, there were 41 jobactive provider organisations delivering services to participants at 1,690 sites.

Provider performance

The department primarily assesses the performance of jobactive providers via the Star Rating system and the QAF certification requirement. Departmental account managers give providers feedback every six months focusing on areas of strong performance and where performance can be improved. Lower performing providers may be subject to business reallocation.

The Quality Assurance Framework

The QAF for jobactive providers took effect from 1 July 2015. Certification under the QAF provides the department with assurance that jobactive providers have in place policies and procedures to support the management, monitoring and improvement of service delivery.⁶ While the QAF establishes that processes to drive quality and minimum standards exist, it is not a tool for assessing high-quality performance either overall or in specific circumstances. Analysis of QAF audit reports indicates providers adopt a wide range of processes to keep their frontline staff informed with accurate and current information about government policies and their own procedures. These reports also identified that a large range of methods and organisational structures were used by providers to address risk and ensure a safe environment for all participants.

Star ratings

Star Ratings continue to be used to assess jobactive providers' efficiency (Key Performance Indicator (KPI) 1) and effectiveness (KPI 2) in placing participants into sustainable work, relative to other jobactive providers. Analysis of Star Rating data for the evaluation period indicates that sites operating full time in the December quarter 2018 achieved higher Star Ratings (i.e. better performance) than part-time and outreach sites (which often operate in more regional areas).

'For profit' providers were more likely to attain either high or low Star Ratings, with the 'not for profit' providers clustered around the middle ratings. Overall, however, there was little difference in the proportion achieving a Star Rating of 5. There was also no firm relationship between participants' levels of overall satisfaction with the services they received from providers and the providers' performance as measured by their Star Rating score.

Indigenous Outcomes Targets

Until 31 December 2017 the performance framework incorporated Indigenous Outcomes Targets (IOTs), with the intention of increasing jobactive providers' focus on outcomes for Indigenous participants.

This evaluation finds that the likelihood of a provider meeting its IOT was determined in part by factors outside the control of the provider. Analysis shows:

- Lower outcome rates are observed for Indigenous participants relative to non-Indigenous participants with the same JSCI score.
- Indigenous participants are more likely to be more disadvantaged within each stream.
- The effect of the greater relative disadvantage of Indigenous participants is not constant across providers.

This implies that a provider's performance against its IOT may not have been a true reflection of their capability to service their Indigenous caseload. IOTs were replaced by Indigenous Outcomes Incentives on 31 December 2017 in the Star Ratings.

⁶ Jobactive Performance Framework Guideline, p.16, <https://www.dese.gov.au/jobactive/resources/performance-framework-guideline>.

Administrative burden

One of the key objectives of jobactive is to reduce service prescription and minimise red tape for stakeholders. While many changes were made to the model to achieve this, providers report that administrative burden in employment services continues to be high.

Analysis of time devoted to administrative requirements shows a continued increase in time spent on administration over the JSA contract to the commencement of jobactive, with providers indicating they spent, on average, 64.4% of their time on administration. Reasons for providers reporting increased administrative burden might include:

- Providers may be entering information into their own, or third party, IT systems as well as Employment Services System (ESS) Web, resulting in some duplication of administrative tasks.
- The Rolling Random Sample reviews may affect providers' vigilance with administration and collection of documentary evidence, potentially increasing administrative burden.
- Since the start of jobactive, it is estimated that average full-time equivalent staffing levels per site have progressively decreased while the caseload has not changed much per site. This might suggest an increasing administration pressure on remaining staff. The degree to which this has been offset by moves to more centralised administration, particularly for larger providers, has not been established.

Effectiveness and efficiency of jobactive

Achieving labour market outcomes

The employment outcomes under jobactive are compared with those under JSA 2012–2015. The evaluation considers exit rates from income support, reduction in income support payment rates, and exit rates from the program. Paid outcomes were not used as outcome measures as eligibility for payments was very different under the two models.

Analysis indicates that jobactive is somewhat better than JSA at achieving exits from income support within one year (1.7 percentage points higher overall). Income support reduction for participants was also greater under jobactive (2.3 percentage points better overall), and at maintaining those exits. These patterns are evident at the overall program level and for each stream. For example, Stream A and B jobactive participants had about a one percentage point higher rate of remaining off income support after 18 months compared with JSA. The effect for Stream C was higher, with 3.4 percentage points more participants remaining off income support for 18 months compared with JSA.

The timing of the Work for the Dole phase in jobactive,⁷ had a significant effect on exit rates for Stream A participants. Regression analysis 12 months after commencing in service indicates that

⁷ Under original conditions from July 2015, all Stream A and less disadvantaged Stream B participants entered the WfDPH after six months in service. From 1 October 2016 all participants entered the WfDPH after 12 months in service.

Stream A participants in jobactive who were to enter the WfD phase at six months in service had exited income support at a rate 1.8 percentage points higher than those who were entering the WfD phase in jobactive after 12 months. For Stream B, the service track was less impactful at 1.4 percentage points. This is likely because Stream B participants are further from the labour market in general and have barriers which are not likely to be overcome quickly enough to respond to any referral effect early in service.

Efficiency

Efficiency is defined as achieving the same outcome with less input of resources. A measure of efficiency often used in evaluation is cost-effectiveness.

On the measure of program expenditure per program exit (PEPPE) jobactive was more cost effective (by around 6.2%). Overall costs for jobactive were lower than for JSA early in the contract period; however, by the second and third years jobactive was becoming slightly more costly than JSA, based on overall expenditure. This difference in overall expenditure was not substantial (by 1.4% over the first three years of the contract). The difference in these measures is a result of higher exits from jobactive in the second year of the contract, which is the base year for PEPPE calculations. The payment of education outcomes for all participants in JSA, which were not mirrored in jobactive, would be expected to result in higher program expenditure if all else were equal. The higher expenditure in jobactive, however was mainly driven by increasing expenditure on wage subsidies in jobactive over the study period

Summary

The labour market outcomes achieved under jobactive were higher than those under JSA and this finding persists even after controlling for the more favourable labour market conditions that existed under jobactive (1.7 percentage points higher overall) and despite the more disadvantaged nature of the jobactive caseload. Analysis shows that jobactive appears to have a larger positive effect for those who are less job ready (i.e. in Stream B (1.7%) or C (3.4%).

It is evident that the earlier timing (i.e. six months compared to 12 months service track) of undertaking AARs had a significant effect on income support exit rates for Stream A participants. This, along with the strong referral effect of AAR more generally, appears to have largely driven the overall difference in outcomes between the programs.

It should also be noted that as a 'work first' active labour market program, the major goal was to move participants from welfare to work. JSA, on the other hand, was designed with a dual focus on work and human capital development. For example, JSA providers were paid for education outcomes for all participants (jobactive pays providers for limited education outcomes and only for young participants). It might therefore be expected that jobactive would produce more employment outcomes (as this is the only way providers can generate income). It is also possible that the widely acknowledged attachment effect of education might have resulted in lower employment outcomes in JSA, but greater human capital development.

Departmental Response to the evaluation findings

Design principles

The design of jobactive was based on the lessons learned through previous iterations of employment services and was intended to better align job seeker obligations with community expectations, particularly for the long-term unemployed. Key features of jobactive when compared with its predecessor, Job Services Australia, include:

- training should be linked with or lead to employment
- a strong 'work first' emphasis through 4, 12 and 26-week outcome payments that reward providers who move job seekers either fully or partially off income support and into sustainable employment, while limiting access to education outcomes to only early school leavers aged 15-21 years
- a reduced number of service streams and increased flexibility for providers
- an initial five-year contract, fewer employment regions, and a maximum of seven providers in each region to simplify and promote economies of scale and market stability
- a strengthened program of wage subsidies.

In addition, jobactive was subject to continuous improvement. These improvements were based on feedback from a range of stakeholders including providers and peak bodies, as well as internal assessment of program performance at the time. Examples include:

- aligning Work for the Dole phase entry, so that all job seekers entered the Work for the Dole phase 12 months after commencement;
- increasing the flexibility of the Employment Fund and increasing the range of goods and services a provider could fund using the Employment Fund;
- improving and simplifying processes and guidelines;
- investing in new systems to improve interactions with jobactive, for example the Employer jobactive app;
- trialling innovative new ideas, such as the Regional Employment Trials.

Changes were also made to the system of sanctions for job seekers who do not comply with their mutual obligations. The introduction of the Targeted Compliance Framework in July 2018 shifted the application of lasting penalties so that they would not usually apply until a sixth failure without a valid reason. Under the previous Job Seeker Compliance Framework, which operated from 2009 to 2018 (with various modifications), penalties could apply for a first failure. The Targeted Compliance Framework also increased the value of lasting financial penalties for those assessed as persistently and deliberately failing to meet their requirements. In the first year of the Targeted Compliance Framework's implementation, penalty numbers reduced by 90 per cent compared to the previous year, and engagement with requirements increased.

However, the introduction of the Targeted Compliance Framework increased the number of payment suspensions by 79 per cent. Although only around 14 per cent of payment suspensions actually

result in any delay in payment, stakeholders raised concerns about the impact on vulnerable job seekers and a number of changes to payment suspension arrangements were introduced:

- From 28 September 2020, payment suspensions could be ended where a person provided a valid reason for not meeting a requirement (previously they were required to re-engage with their requirements before their suspension ended); and
- From 7 December 2020, payment suspensions were delayed by two business days after a failure, allowing job seekers opportunity to contact their provider to discuss and, if required, address the failure to avoid having their payment suspended. Over the period 1 July 2021 to 30 June 2022, this has led to a 34.4 per cent reduction in suspensions (801,178 fewer) in jobactive, however 1,530,954 payment suspensions still occurred over this period.

Various adjustments to jobactive were also implemented in response to COVID-19 in 2020 to ensure that services were in a position to help people into jobs in demand while continuing to assist the most vulnerable job seekers at this difficult time. Changes included:

- Lifting (and subsequent reinstatement) of mutual obligation requirements during the pandemic, in line with public health orders;
- Encouraging job seekers to upskill or reskill by allowing more flexibility to count study or training towards their mutual obligation requirements;
- Utilising Online Employment Services and streamlining registration and referral processes to manage the substantial influx of job seekers onto job seeker payments. This was supported by expanding Online Employment Services to all of the most job-ready job seekers so that they can effectively and efficiently self-manage their return to employment; and
- Temporarily allowing job seekers in Stream A to have funding credited to the Employment Fund upon commencement (rather than after 13 weeks).

Evidence from evaluations of Job Services Australia showed that specialised services targeting key difficult-to-place cohorts were effective. This led to the introduction of specialised assistance alongside jobactive to support job readiness including the youth specialist service Transition to Work, and the mature age-focussed Career Transition Assistance program.

Performance of jobactive

The Evaluation of jobactive Report presents evidence on the effectiveness of the program during its first several years of operation, capturing outcomes from interventions and servicing in this period.

The evaluation's findings show that jobactive policy settings encouraged providers to focus on employment outcomes of at least 26 weeks' duration, which enabled job seekers to reduce their reliance on income support. Despite jobactive's emphasis on 'work first', the evaluation found evidence that a substantial amount of training/education occurred in jobactive and that it was closely linked to jobs. jobactive also improved job seekers' engagement as measured by attendance at appointments and reconnection to services after missing an appointment.

The Evaluation of jobactive Report finds that wage subsidies had a substantial positive effect on whether participants achieved a 26-week employment outcome and increased the likelihood that participants reduced their reliance on income support 12 months after starting a job. The use of a wage subsidy increased the probability of achieving a 26-week outcome for the most disadvantaged

(Stream C) job seekers by over 50 per cent. However, many providers still felt the wage subsidy process was administratively burdensome, and providers' use of wage subsidies was not always well-targeted.

The department notes the evaluation's findings that addressing participant barriers to employment was a challenge under the jobactive model. While jobactive was more effective at achieving income support exits and reducing income support dependency than Job Services Australia 2012-2015, providers considered that the changes to the payment model resulted in a less holistic service for participants. There was also little evidence that job plans were tailored to the individual participants. For example, the default setting of 20 job searches a month were often not changed.

Achieving reductions in the regulatory compliance burden associated with employment services, while ensuring providers and job seekers remain accountable, has been a consistent challenge. The department notes the evaluation's findings that attempts to reduce regulatory costs in the jobactive model may not have been effective.

jobactive context

Labour market conditions have a clear influence on the performance of employment services programs and should be taken into account in any evaluation process. Australia's mainstream employment service, jobactive, commenced on 1 July 2015 and operated until June 2022. During the pre-pandemic period of the jobactive contract (July 2015 to March 2020), the Australian labour market was performing relatively well, with key indicators consistent with growth. For example, over this period, employment rose by 1,240,100 (or 10.5 per cent) while unemployment fell by 66,300 (or 8.4 per cent). Against this backdrop, the unemployment rate declined, from 6.3 per cent in July 2015, to 5.2 per cent in March 2020. Over the same period, the participation rate increased by 0.8 percentage points to stand at 65.9 per cent in March 2020.

The onset of the COVID-19 pandemic, however, had a profound impact on the Australian labour market, with employment falling sharply, by 877,200 (or 6.7 per cent) between March 2020 (when Australia recorded its 100th case of COVID-19) and the trough in May 2020.

The initial shutdown in non-essential services and trading restrictions also resulted in 677,800 people leaving the labour force between March 2020 and May 2020, pushing the participation rate down by 3.3 percentage points, to 62.6 per cent in May 2020. While the unemployment rate rose from 5.2 per cent in March 2020, to 7.0 per cent in May 2020, the significant decline in employment did not translate into a similar increase in unemployment at that time, due to the large number of people who left the labour force over the period.

Reflecting the shift in pandemic response from one of suppression to a low transmission strategy made possible by increasing rates of vaccination, employment rebounded strongly (up by 935,400 or 7.7 per cent) between May 2020 and March 2021, and by June 2022 was 597,100 above the level recorded in March 2020.

Against this backdrop, the unemployment rate has halved from 7.0 per cent in May 2020, to 3.5 per cent in June 2022, 1.7 percentage points lower than the 5.2 per cent recorded in March 2020. This equates to 493,900 unemployed persons in June 2022, which is 225,500 below the level recorded in March 2020.

The low transmission strategy supported the reopening of the economy which buoyed consumer and business confidence, with the labour force increasing by 1,049,400 between May 2020 and June 2022, pushing the participation rate up by 4.2 percentage points, to 66.8 per cent in June 2022.⁸

Over the jobactive contract period (July 2015– June 2022) there were nearly 3.7 million commencements in jobactive services. Between 1 July 2015 and 30 June 2022, jobactive achieved more than 2,386,223 job placements and 779,701 employment outcomes lasting six months or more.

With an estimated administered cost of around \$10.3 billion over the seven-year period (1 July 2015 to 30 June 2022), jobactive contracted 40 companies and not-for-profit organisations to provide employment services in around 1700 locations, spread across 51 employment regions.

Workforce Australia

The Evaluation of jobactive Report shows that jobactive was, to a large degree, an improvement on its predecessor model, but that there is room for further improvement. Several improvements have been made as part of the new model, Workforce Australia. The new model commenced in July 2022 and aims to deliver better services to job seekers and employers.

Development process for Workforce Australia

The development of Workforce Australia (previously referred to as the New Employment Services Model) was informed by the jobactive evaluation, as well as recommendations from the Employment Services Expert Advisory Panel and refined through learnings from the New Employment Services Trial (NEST), Online Employment Services Trial (OEST), other trials and public consultations.

The Employment Services Expert Advisory Panel's report, *'I Want to Work'*, was delivered to government in 2018 and made 11 recommendations on potential areas of reform for a future model of employment services. The government implemented all of the recommendations of the panel's report. For example, the panel recommended to make employment services more user friendly, more personalised and to ensure more help for those who need it. Workforce Australia was developed through extensive consultation, based on user-centred design principles, and includes a number of policy changes, such as cohort-specific servicing, and new provider payments, to increase investment in disadvantaged job seekers.

Key elements of Workforce Australia were trialled as part of the NEST in Adelaide South and the Mid North Coast of New South Wales, from 1 July 2019 to 30 June 2022. The Trial utilised user-centred design and an iterative approach to test and refine policy settings prior to them being rolled out nationally.

About Workforce Australia

The new model features two main services - Workforce Australia Online and Workforce Australia Services. Job seekers who are job ready and capable of self-managing online via a digital employment services platform are placed into Workforce Australia Online. This platform offers a range of information and tools to users to prepare for and search for jobs. Users can also access a phone- and web-based Digital Services Contact Centre for assistance. The platform seeks to cut red tape for users

⁸ ABS Labour Force, Australia, July 2022, seasonally adjusted data.

of employment services. Eligible job seekers also have access to additional support such as career coaching, employability skills training and relocation assistance.

Job seekers at higher risk of long-term unemployment enter into Workforce Australia Services, delivered by a network of providers. Providers are expected to deliver individually tailored case management, which includes providing assistance to build job readiness, organising training and education, and connecting individuals with complementary services, work experience and job opportunities. This also includes cohort-specific servicing for refugees, indigenous Australians, ex-offenders and individuals from culturally and linguistically diverse (CALD) backgrounds. Job seekers in Workforce Australia Services also have access to the digital platform.

Improvements made as part of Workforce Australia

Unlike jobactive, Workforce Australia does not take the 'work first' approach, which aims to move individuals into employment as quickly as possible. Workforce Australia's aim is to focus providers on investing in individuals that are the hardest to place in jobs, so they can be best placed to build their skills and capabilities and progress to employment.

Workforce Australia also seeks to improve systemic issues in employment services, such as precarious employment, underservicing of disadvantaged job seekers, system complexity, and low engagement by employers. These issues have been addressed through allowing more job-ready individuals to self-manage through the digital platform, introducing new provider payment and licensing systems to drive desired provider behaviour, and greater supports for employers to engage with employment services.

Workforce Australia retains many aspects of the job seeker assessment framework, which aims to refer job seekers to the service best suited to them. In addition, there are a series of safeguards to help ensure job seekers who may have difficulties self-managing online are identified and directed to the right service. This includes Workforce Australia Online participants being able to move into Workforce Australia Services for provider servicing at any time.

A new Points Based Activation System (PBAS) is intended to deliver a more flexible approach for job seekers to manage and meet their mutual obligation requirements. Job search remains a core element, though job seekers have greater ability to determine and access a range of activities on their pathway to employment.

The new model includes a new licensing system for Workforce Australia service providers that aims to drive quality outcomes for job seekers and employers while cutting red tape across the procurement process. Regular licence extensions for higher performing providers will remove the need for them to re-tender for government business every few years. In certain locations there will be specialist providers to deliver personalised services to cohorts including culturally and linguistically diverse, Indigenous Australians, ex-offenders, and refugees.

A new performance management framework and payment structure for providers was also introduced in Workforce Australia. With an expectation of smaller caseloads, providers are incentivised to offer more intensive and personalised servicing to each job seeker. Upfront engagement payments are intended to support early intervention, and progress payments are intended to recognise the investments made to move job seekers along a pathway to work.

Employment outcomes remain a critical component of both the payment and performance framework.

The new model enables employers to recruit job seekers directly through the digital platform (including advertising vacancies, screening and shortlisting applicants) as well through Workforce Australia service providers (who connect them with suitable recruits from their caseloads, along with a range of supports such as training and equipment). The new model also includes additional services, such as Workforce Specialists and Employment Liaison Officers, offering employers tailored solutions to their workforce needs.

Conclusion

The jobactive contract expired in June 2022. Evidence from program monitoring data suggests that policy changes made under jobactive helped to achieve more sustainable employment outcomes for job seekers. The department will continue to monitor outcomes in the Workforce Australia model.

List of acronyms

AAR	Annual Activity Requirement
ABS	Australian Bureau of Statistics
ALMP	Active Labour Market Program
APM	Active Participation Model
CDP	Community Development Program
CoB	Country of birth
CoCR	Change of Circumstances Reassessment
DEETYA	Department of Employment, Education, Training and Youth Affairs
DEEWR	Department of Education, Employment and Workplace Relations
DESE	Department of Education, Skills and Employment
DES	Disability Employment Services
DHS	Department of Human Services
DSP	Disability Support Pension
DSS	Department of Social Services
EF	Employment Fund
ELO	Employment Liaison Officer
ELTU	Extremely long-term unemployed
EPF	Employment Pathway Fund
EPP	Employment Pathway Plan
ER	Employment Region
ESA	Employment Services Area
ESAt	Employment Services Assessment
ESL	Early School Leaver
ESP	Employment Services Provider
ESS	Employment Services System
FT	Full-time
IT	Information Technology
IOT	Indigenous Outcome Target
JCA	Job Capacity Assessment
JP	Job Plan
JSA	Job Services Australia (2012–2015)

JSA 2009	JSA contract period from 1 July 2009 to 30 June 2012
JSA 2012	JSA contract period from 1 July 2012 to 30 June 2015
JSCF	Job Seeker Compliance Framework
JSCI	Job Seeker Classification Instrument
JSEES	Job Seeker Experiences of Employment Services
LTU	Long-term unemployed
MME	Mean Marginal Effect
MOF	Mutual Obligation Failure
MOR	Mutual Obligation Requirement
MTT	Maximum Time Transfer
NAR	Non-Attendance Report
NEIS	New Enterprise Initiative Scheme
NSA	Newstart Allowance
OBPR	Office of Best Practice Regulation
PAR	Provider Appointment Report
PaTH	Prepare – Trial – Hire
PCP	Principal Carer Parent
PCW	Partial Capacity to Work
PEPPE	Program expenditure per program exit
POI	Period of interest
PPM	Post Programme Monitoring survey
PPP	Parenting Payment Partnered
PPS	Parenting Payment Single
PPT	Percentage point
PT	Part-time
RBM	Regulatory Burden Measurement
QAF	Quality Assurance Framework
RED	Research and Evaluation Dataset
RIS	Regulatory Impact Statement
RRS	Rolling Random Sample
SAP	Structural Adjustment Package
STU	Short Term Unemployed
TAFE	Technical and Further Education

TCF	Targeted Compliance Framework
TtW	Transition to Work
VLTU	Very long-term unemployed
WfD	Work for the Dole
WE	Work Experience
WEP	Work Experience Program
YA(O)	Youth Allowance (Other)
YA(S)	Youth Allowance (Student)

1 Introduction

The jobactive employment services model (jobactive) commenced on 1 July 2015 for an initial five-year period. In March 2019, the Australian Government announced the extension of jobactive contracts until June 2022.⁹

The New Employment Services Model (Section 1.1.3) is being implemented (from 1 July 2022) by Department of Education, Skills and Employment (the department). Relevant findings from this and previous evaluations, as well as extensive consultations, have been used in the development of the new model.

This evaluation examines the extent to which jobactive is meeting its stated objectives and uses data to the end of December 2018 (where available). This report follows the Australian Government Department of Employment, Skills, Small and Family Business *Evaluation of jobactive Interim Report* (published in January 2020).

The chapters in this report broadly examine the effectiveness and efficiency of jobactive as it relates to the following topics:

- participation in jobactive, including caseload and demographic information, commencements, and time in service
- service planning and delivery
- engagement and compliance, including the compliance frameworks and the Work for the Dole phase (WfD phase) and WfD activities
- wage subsidies and the Employment Fund (EF)
- employer servicing
- jobactive providers
- outcomes from jobactive including reduced reliance and off income support measures and program expenditure per employment outcome.

This chapter provides context for the evaluation including a brief history of employment services in Australia, the jobactive model and the macro-economic environment under which jobactive has operated (to December 2018).

1.1 Government-funded employment services in Australia – history and future

Australian employment services are an active labour market program (ALMP). These are programs designed to reduce unemployment by either ‘work first’ or job matching programs or training/retraining programs. The literature generally notes that ‘work first’ ALMPs produce strong employment outcomes, particularly in the short term, whereas programs that focus on human

⁹ On 20 March 2019 the then Minister for Jobs and Industrial Relations, the Hon Kelly O’Dwyer MP, announced the extension of jobactive contracts until June 2022 in all regions outside the two employment regions trialling the New Employment Services Model – Adelaide South in South Australia and Mid North Coast in New South Wales. For further information on the new employment services model see <https://www.dese.gov.au/new-employment-services-model>.

capital development – such as training/retraining programs – have less immediate impact on employment but stronger longer term impacts (Card, Kluve and Weber 2018).

From 1946, the Commonwealth Employment Service administered employment services programs on behalf of the government, targeted primarily at job seekers receiving income support payments. This arrangement was changed with the introduction of Job Network in May 1998, when the delivery of employment services was outsourced, largely to non-government organisations and private businesses, but continued to be government funded. This arrangement continued through Job Services Australia (2009–2015) and remains a defining element of the current employment services program, jobactive.

1.1.1 Job Network 1998–2009

Job Network was a national arrangement of community and private organisations contracted to work with eligible participants to help them obtain employment. On 1 July 2003, the Active Participation Model (APM) was introduced to Job Network in order to provide a continuum of assistance to ensure that job seekers had uninterrupted employment services. It replaced the previous arrangements where a participant was often referred to different Job Network members for each phase of assistance with a model where participants were serviced by a single provider throughout their period of unemployment. In addition, it defined a set of services which increased in intensity as the duration of unemployment increased. The model aimed to provide a more flexible framework for the delivery of employment assistance and extended employment services to a broader range of participants.

1.1.2 Job Services Australia 2009–2015

A review of employment services undertaken by the former Department of Education, Employment and Workplace Relations in 2008 (DEEWR 2008) found that the Job Network was no longer suited to a changing economic environment marked by an increase in highly disadvantaged participants and widespread skills shortages. On 1 July 2009, the Job Services Australia model, which was more of a training/retraining ALMP, was introduced with the goal of providing better tailored, individual services in line with assessed participants' level of disadvantage, as well as skills and training appropriate for the labour market. On 1 July 2012, this model was extended, with some changes, to 30 June 2015 by a second contract. In this report, JSA (or JSA 2012) is short for the Job Services Australia model implemented during 1 July 2012 to 30 June 2015.

In 2011, as part of the public consultation for Job Services Australia, the Advisory Panel on Employment Services Administration and Accountability was convened, and a discussion paper was released in November 2011.¹⁰

In 2013, as part of the JSA consultation process, the government released a further discussion paper, *Employment Services – building on success* (DEEWR 2013). These processes found that feedback

¹⁰ https://docs.employment.gov.au/system/files/doc/other/advisory_panel_on_employment_services_administration_and_accountability_discussion_paper.pdf

from employment service providers, participants, employers and other stakeholders highlighted a number of areas where employment services could be improved, including that the model:

- was unnecessarily complex and prescriptive
- no longer met the expectations of employers, participants or the community
- needed to be more responsive, flexible and focused on achieving employment outcomes.

Employers in general indicated that they were discouraged by the lack of skills and work readiness of candidates referred to them by JSA providers. It was also reported that the amount of 'red tape' (i.e. regulatory and administrative burden) involved discouraged employers from using JSA providers to source workers. This feedback from stakeholders was instrumental in the design of the jobactive model.

1.1.3 New Employment Services Model beyond 2022

From 2022, government employment services are being transformed to deliver better services to participants and employers and a better system for providers. The new model is being trialled in two regions from 1 July 2019 before being rolled out nationally from July 2022.

Participants who are job ready and digitally literate will self-manage online through a digital employment services platform and be able to access information and tools, and search for jobs.

Participants with multiple barriers to employment will enter into the Enhanced Services Stream delivered by providers. These participants will receive individually tailored case management from an employment services provider to help build job readiness, organise training and education, connect with complementary services and work experience and link to job opportunities.

Participants in Enhanced Services will have access to the digital platform and will be supported by their employment services provider to access services online, where appropriate.

The new model will include a new licensing system, performance management framework and payment structure for employment services providers. This will encourage employment services providers to work together to deliver high-quality and tailored services that meet the needs of employers and help participants prepare for and find sustainable employment.

Further information about the New Employment Services Model is available on the department's website.¹¹

¹¹ <https://docs.employment.gov.au/documents/new-employment-services-information-job-seekers>
<https://www.dese.gov.au/new-employment-services-model/resources/new-employment-services-model-information-current-and-future-providers>
<https://www.dese.gov.au/new-employment-services-model/resources/new-employment-services-model-information-employers>

1.2 The jobactive model

The jobactive program was introduced on 1 July 2015. It is the mainstream model for delivering employment services programs operating in all non-remote areas of Australia.¹² According to the Request for Tender for Employment Services 2015–2020 (Department of Employment 2014a) the service was designed to:

- ensure that participants are job ready and better meet the needs of employers
- introduce stronger Mutual Obligation Requirements (MORs) to encourage a work-like culture for participants
- increase job outcomes for unemployed Australians, including specific targets for Indigenous participants
- reduce service prescription and minimise red tape for stakeholders.

This design included new system tools and a less prescriptive employment services model, involving provider-designed bespoke Service Delivery Plans. The jobactive program is delivered by non-government organisations and private businesses. These providers deliver services according to the jobactive Deed and guidelines and their own Service Delivery Plan, with flexibility to respond to the needs of individual participants. The jobactive program is administered by the department.

The department administers a range of complementary services, programs and initiatives designed to assist a wide range of participants, especially the most disadvantaged (for example, ParentsNext for parents and Transition to Work for young participants). While these complementary programs are out of the scope for this evaluation, as they are evaluated separately, they are likely to interact with jobactive and may impact on the performance of jobactive.

1.2.1 Participant eligibility

Participants eligible for the full range of jobactive provider services are:

- people who are subject to MORs and receiving NewStart Allowance (NSA),¹³ Youth Allowance (Other) (YA(O)), Special Benefit (specific cohorts) or Parenting Payment. Recipients of these payments who are Principal Carer Parents (PCPs) and people with a Partial Capacity to Work (PCW) have reduced MORs
- Disability Support Pension (DSP) recipients aged under 35 years with a work capacity of eight or more hours per week (*without* a youngest child under six years) with compulsory participation requirements
- other categories of eligible participants, including New Zealand non-protected Special Category Visa holders eligible for NSA or YA(O); pre-release prisoners who are eligible for day release; and participants affected by industry restructuring under a Labour Adjustment Package or Structural Adjustment Package (SAP).

¹² The Community Development Programme operates in remote areas of Australia and is managed by the National Indigenous Australians Agency.

¹³ From 20 March 2020 NewStart Allowance (NSA) (and some other Centrelink payments) were replaced by the JobSeeker Payment. This report will continue to refer to NSA as the relevant income support payment for the period of the evaluation.

1.2.2 Key features of the jobactive service model

This subsection explains key features of the jobactive service model as it operated from 1 July 2015 to 31 December 2018.

The key features of the jobactive model include:

- Participants are placed into one of three streams (**Stream A, B or C** – discussed below) based on their relative chances of gaining and maintaining employment. This compares to the four streams in JSA (Streams 1 to 4). Participants in Stream A are the least disadvantaged in the labour market, whereas those in Stream C require the highest level of assistance.
- There are three **service phases in jobactive** (the Self-Service and Job Activity phase, the Case Management phase and the WfD phase), which determine a participant's participation requirement. Service phases are determined by both the service stream placement and how long a participant has been within that stream.
- MORs under jobactive include three elements (job search efforts, attending appointments with providers, and Annual Activity Requirement (AAR)). The consequences for participants who do not meet their MORs are defined in the compliance framework. These MORs are in addition to Centrelink reporting requirements to maintain income support.
 - AAR refers to a requirement for participants in jobactive to undertake additional activities for six months of each year after their first 12 months in jobactive. These activities are in addition to any other requirements that form part of a person's overall MORs such as job search and attending provider appointments.¹⁴
- Providers under jobactive are expected to work with industry and local employers to understand their needs and identify employment opportunities for participants. Providers can use **wage subsidies** to broker employment placements for eligible participants who employers might not otherwise employ. They also have access to the **EF** to provide support to participants to meet employers' needs and get a job.
- The performance of jobactive providers is assessed via the Star Rating system and the Quality Assurance Framework (QAF) certification requirement. performance is also assessed against the jobactive Service Guarantees and the providers' Service Delivery Plans.
- Under jobactive, administration fees paid to providers are smaller in value than those paid under JSA, and outcome fees are generally larger in value in order to create incentives to place participants in jobs. Education outcome payments are not a feeDisadvantaged participants attract larger outcome payments than they did under JSA, and also relative to less disadvantaged participants in jobactive. In addition, Stream A participants do not attract any provider incentives in the first 91 days.

1.2.3 Streaming of participants

Under jobactive, participants are placed into one of three streams of service (Stream A, B or C) based on their relative level of disadvantage in gaining and maintaining employment. This is determined

¹⁴ Early in jobactive some participants were required to undertake an AAR after six months in service. After October 2016 all participants were required to undertake an AAR after twelve months in service.

using the Participant Classification Instrument (JSCI) and the Employment Services Assessment (ESAt) where appropriate.

People complete the JSCI questionnaire when they first claim for income support with Services Australia and update it at any time they experience a change in their circumstances that might affect their JSCI score. Each JSCI factor is given a numerical weight or points which indicate the average contribution that factor makes to a participant's difficulty in finding and maintaining employment. The points are added together to calculate the JSCI score. A higher score indicates a higher likelihood of the participant remaining on income support for at least another year.

The JSCI also identifies whether a participant has multiple or complex barriers to employment that may require further assessment via an ESAt. The ESAt determines whether a participant should be placed into **Stream A or B** consistent with their JSCI score, or whether they require more intensive support through jobactive **Stream C** (where participants have work capacity and personal issues requiring case management) or should be referred to other programs such as Disability Employment Services (DES).

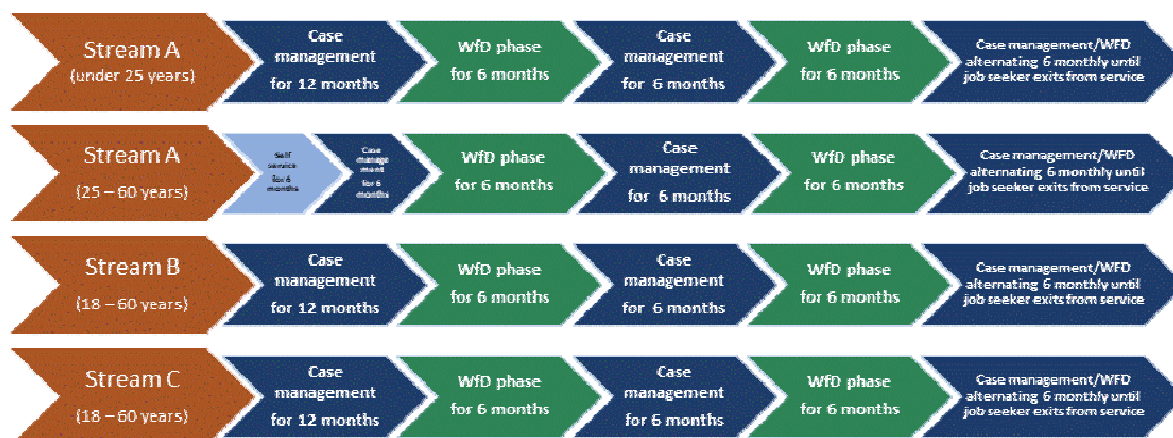
Stream A is for the most work ready participants, who require minimal assistance to find work. Stream B is for participants who have vocational barriers and need assistance to become work ready. Stream C is for the most disadvantaged participants, who may have a combination of vocational and non-vocational barriers to employment. Participants are allocated to Stream A or B based on their JSCI scores. ESAts determine whether a participant is allocated to Stream C (Department of Employment 2016a).

1.2.4 Service phases in jobactive

There are three service phases of jobactive: the Self-Service and Job Activity phase; the Case Management phase and the WfD phase (Department of Employment 2015b).

On commencement of the jobactive contract (1 July 2015), the initial service period before participants entered the Work for the Dole phase varied according to their age and stream of service. As a result of the 2016–17 Work for the Dole Reform budget measure, this timing changed. From 1 October 2016, all participants moved into the WfD phase after 12 months in service (Figure 1.2.1).

Figure 1.2.1 Participant journey through jobactive service phases, from October 2016



Source: Relevant departmental program guidelines.

1.2.5 Stronger Participation Incentives (SPI) for young participants

The SPI measure was introduced in the 2014–15 Budget and aimed to strengthen the participation requirements for young participants aged between 18 years and 30 years. The SPI criteria were changed in the 2015–16 Mid-Year Economic and Fiscal Outlook. Since 1 July 2016, only new participants aged between 18 years and 25 years in Stream A become SPI participants. Further detail on the SPI policy can be found at [Appendix A, Section A2.4](#).

1.2.6 Mutual Obligation Requirements

MORs are included in the jobactive model with the intention of helping participants find work, move off income support and give something back to the community that supports them. There are consequences for participants who do not meet their MORs (see the compliance framework below). MORs in jobactive comprise three elements: genuine job search efforts, attendance at appointments with providers, and meeting AARs.

Genuine job search efforts

A job search is an instance where a participant actively contacts a potential employer to apply for a paid job.¹⁵ Job search requirements include a minimum number of job searches per month (the system default is 20) where a participant actively contacts potential employers. These requirements may vary according to age and work capacity. The job search requirement can also be varied by providers if they feel this is appropriate in light of the participant’s circumstances and/or local labour market conditions (Department of Employment 2014a). This varies from the JSA model, where participants were also required to search for jobs, but the minimum number of job searches was determined by providers (there was no default).

¹⁵ For further information on job search see <http://guides.dss.gov.au/guide-social-security-law/3/11/1/30>.

Attend appointments with providers

Participant appointments are used to establish a relationship between the participant and the provider, as well as to develop and monitor Job Plans, job search and participation in activities.

Annual Activity Requirement

The AAR sets out the minimum number of hours for which a participant must participate in an approved activity each week during the six-month WfD phase. There are a range of activities that participants can undertake to meet their AAR, with a WfD activity as the default activity if no other activities are identified and agreed. The number of hours for which participants are required to participate to meet their AAR varies depending on their age, parental status and work capacity.

Activities that can be used to satisfy AARs include:

- Work for the Dole
- unpaid work experience
- voluntary work
- part-time work
- part-time study or training
- accredited language and literacy courses
- Defence Force Reserves
- New Enterprise Incentives Scheme (NEIS) training
- other government programs
- the Green Army program (to 30 June 2018).

1.2.7 Compliance frameworks

Compliance frameworks operate independently of any particular employment service; that is, participants in other programs (for example, DES and the Community Development Programme (CDP)) are also subject to such requirements. In addition, the Job Seeker Compliance Framework (JSCF) applied to both jobactive and JSA – for example, changes were made to strengthen the compliance framework on 1 July 2014, 1 January 2015 and 1 July 2015 (see Department of Employment 2015a for details). The Targeted Compliance Framework was introduced in July 2018, replacing the JSCF.

The jobactive model is underpinned by a strong emphasis on MORs designed to encourage a work-like culture among participants.

Job Seeker Compliance Framework

The compliance system operating at the commencement of jobactive was the JSCF, which was designed to encourage participants to engage with their jobactive provider, undertake activities to meet their MORs and actively look for work. The JSCF helped providers to quickly re-engage participants who did not comply with their MORs. Providers could report non-compliance to Centrelink, which made compliance decisions under social security law, including income support payment suspensions and the application of financial penalties if participants did not have a reasonable excuse for failing to comply with their requirements. Providers had flexibility to choose

when they reported non-compliance or when they used discretion and other strategies to re-engage or positively influence the participant's behaviour.^{16, 17} This JSCF was replaced on 1 July 2018 with the new Targeted Compliance Framework (TCF).

Targeted Compliance Framework

The TCF aims to encourage participants to take personal responsibility for their MORs. The intent is to target penalties at those participants who are persistently and deliberately non-compliant, while providing additional assistance for participants who need help meeting their requirements. Payment suspensions are used to encourage re-engagement for participants who are generally compliant. Unlike the previous compliance framework, under the TCF it is not possible to waive penalties for persistent non-compliance or refusing work. There is only six months of TCF data available for this evaluation and therefore the bulk of analysis in this report pertains to the JSCF.

1.2.7.1 Employment Fund

The EF is a pool of money that can be accessed by jobactive providers to help participants build experience and skills to meet employers' needs and get a job. The EF may be used for a range of purposes including education and training, professional services (counselling and allied health services), clothing and presentation, and work-related licensing and items.

Compared to the equivalent fund under JSA (the Employment Pathway Fund (EPF)), the use of the EF under jobactive is more restrictive for non-accredited training in order to ensure that training is targeted at helping achieve employment outcomes (Department of Employment 2017). As a result of consultations with jobactive providers on the EF, policy has been clarified and refined, and a number of changes have been made. These include the introduction of EF reimbursements for employability and foundation skills training for Stream B and C participants from December 2015. For the period 1 July 2015 to 31 March 2017, this item accounted for almost 10% of EF funding disbursements (Department of Employment 2017).

1.2.7.2 Wage subsidies

The redesigned wage subsidies under jobactive aim to provide assistance for jobactive providers and employers to respond to youth unemployment, target long-term unemployment, and encourage small businesses to hire older workers.¹⁸ Wage subsidies can be used by jobactive providers to encourage employers to hire participants from five eligible cohorts: mature age, long-term unemployed, Indigenous, youth and parents. Wage subsidies of up to \$10,000 or up to \$6,500 (GST inclusive) are available to eligible employers for eligible jobs. Restart, introduced in 2014, is a specific wage subsidy for mature-age participants.¹⁹ From 1 January 2017, changes were made to wage subsidies. These included paying all wage subsidies to employers over six months instead of 12 months; paying wage subsidies as flat rates; simplifying the wage subsidy eligibility, agreement

¹⁶ Job Seeker Compliance Framework Guideline, accessed at <https://www.dese.gov.au/uncategorised/resources/job-seeker-compliance-framework-guideline>.

¹⁷ See [Appendix A, Section A7.1](#) for further detail about the Job Seeker Compliance Framework.

¹⁸ Budget speeches - second reading speech by Luke Hartsuyker, MP in the House of Representatives on 25/05/2015

¹⁹ While introduced prior to jobactive, it continued to be available and is analysed in this report.

and payment processes; and lifting the minimum number of hours of work required per week from 15 to 20, averaged over the six-month wage subsidy agreement.²⁰

From the commencement of jobactive until 1 January 2019, funding for wage subsidies came from the Capped Wage Subsidy pool. From 2 January 2019, funding for wage subsidies was switched to the EF General Account. The Youth Bonus Wage Subsidy was implemented as part of the Youth Jobs PaTH program on 1 January 2017 and continues to come from a separate demand-driven allocation.²¹

1.2.7.3 Provider performance framework

The Quality Assurance Framework

The QAF was piloted throughout the JSA contract, from 2012 to 2015, as a strategic initiative in line with recommendations from the 2011 KPMG report on Employment Service Contract Management Reform. It was fully implemented for jobactive providers from 1 July 2015 as a key component of the department's Employment Services Assurance Strategy.

The QAF is one of three components of Key performance Indicator (KPI) 3, measuring the quality and assurance of jobactive services under the jobactive Deed 2015–2022 (the Deed). The other two components of KPI 3 are a Compliance Indicator, measuring providers' compliance with the Deed in respect of claims for payment and services delivered, and an assessment of a provider's delivery of its service commitments.

The QAF sets the minimum standard of quality for all jobactive providers. Certification against the QAF provides the department with third-party verification that jobactive providers have in place practices and procedures that support the management, monitoring and continual improvement of jobactive service delivery. This includes verification that broader corporate governance and leadership practices are in place.

Certifications under a QAF, compliance with the Deed as measured by the Compliance Indicator, and assessments of performance against Service Guarantees and Delivery Plans indicate a provider's quality assurance (KPI 3) (Department of Employment 2014a).

Star Ratings

Star Ratings continue to be used to assess jobactive providers' efficiency (KPI 1) and effectiveness (KPI 2) in placing participants into sustainable work, relative to other jobactive providers. Until 31 December 2017, the performance framework incorporated Indigenous Outcomes Targets (IOTs), with the intention of increasing jobactive providers' focus on outcomes for Indigenous participants. From 1 January 2018 the IOTs were replaced by Indigenous Outcomes Incentives in the Star Ratings model.

²⁰ Analysis contained in this section covers the period before wage subsidies were funded from the Employment Fund.

²¹ A full list of eligibility criteria can be found in Guideline: Managing Wage Subsidies, Version 3.1, March 2019.

Departmental account managers give providers feedback every six months focusing on areas of strong performance and where performance can be improved. Lower performing providers may be subject to business reallocation after 18 months and 36 months of jobactive.

1.2.7.4 Collaboration focus and incentives

Providers of jobactive are expected to work with industry and local employers to understand their needs and identify employment opportunities for participants. They are also expected to work and collaborate with other jobactive providers and stakeholders, such as vocational training providers, social services providers and other organisations that play a role in moving participants into work. Until December 2017, the jobactive model also featured a Collaboration Bonus in the Star Ratings based on the proportion of 12-week outcomes achieved for placements of participants on the caseload of other jobactive providers. Internal reviews of the Collaboration Bonus indicated that it was not having the desired effect, and from January 2018 onwards it no longer featured in the calculation of Star Ratings.

1.3 Differences between JSA and jobactive

The key differences between the JSA and jobactive models are outlined in [Appendix A, Section A2.1](#).

1.3.1 Work for the Dole phase

There are a number of key differences between the Work for the Dole phase in jobactive and the most comparable phase in JSA – the Work Experience phase. These are outlined below with further detail at [Appendix A, Section A.2.2](#).

- Entry to phase: Participants in jobactive who are not Stream A or SPI enter the WfD phase (and therefore had an AAR) after 12 months in service. From 1 July 2015 till 1 October 2016 those who are in Stream A or SPI entered after six months in service.²² In JSA, all participants entered the Work Experience phase after 12 months in service.
- Requirements in phase: Participants in jobactive have an AAR for six continuous months each year. In JSA, participants were required to participate in a work experience activity or activities over a 26-week period in the 12-month Work Experience phase (not necessarily continuous).
- Choice of activity: In jobactive, the default activity for AARs is WfD, unless another approved activity has been chosen. In JSA, participants and providers identified the activities to be undertaken during the Work Experience phase, including WfD where appropriate.

1.3.2 jobactive payment structure

Providers in jobactive receive an administration fee every six months for each participant they are servicing. They also receive outcome payments structured to reflect the difficulty in placing a participant in sustainable employment. Full outcome payments are paid from the employment start date at four, 12 and 26 weeks if the participant is earning enough to leave income support

²² The timing of entry for the Work for the Dole phase changed from 1 October 2016, and the data analysed in this report includes pre and post these changes.

completely. Partial outcomes are paid at four and 12 weeks if the participant has a job which partially reduces their income support.²³ Outcome payments are not payable for Stream A participants until they have been in service for 13 weeks, whereas they were not payable for Stream 1 participants in JSA until they had been in service for 52 weeks. Providers servicing participants in regional locations are entitled to claim a regional loading of 25% on both administration and outcome fees.

Compared to previous employment services programs, for most participants outcome fees are generally higher under jobactive, and disadvantaged participants (that is, participants in higher streams or with a longer duration of unemployment) generally attract larger outcome payments. Administration fees are smaller. There are generally no (except for youth) education outcome payments and there are also no job placement fees for providers under jobactive, unlike JSA. The objective of these changes to the fee and outcome payment structure was to encourage providers to focus on achieving more sustained employment outcomes. Further detail on fee structures is at [Appendix A, Section A.2.3](#).

1.3.3 Participant streaming

The main difference in participant streaming between jobactive and JSA 2012 is the number of streams: there were four streams in JSA 2012 (Streams 1–4) compared to three streams in jobactive (Streams A–C). The lower number of streams was designed to reduce the complexity of the system for providers and to reduce administrative burden (Department of Employment 2016b). In addition, a new JSCI point structure was introduced with jobactive to reflect changes to program design, the participant cohort and the labour market environment.

1.4 Policy context – the macro-economic environment

1.4.1 Summary of labour market conditions

Relative to JSA, labour market conditions were stronger under jobactive. This is reflected in the following measures of employment, unemployment and participation rates ([Table 1.4.1](#)).

- The rate of employment growth was 1.1 percentage points higher in the jobactive period.
- The annual rate of full-time employment growth was 1.2 percentage points higher during the jobactive period.
- The participation rate was higher in jobactive – an average of 65.2% in jobactive compared with 64.9% in JSA.
- The increase in total participation was driven by an increase in the participation of women and older participants, while male participation rates fell.

²³ Guideline: Vacancies and Outcomes Guideline, accessed at <https://www.dese.gov.au/uncategorised/resources/jobactive-vacancies-and-outcomes-guideline>.

Table 1.4.1 Comparison of key macroeconomic indicators for JSA and jobactive (per cent)

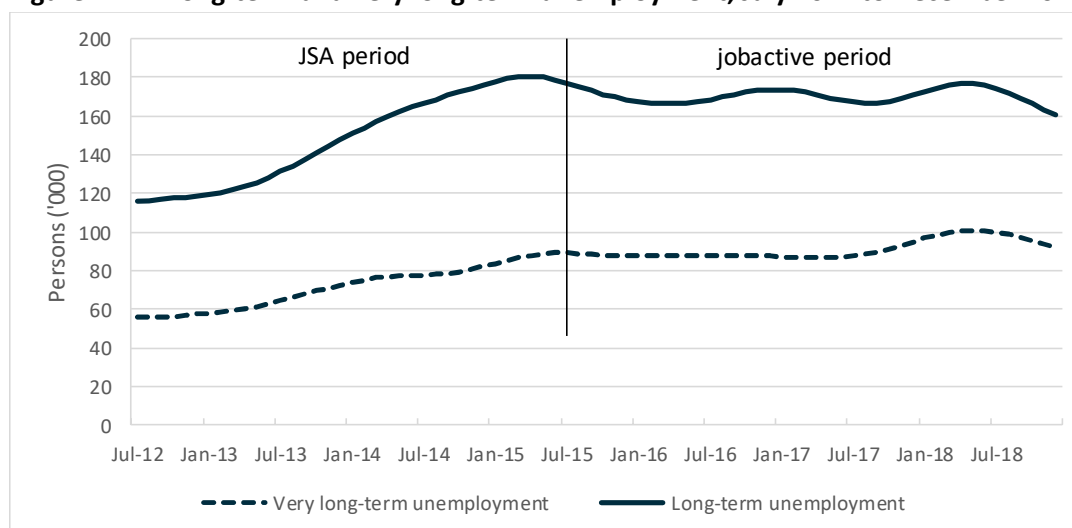
Indicator	JSA period July 2012 – July 2015 (%)	jobactive period July 2015 – Dec 2018 (%)
Annual rate of employment growth	1.2	2.3
Annual rate of full-time employment growth	0.7	1.9
Annual rate of part-time employment growth	2.4	3.1
Change in the unemployment rate	1.1	-1.3
Average unemployment rate	5.8	5.6
Change in the participation rate	0.0	0.5
Average participation rate	64.9	65.2

Source: Australian Bureau of Statistics (ABS), Labour Force, Australia, April 2019 (Cat. No. 6202.0) seasonally adjusted data.

Note: July 2012 to December 2018.

The trends in long-term unemployment (LTU) (i.e. unemployed for more than 12 months) and very long-term unemployment (VLTU) (i.e. unemployed for more than 2 years) show absolute numbers growing during JSA and only slightly decreasing during jobactive (Figure 1.4.1). The increase in LTU/VLTU over the JSA period reflects the weak labour market conditions between July 2012 and July 2015. However, in spite of strong labour market conditions over the jobactive period, there were no substantial reductions in these groups. This implies that the longer an individual is unemployed, the less likely they are to find employment, probably due to a combination of skill depreciation, the discouraged worker effect and marginalisation from the labour market.

Figure 1.4.1: Long-term and very long-term unemployment, July 2012 to December 2018

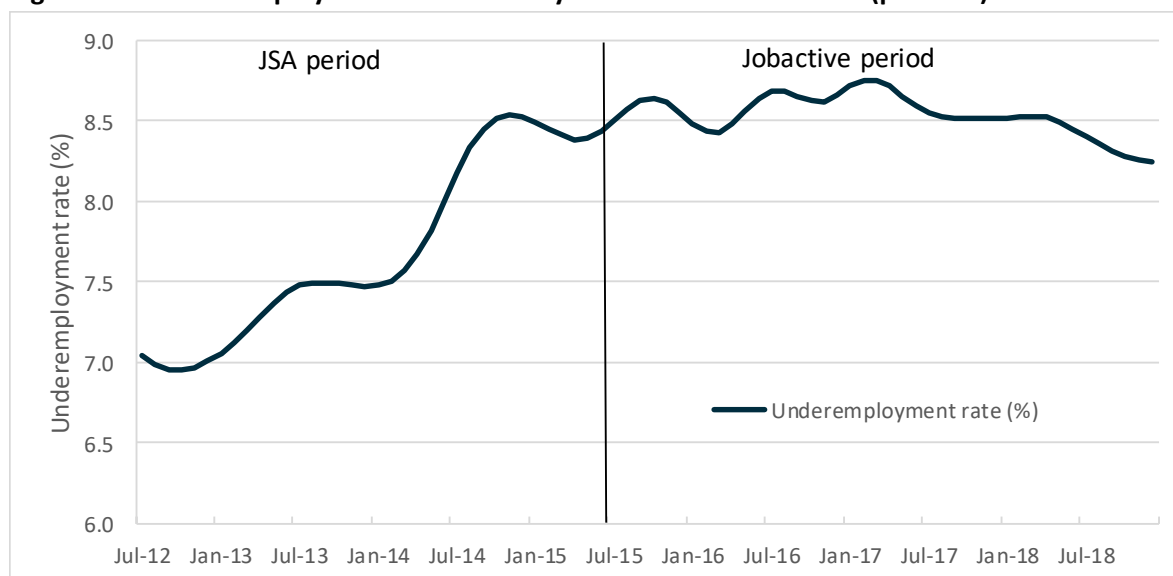


Source: ABS, Labour Force, Australia, Detailed – Electronic Delivery, March 2019 (Cat. No. 6291.0.55.001), trend data.

As shown in Figure 1.4.2, the underemployment rate, on average, is higher during the jobactive period than in the JSA period. There are two distinct phases of underemployment within the jobactive period: a slightly upward trend from July 2015 to February 2017, then a trend downwards till December 2018. In December 2018, the recorded underemployment rates were

much higher for youth (17.2%) and for women (10.4%), compared to the rate for all persons (8.3%).²⁴

Figure 1.4.2 Underemployment rate from July 2012 to December 2018 (per cent)



Source: ABS, Labour Force, Australia, April 2019 (Cat. No. 6202.0), trend data.

During the jobactive period, labour market conditions generally improved for the following cohorts:

- Unemployment rates for men and women were the same on average (5.8%) during the JSA 2012 period, and decreased slightly in jobactive to 5.6% for males and 5.7% for females.
- Labour market outcomes for young people were stronger over the jobactive period, with the youth unemployment rate falling by 2.5 percentage points over the jobactive period to 11.2% in December 2018. The majority of these employment outcomes were part time.
- During the jobactive period, the unemployment rate for mature-age participants (i.e. persons aged 55 and over) fell by 0.3 percentage points to 3.5% in December 2018. However, this group continues to encounter greater difficulty finding subsequent employment upon becoming unemployed, compared with their younger counterparts.
- Labour market conditions for participants who were from non-English-speaking backgrounds improved during the jobactive period, with the unemployment rate for this cohort falling by 1.9 percentage points to 5.0% in December 2018.
- During the jobactive period, labour market conditions improved in both the capital cities and the rest-of-state areas, although conditions were stronger in the capital cities.

Because of these improved labour market conditions, exits from income support and other measures of effectiveness should generally be better for participants with the same barriers to employment as their equivalents in JSA. The improved conditions support a provider payment

²⁴ ABS, Labour Force, Australia, Detailed – Electronic Delivery, March 2019 (Cat. No. 6291.0.55.001), seasonally adjusted data.

structure with an emphasis on direct placement in employment rather than preparation for employment, at least for job ready participants. The effectiveness of jobactive is discussed in detail in Chapter 0.

1.4.1.1 Challenges in the labour market

A structural shift away from the agriculture, manufacturing, mining and related industries towards more broad-based growth, particularly in the more labour-intensive services sectors, has led to many benefits for the Australian economy, although the positive effects of change have not been uniform. The positive change has not been evident for all groups, including the long-term unemployed, mature-aged people, lone-parent families and jobless families, as some regions experienced growth in investment and employment while others were affected by job losses in local major employers. Emerging trends are likely to have a significant impact over time. An ageing population will continue to increase the demand for aged care and health services, further altering the structure of the economy and labour market.

2 The jobactive evaluation

2.1 Background

In line with the *Public Governance, Performance and Accountability Act 2013* and the implementation of the Australian Government's enhanced performance framework in July 2015, purchased employment services have been subject to regular evaluation. Evidence generated from evaluations supports good performance reporting in annual performance statements, informs future policy development and contributes to transparency and accountability in public spending.

In line with the Evaluation Strategy for jobactive (Department of Employment 2016a), the jobactive evaluation assesses the program's effectiveness and efficiency in the context of the Australian labour market and the broad economic and demographic changes between July 2015 and December 2018.

2.1.1 Evaluation of jobactive Interim Report

The Evaluation of jobactive Interim Report,²⁵ assessed the model's performance in terms of participant engagement with jobactive services in the early stages of the contract. It provided a preliminary assessment of jobactive outcomes and examined the effects of transition arrangements between JSA and jobactive on participant outcomes.

2.2 Scope of the evaluation

This report provides an assessment of the overall performance of the jobactive model (to December 2018) including addressing questions of appropriateness, effectiveness and efficiency. It assesses key

²⁵ <https://www.dese.gov.au/jobactive/evaluation-jobactive>

components of the program including participation, engagement and outcomes for participants and employers. It also assesses aspects of the program such as WfD and wage subsidies.

While a number of programs and elements of jobactive are out of scope for this evaluation, some of these interact with jobactive. Where relevant and possible, results from other evaluations are considered. Elements and programs considered out of scope for this report as per those outlined in ([Appendix A, Section A1, Table A1.1](#)) and include:

- programs and program elements not provided through jobactive providers and WfD Coordinators, including NEIS, Harvest Labour Services and National Harvest Labour Information Services
- Youth Jobs PaTH (a separate evaluation has been conducted)²⁶
- arrangements for volunteer participants.

2.3 Data sources

A range of quantitative and qualitative data are used in the evaluation of jobactive (refer to [Appendix B](#) for detailed descriptions), including but not limited to:

- the department's administrative data in the Employment Services System
- Survey of Employers (2017)
- Survey of Employers' Recruitment Experiences
- Survey of Employer Use of Wage Subsidies (2018)
- Survey of jobactive Campaign project (2015, 2016, 2017)
- Survey of Employment Services Providers (Provider Survey) (2016, 2017, 2019)
- Job Seeker Experiences of Employment Services (JSEES) projects (2015–16, 2016–17)
- Post Programme Monitoring (PPM) Survey (2017)
- Maximum Time Transfer Job Seeker Survey (2019).

Also used is qualitative research undertaken in 2018:²⁷

- in February and March with 10 jobactive providers across five states to gather information on the operation of wage subsidies
- in June with 15 providers, 16 host organisations and 34 participants across four states to gather information on the operation of, and attitudes to, WfD activities in jobactive.

Data from other agencies was used to support the evaluation where appropriate.

²⁶ <https://docs.employment.gov.au/documents/youth-jobs-path-evaluation-report>

²⁷ This research was undertaken by departmental researchers.

2.4 Methodology

The evaluation team adopted a flexible approach recognising that, as the evaluation progressed, new questions emerged and some of the questions identified as important at the outset became less so. An external expert from the Australian National University (ANU) Research School of Social Sciences was engaged to review the planned analytical approach of the evaluation and advise on its appropriateness. The review confirmed that it was reasonable and consistent with best practice methods.

A net impact study, which determines the difference between outcomes in the presence and absence of an intervention, is widely regarded as best practice in evaluation. However, the universal nature of jobactive precluded employing net impact analysis at a whole-of-program level, as no credible counterfactual exists or can be constructed via proxy measures. Consequently, where possible the evaluation compares jobactive with its predecessor, JSA, and reports on overall performance.

Statistical regression modelling which controls for the effect of changes in the macro-economic environment and changes in the composition of the participant population has been used as appropriate. In addition, where there was the opportunity, regression discontinuity and other quasi-experimental approaches have been used – for example, within jobactive where changes in policies allow the examination of differences in effectiveness before and after the policy changes.

Key measures of the program's effectiveness include participants exiting employment services, going off income support, and reducing their reliance on income support. Exits from employment services and off income support payments are a complementary proxy measure for employment, as administrative data does not provide comprehensive information on participants' employment status after they exit employment services.

In order to avoid transition effects that may have produced atypical results, when analysing the program's effectiveness, data is excluded for the three months before and after the introduction of jobactive. Existing data collection instruments are utilised to enhance the consistency and continuity of data between jobactive and the JSA programs.

The analysis uses a mixed-method approach, mainly quantitative, supplemented, where possible and appropriate, with qualitative information. More detailed methodological information is available in [Appendix D](#) and is referenced in the relevant sections.

2.5 Stakeholders

A range of key stakeholders were consulted during the course of this evaluation, including the relevant policy and program areas within the department, the Department of Human Services (DHS) (now Services Australia), the Department of Social Services, the Department of Finance and the Department of the Prime Minister and Cabinet.

In addition, account managers, employment services providers, WfD Coordinators, host organisations, peak bodies, employers and participants informed the evaluation findings. To the extent possible, the evaluation aimed to incorporate the views of these relevant stakeholders.

2.6 Limitations

Potential limitations to the analysis, as with any evaluation, include **data quality issues** such as missing or poorly recorded data – for example, missing exit reasons and poorly recorded hours and earnings data may have affected some parts of the analysis.

Changes to the program model may limit comparability with the previous model. These include:

- Outcomes – the nature of paid outcomes changed under jobactive, with four-week, 12-week and 26-week outcomes rather than job placement fees and 13-week and 26-week outcomes in JSA. This issue was mitigated by using income support exit and reduction as primary outcome measures.
- Streaming changes – participants were streamed differently in jobactive, potentially causing some issues with identification of comparable groups of participants. This was mitigated by ‘pseudo-streaming’ JSA participants into their equivalent jobactive stream.
- JSCI changes – The JSCI changed under jobactive, which, when added to streaming changes, made the identification of comparable participants more difficult. This was mitigated by the recalculation of JSCI based on previous methodology.
- Timing of service phases – changes occurred in the timing of AARs which reduced comparability between the outcomes of AAR activities before and after the introduction of jobactive for some participants.
- Administrative data changes – the nature of data collected by the department has changed in line with changes to the employment services model.
- Changes to data collection – the PPM survey underwent changes to reflect the changes in the new employment services.

Technological advancement will continue to drive innovation and disruption across a range of industries, while changes to consumer preferences will also influence the types of jobs that are available in the future. These changes will affect Australian workers in a range of ways, including the nature of work, where people are likely to find employment, and the skills that are in demand from employers.

3 Participants in jobactive

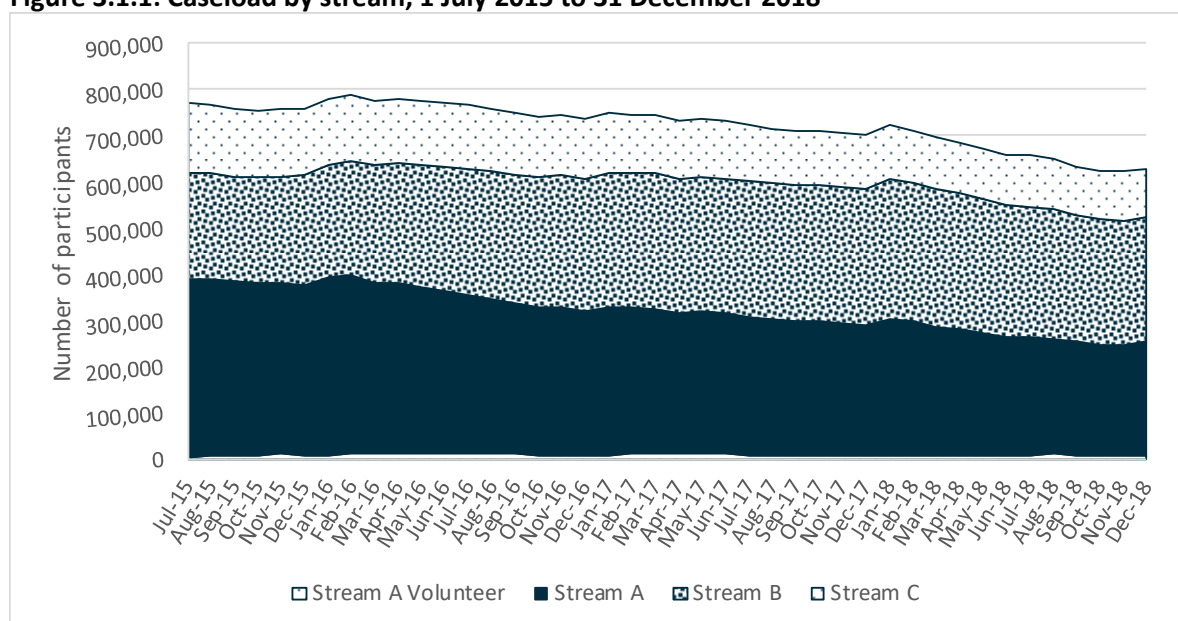
This chapter describes the key characteristics of the caseload and how they have changed over time. Note that the caseload in this chapter includes suspended participants, who would be excluded in the ‘active caseload’.

3.1 Caseload changes since the commencement of jobactive

3.1.1 Changes in stream composition

Figure 3.1.1 shows a gradual fall in the size of the caseload from the commencement of jobactive to 31 December 2018 (by 5.4 percentage points). In absolute terms, there were falls in the Stream A caseload (by 11.3 percentage points) and, to a lesser extent, the Stream C caseload (by 3.0 percentage points). Stream B grew to a larger proportion of the caseload by September 2017 and this trend remained to the end of December 2018. The overall growth in the Stream B caseload was 13.0 percentage points from the start of the jobactive contract to the end of December 2018. This shift in stream proportions may in part be due to the build-up in the caseload of people who are more difficult to place as the more job ready participants leave the caseload. As can be seen in Figure 3.1.1, there is a seasonal pattern to the size of the caseload, whereby spikes occur around January each year. This largely reflects the entry of school leavers into employment services prior to their achieving employment or entering further study.

Figure 3.1.1: Caseload by stream, 1 July 2015 to 31 December 2018



Source: Departmental administrative data.

Notes:

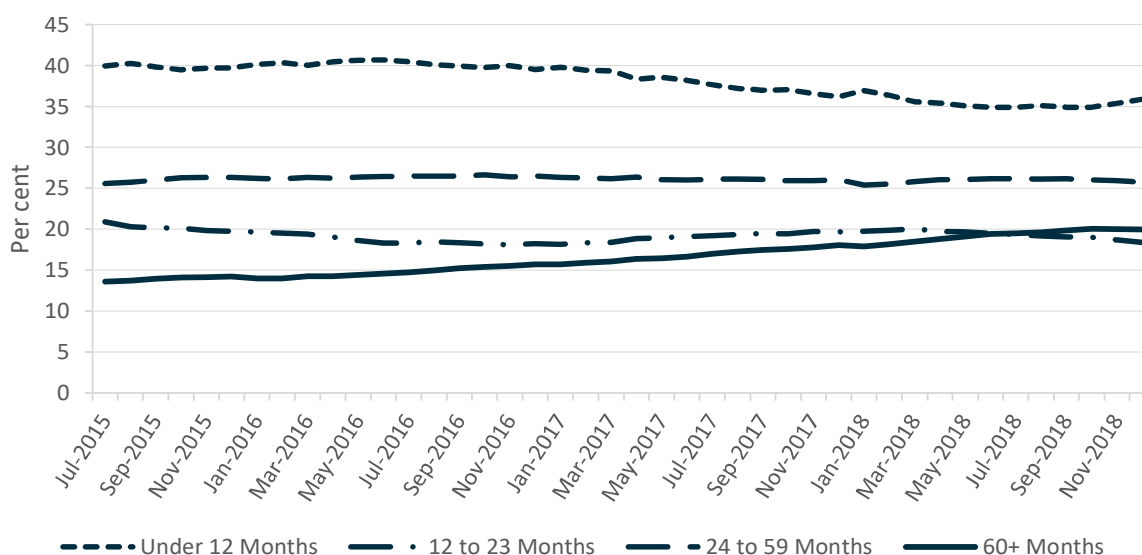
1. Stream not determined (e.g. pending assessment) not shown. This was between 1,400 and 5,000 for the period shown in the graph.
2. Caseload includes commenced, pending and suspended. It does not include those whose eligibility is yet to be determined.

3.1.2 Changes in length of unemployment over time

Longer-term unemployed participants are less likely to be able to enter the labour market, due to deskilling and a lack of recent work experience. The proportion of longer-term unemployed therefore tends to increase when macro-economic conditions are stable, as fewer people are losing their jobs or are reliant on income support (and therefore the proportion of short-term unemployed

(STU) decreases). Figure 3.1.2 charts changes in the proportion of the caseload represented by each category of unemployment duration. Extremely long-term unemployed (ELTU) increased steadily over the jobactive contract period from around 14% of the caseload at the start of jobactive to around 20% in December 2018.

Figure 3.1.2: Caseload by duration of unemployment (1 July 2015 to 31 December 2018)

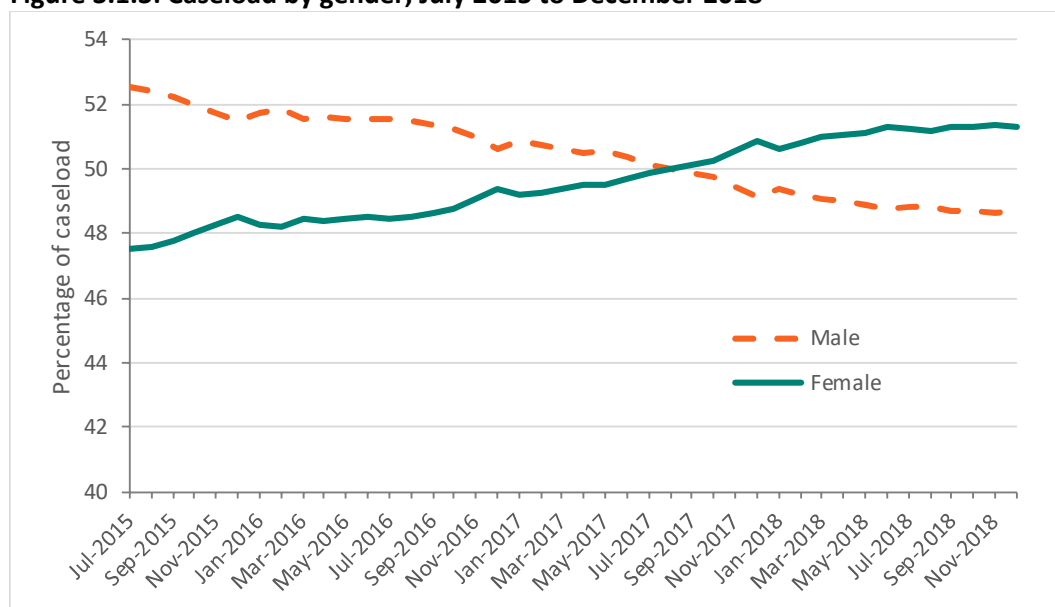


Source: Departmental administrative data.

3.1.3 Changes by gender

Since the commencement of jobactive the proportion of females on the caseload has steadily increased (from 47.5% to 51.3% in December 2018), so that as at December 2018 females represented more than half the caseload (Figure 3.1.3). To some extent this reflects the increased workforce participation of women and the decreased participation of men over the period. It is also the case that, as the size of the caseload decreases, men – who are more likely to be looking for full-time work – will leave the caseload at a higher rate than women, who are more likely to be in part-time work.

Figure 3.1.3: Caseload by gender, July 2015 to December 2018



Source: Departmental administrative data.

3.1.4 Changes by age group

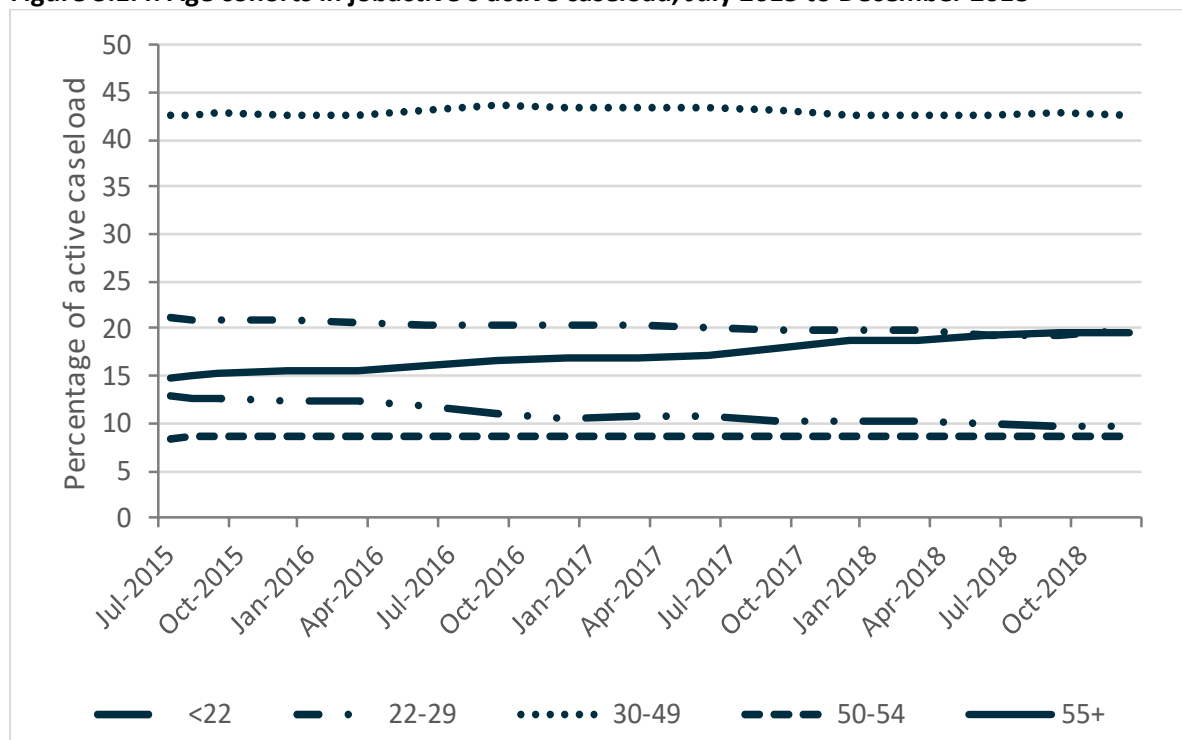
As shown in Figure 3.1.4, while the bulk of the jobactive caseload was in the 30 to 49 year old group, the size of this group as a proportion of the caseload did not change substantially. There was a decrease in the relative size of the youngest group (under 22 years of age); this aligns with the rollout of Transition to Work (February to May 2016), which would have resulted in fewer young people in jobactive.²⁸ An increase in the relative size of the oldest cohort (55 years and over) likely reflects a combination of factors including:

- changes to the age pension eligibility age²⁹
- percentage changes as a consequence of the lower proportion of youth
- the ageing of the population in general ([Figure 3.1.4](#)).

²⁸ From February to May 2016 Transition to Work (TtW) was being rolled out. By May 2017 TtW gained a caseload of around 15,750. This number represents approximately 20% of the previous jobactive youth cohort.

²⁹ From 1 July 2017, people born between 1 July 1952 and 31 December 1953 only become eligible for the Age Pension at 65.5 years, compared with the previous 65 years. As at 31 December 2018, this cohort accounts for approximately 5% of the over-55 age group.

Figure 3.1.4: Age cohorts in jobactive’s active caseload, July 2015 to December 2018



Source: Departmental administrative data.

Note: The width of the age cohorts varies to enable identification of where changes have occurred.

3.1.5 Other cohorts

3.1.5.1 People with disability

As a proportion of the total caseload, people with a self-disclosed disability stayed relatively stable through July 2015 to the end of December 2018. A relatively cyclical pattern for this group has shown a tendency to climb in the second half of the year (2015, 2016 and 2017), followed by a decline in January. Possibly related to the pattern in disability numbers, there was an increase in the second half of each year in the proportion assessed as having mental health barriers to their employment. However, in addition, the proportion with mental health barriers showed a steady increase through the period from 10.3% in July 2015 to 13.6% in December 2018.

3.1.5.2 Other cohort changes

The proportion of participants who were **Indigenous** steadily increased from 9.5% of the caseload in July 2015 to 11.3% in December 2018. This may be a function of participants more readily declaring Indigeneity rather than an actual increase in the numbers of Indigenous participants on the caseload.³⁰

The **ex-offenders** cohort grew steadily (from 10.8% in January 2017 to 11.9% at the end of 2018). The proportion of participants reporting that they were **CALD** and the proportion reporting

³⁰ This trend has been seen in the ABS census data.

homelessness were relatively stable though the period. CALD had a net increase from the commencement of jobactive to December 2018 (from 18.5% to 19.0%), and the homelessness cohort reduced slightly (from 10.2% to 10.0%).

Refugees form a relatively small percentage of the caseload, but increased from 4.6% at the start of jobactive to 5.4% at the end of December 2018. The proportion of participants reporting **drug and alcohol barriers** remained relatively constant, with a slight net decrease over the time period (from 8.7% in July 2015 to 8.4% at the end of December 2018). The proportion of **under 22 year olds** decreased as shown in Figure 3.1.4. These were the only characteristics associated with labour market disadvantage (of those reported here) which did not increase to some degree over the period from the start of jobactive to the end of 2018.

All of the groups above whose percentage of the caseload increased are more disadvantaged in the labour market. Especially in times of decreasing caseload numbers, these cohorts increase as a percentage of the caseload as more easily employable participants leave the caseload more quickly.

3.2 Changes in caseload – JSA to jobactive

3.2.1 Changes in cohorts

The caseload characteristics in [Table 3.2.1](#) are measured at 18 months into the JSA (31 December 2013) and jobactive (31 December 2016) contract periods.

The proportion of participants aged under 25 decreased (by 6.7 percentage points), while the proportion of participants aged 50 to 54 and those aged over 55 years increased (by 1.0 and 3.5 percentage points respectively). These differences are likely due to factors discussed in Section 3.2.

A corresponding rise in the proportion of participants on NewStart Allowance, compared with a drop in the percentage of participants on Youth Allowance, is also evident. This is largely due to the eligibility for Youth Allowance being tightened (NewStart was available for younger participants), resulting in more young participants being on NewStart Allowance.

Table 3.2.1 Differences in key characteristics between JSA and jobactive caseloads (per cent)

Demographic characteristic	As at December 2013	As at December 2016
	JSA	jobactive
Indigenous	9.1	10.1
People with disability	26.4	27.4
Culturally and linguistically diverse	18.9	18.8
Refugee	4.9	4.8
Parent	15.7	17.5
Homeless	10.6	9.5
Ex-offender	10.4	10.9
Aged under 25 years	26.3	19.6
Aged 25 to 49 years (inclusive)	52.7	55.0
Aged 50 to 54 years	7.7	8.7
Aged over 55 years	13.3	16.8
NewStart Allowance recipient	75.3	80.9
Youth Allowance (Other) recipient	12.8	9.7
Parenting Payment recipient	4.7	4.7
Disability Support Pension recipient	0.4	0.1

Source: Departmental administrative data.

Note: 18 months into relevant contracts

3.2.2 Changes by stream

Under the JSA contract there were four streams (Stream 1 for job ready participants to Stream 4 for those with the highest level of labour market disadvantage). Under jobactive, the number of streams was reduced to three. Table 3.2.2 shows the proportion of participants in each stream 18 months into the respective contracts. A reduction in the number of streams would suggest that the stream with the highest level of disadvantage would now be a relatively larger proportion of the total. However, this is not the case. Eighteen months into the respective contracts, the proportion of participants in Stream C was lower than the proportion of participants in Stream 4. This is in contrast to the trending disadvantage and age profile of participants under jobactive. It is possible that difficulties in scheduling ESATs, noted in [Section 4.4.1.2.1](#), resulted in a lower proportion actually being assessed for Stream C services by the time the comparison was made.

Table 3.2.2 Differences in streams between JSA and jobactive caseloads (per cent)

Stream of service	As at December 2013		As at December 2016	
	JSA		jobactive	
Stream A	n/a		42.2	
Stream B	n/a		38.6	
Stream C	n/a		17.5	
Stream 1	33.9		n/a	
Stream 2	25.2		n/a	
Stream 3	19.1		n/a	
Stream 4	20.0		n/a	

Source: Departmental administrative data.

Notes:

1. Stream not determined (e.g. pending assessment) and volunteers are not shown. These represented under 2% of the caseload combined.
2. Caseload includes commenced, pending and suspended. It does not include those whose eligibility is yet to be determined.
3. 18 months into the relevant contract

It should be noted that the JSCI point structure was updated at the commencement of jobactive, affecting participants who entered services after 1 July 2015. Participants who transitioned from JSA to jobactive were given a JSCI reassessment at six months into the jobactive contract and streamed accordingly. See Chapter 4 for further discussion on streaming.

4 Streaming participants and commencement

Once a participant is registered for income support, they are placed into one of the three streams (Stream A, B, C) based on their relative level of disadvantage in gaining and maintaining employment. Participants in Stream A are the least disadvantaged in the labour market, whereas those in Stream C require the highest level of assistance. In order to commence with the jobactive service, during the period of evaluation, participants were required to connect with a jobactive provider.

This chapter reports on how participants are allocated into streams reflecting the level of assistance they may require, and how and when participants select, and commence with, a jobactive provider.

4.1 Streaming participants

Participants require varying levels of assistance and support according to their level of labour market disadvantage. The tool used to allocate participants to Stream A and B is the JSCI. Participants whose responses to the JSCI indicate certain non-vocational issues are referred to an ESAt. These assessments are used to allocate participants to Stream C and DES, as well as to determine a person’s baseline work capacity. They are organised by Centrelink and carried out by health or allied health professionals. Refer to [Appendix A, Section A4](#) for further detail.

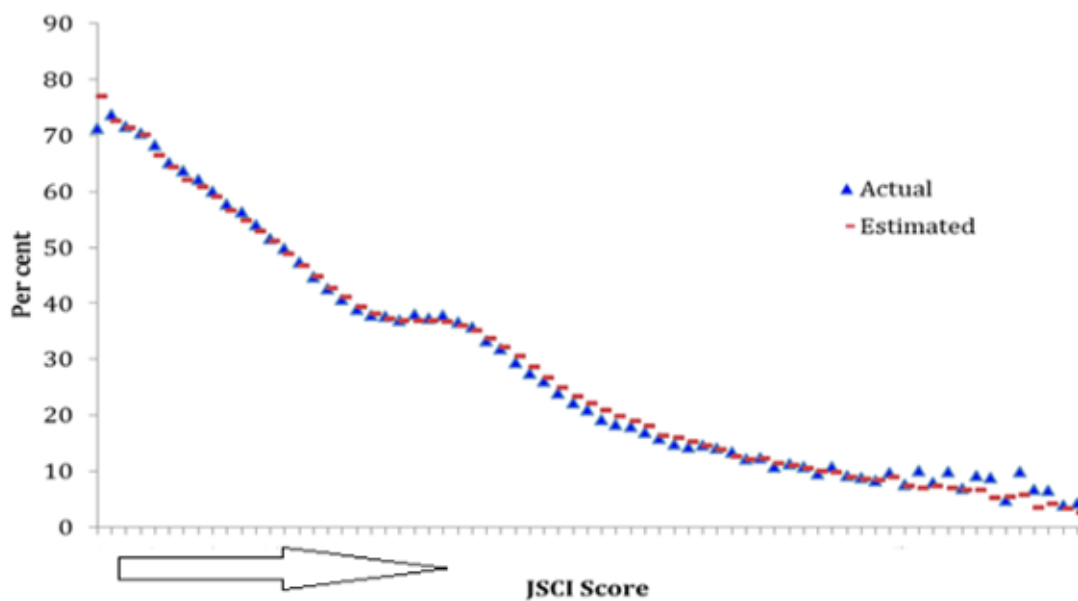
4.1.1 The Job Seeker Classification Instrument (JSCI)

The JSCI is a questionnaire used to assess a participant’s level of labour market disadvantage. It is based on their observable characteristics, with information sourced from administrative data on, for example, prior work experience, education and health status, all of which affect a participant’s chances of obtaining employment. A statistical regression model is used to estimate the likelihood that a person is off income support after 12 months.

4.1.1.1 JSCI re-estimation

As part of the regular process, a review of JSCI factors was undertaken just prior to the commencement of jobactive. This meant the modelling could reflect the current effect of labour market disadvantage on participants. The re-estimation resulted in some changes to the JSCI scoring. As can be seen in Figure 4.1.1, the JSCI is a strong and consistent predictor of outcomes for the majority of jobactive participants.

Figure 4.1.1: Fit of the JSCI regression model in predicting participants’ exit/outcome rate



Source: Departmental administrative data.

4.1.1.2 Change from four streams (JSA) to three streams (jobactive)

The number of streams of assistance was reduced from four under JSA to three under jobactive. Participants on the caseload were transitioned into the new stream, and a new JSCI was conducted for all transitioned participants in the first six months of the jobactive contract. The JSCI was conducted for all new entrants as per usual practice.

The level and type of assistance from, and engagement with, the provider will generally vary according to stream allocation, with providers incentivised to service the higher streams. The least

intensive servicing would be expected for Stream A participants and the most intensive servicing for Stream C participants.

4.1.1.3 JSCI scoring anomalies

Analysis conducted by departmental evaluators found that while the JSCI is working broadly as expected for most participants, there are factors which have unexpected outcomes.

This is particularly the case for ex-offenders, Indigenous participants and people with low English proficiency. If the JSCI was working as expected for these groups it would be expected that they would have similar outcome rates to people with comparable JSCI scores. Departmental analysis has shown that outcome rates are actually lower for these particular groups, indicating that the JSCI is not working as expected.

Feedback from stakeholders suggests there are opportunities for further refinement. For example, qualitative fieldwork with WfD hosts in 2017 found that they had noticed unexpected streaming outcomes.

... to many people and myself, these people are clearly Stream [C] participants.
But they've been moved up to A and B and we don't know why ... They're
Stream A or B and they shouldn't be, because people that can't speak English at
all or can't write and they're Stream A or B ...

HOST_15

Qualitative fieldwork with providers undertaken in 2016 also revealed general dissatisfaction with the way jobactive participants are allocated to a stream.

... certainly, a lot of the people coming in are Stream As, they were previously
Stream Fours, on the old contract, coming in as Stream A, so whether that,
they've had a bit of an employment or they're coming back as Stream As, still
with the same barriers ... So that sort of thing we're finding a lot of our, not a lot
of our Stream As, but there's quite a few who should be a much higher stream ...

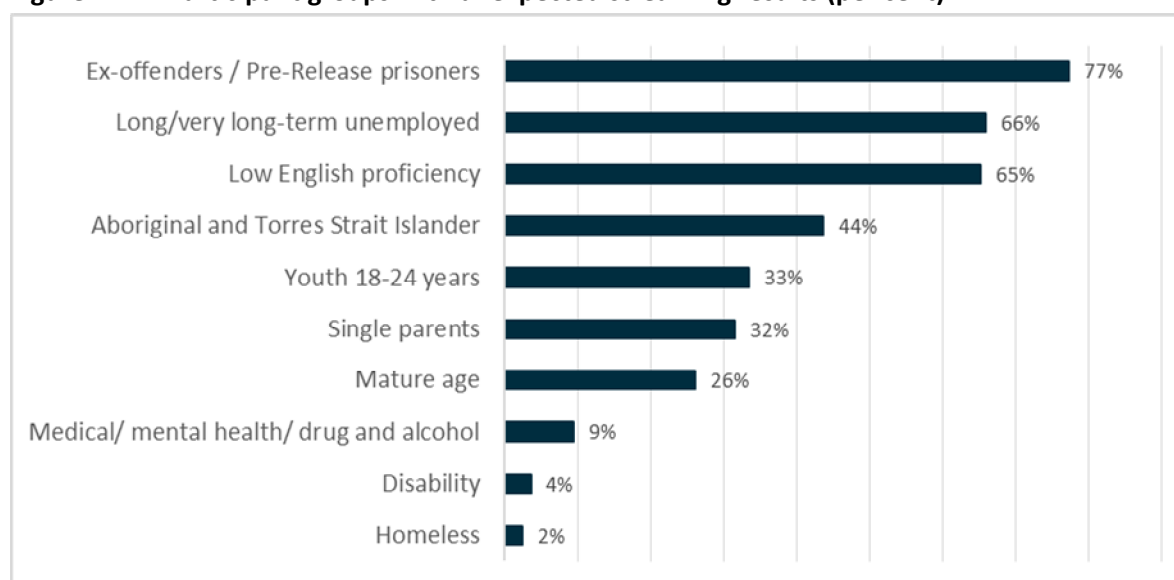
jobactive staff, 2016 provider research

Follow-up provider surveys conducted in 2017 and 2019 support this finding. Survey data in 2017 indicated that around two-thirds (63%) of providers were dissatisfied (49%) or very dissatisfied (14%) with the way participants were allocated to a stream. In the 2019 Provider Survey, almost three-quarters disagreed (54%) or strongly disagreed (18%) that participants were allocated to the appropriate stream.

Qualitative data in 2016 indicated that streaming anomalies were most common for ex-offenders, participants with low English proficiency, and participants with complex mental health and drug and alcohol issues. This is supported by findings from the 2016 Provider Survey in which four-fifths (80%) of providers who indicated dissatisfaction with the way participants were allocated to a stream reported that they had experienced unexpected streaming results with particular participant groups

(Figure 4.1.2). The four participant groups for whom providers most often reported unexpected streaming results were ex-offenders/pre-release prisoners (77%), LTU/VLTU people (66%), participants with low English proficiency (65%) and Aboriginal and Torres Strait Islander participants (44%).

Figure 4.1.2: Participant groups with unexpected streaming results (per cent)



Source: 2016 Provider Survey.

Notes:

1. Base: Respondents who indicated they were dissatisfied with the way participants are allocated to a stream and who indicated that they had experienced unexpected streaming results for particular participant groups (n=511).
2. Question: QC3 – Which groups of participants received unexpected streaming results?
3. Percentages are of providers who reported unexpected outcomes.

There is further evidence of unexpected streaming results for pre-release prisoners in the jobhelp evaluation, which found that that of individuals who entered the trial and went on to employment services post release, nearly half were allocated to Stream A.³¹

Qualitative fieldwork with jobhelp providers and Centrelink staff highlighted concerns about the streaming of prisoners, particularly where the JSCI identified prisoners as Stream A (which implies that they are expected to self-manage when first referred to a provider). There was a general view that most, if not all, prisoners needed considerable support on release, and that the success of jobhelp was put at risk because of concerns about the continuity of support on release.

Perhaps within our systems we bite the bullet and we actually acknowledge that if you're incarcerated you probably found it difficult to run your own life and that

³¹ The Pre-release Prisoner jobhelp Trial was designed to test the effectiveness of provision of in-prison employment service support for prisoners in Victoria. The trial was conducted by the department, in partnership with the former Victorian Department of Justice and Regulation (now Corrections Victoria), with significant support from the former Australian Government Department of Human Services (DHS).

that includes planning before release with the inability to do that. So, we might actually say that someone who's experienced incarceration is extremely vulnerable, extremely vulnerable.

DHS staff, jobhelp fieldwork

The streaming anomalies identified by jobactive providers are likely due to a combination of the effect of the JSCI re-estimation on particular groups and the number of streams being reduced from four to three. Further refinement would help to overcome these anomalies.

4.1.2 The Employment Services Assessment

ESAts are for the purpose of identifying an individual's:

- barriers to finding and maintaining employment (this may relate to the impact of a person's disability, injury, illness or other disadvantage)
- work capacity (in hour bandwidths)
- interventions/assistance that may be of benefit to improve their current work capacity.

ESAts are conducted by health and allied health professionals. As part of the assessment process, assessors have access to relevant available information about the participant, including current and past medical/disability status, and prior participation and employment history. Assessors can also liaise with treating doctors and relevant health professionals as required. ESAts may be used by Centrelink to inform decisions regarding payments and allowances and to determine the level of participation required for activity-tested participants in accordance with the *Social Security Act 1991*.

The ESAt process ensures that disadvantaged participants are referred to the most appropriate employment service assistance, based on an assessment of the impact of identified barriers on their capacity to participate. A copy of the ESAt report is made available to the participant's employment services provider.³²

There are two types of ESAts:

- Medical condition ESAt – An assessment of the participant's circumstances to determine work capacity and the most appropriate employment service, where one or more medical conditions are identified. ESAts are similar to the previous Job Capacity Assessments for potentially highly disadvantaged participants with disability, injury or illness. In a medical condition ESAt the assessor must rely on the available medical evidence.
- Non-medical condition ESAt – An assessment of the participant's circumstances that determines the most appropriate employment service, where no medical condition is identified – for example, a young person at serious risk of homelessness. A non-medical condition ESAt is normally less complex than an ESAt for a participant with disability, injury or illness, and will be streamlined to meet the individual's needs.

The effect of ESAt timing on time to commencement is discussed in Section 0 below.

³² <https://guides.dss.gov.au/guide-social-security-law/1/1/e/104>

4.1.3 Changing streams in jobactive

Once allocated to a stream, jobactive participants can only change streams if they are reassessed. This may involve reapplying the JSCI due to a change of circumstance or being referred to an ESAt in extenuating circumstances. One of the key principles of jobactive is that reassessment should not result in participants being eligible for lower levels of service during their period of assistance (POA). While up-streaming (being referred to a higher service stream) is not uncommon, most participants start and end their period of service in the same stream.

Table 4.1.1 Periods of assistance in which participants were up-streamed (per cent)

	Number	%
Up-streamed participants	179,655	9.07
Participants not up-streamed	1,801,855	90.93
Total	1,981,510	100.00

Source: Departmental administrative data.

Notes:

1. This table is for changes that occurred between September 2016 (to allow for the new program to 'settle') and December 2018 (the POA may have started before September, however).
2. A participant may have more than one period of assistance in the study period.
3. Only commenced placements are included. These data exclude Stream Volunteer and Stream Not Determined placements.

4.1.4 Participant awareness and perceptions of streaming

Participants in the 2017 JSEES qualitative fieldwork indicated they were aware of 'streams' but unaware of the implications of streaming for the level of service they received, noting they received no information from providers about this aspect of the service or how streaming would affect the type of assistance they could receive. A few participants understood that their level of service was determined by the stream. Some felt that they had missed support services because they were ineligible due to their stream.

(The employment consultant's) like, 'Oh, you're not eligible to do that because you're in Stream A.'

jobactive participant, 2017

4.2 The effect of stream servicing on outcomes

A participant's stream allocation is designed to affect their service intensity. For example, outcome fees and the availability of funding to improve job readiness are larger for Stream B participants than for Stream A participants. This is in recognition of their relative labour market disadvantage. The percentage point (ppt) increase in outcomes from Stream B placement compared with Stream A placement for similar participants, all else constant, is largely attributable to the service intensity. In this report this effect is referred to as the 'Stream B Effect'.

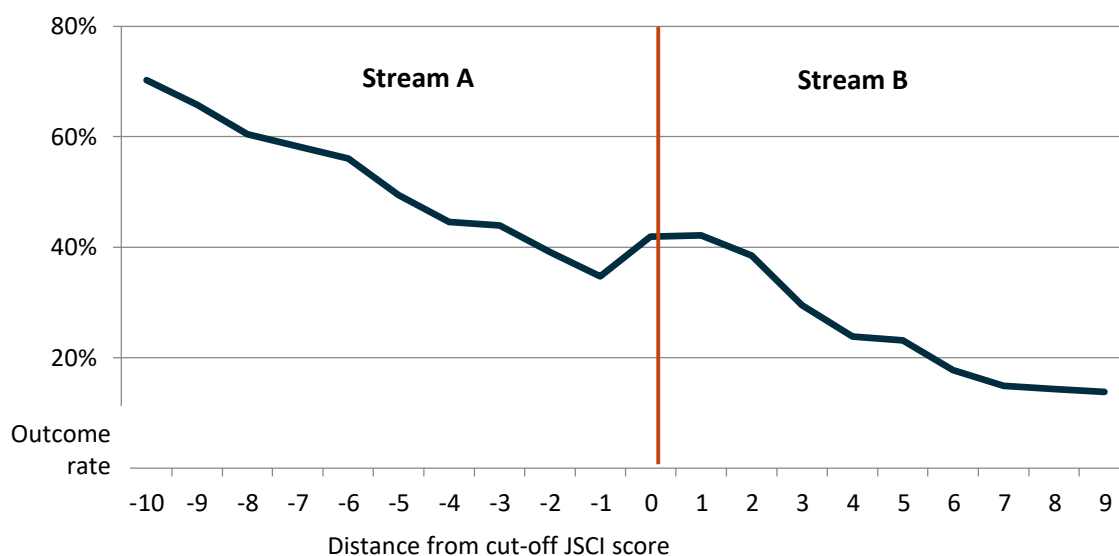
The effectiveness of Stream B placement relative to Stream A in assisting participants to find employment was evaluated using a Regression Discontinuity Design ([Appendix D, Section D2](#)). The

off income support rate at 12 months from commencement was used as an outcome measure in the analysis.

4.2.1 Outcome measure and JSCI score relationship

An increase in outcomes at the stream boundary is evident in a graphical representation of the outcome variable and JSCI, indicating the likelihood of a stream effect on outcomes ([Figure 4.2.1](#)).

Figure 4.2.1: Outcomes by JSCI scores



Source: Departmental administrative data.

Note: Stream A and B participants aged between 30 and 50 years

4.2.2 Effect of Stream B servicing by participant age group

In order to isolate the Stream B Effect from other program effects and participant characteristics, it was necessary to report the effect separately for four subgroups within the study population. The groups are NSA recipients aged over 55 years; NSA recipients aged between 30 and 50 years (these participants were not SPI); YA(O) recipients; and NSA recipients aged between 23 and 30 years (these participants were SPI eligible).

Table 4.2.1 shows the Stream B Effect is relatively large for NSA recipients aged over 50 years, where Stream B placement increased the 12-month income support exit rate by 17.2 percentage points, all else constant. This could reflect several factors including that mature-aged participants may benefit more from the more intensive servicing, including retraining and career guidance, as opposed to younger participants.

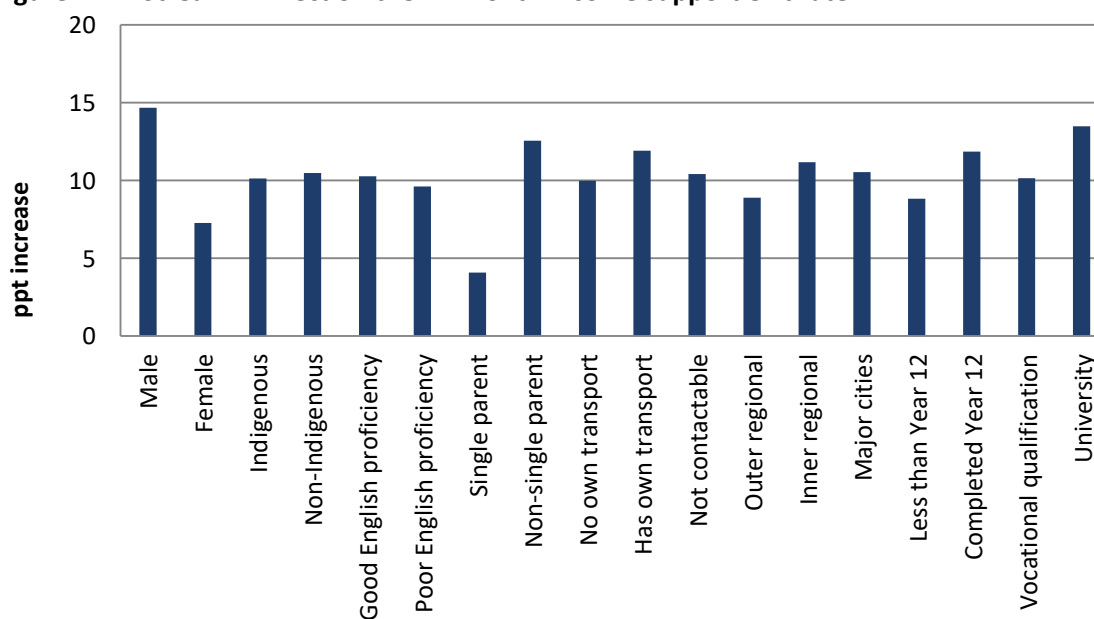
Table 4.2.1 Stream B Effect on 12-month income support exit rate, by age group

Participant age group	Income support type	Stream B Effect (ppt)
18–23 years	YA(O)	6.8
23–30 years	NSA (largely SPI participants)	6.2
30–50 years	NSA	10.4
50 years and above	NSA	17.2

Source: Departmental administrative data.

For NSA recipients aged between 30 and 50 years, the Stream B Effect on the 12-month income support exit rate was 10.4 percentage points. The Stream B Effect was smaller for the younger cohorts – 6.8 percentage points for YA(O) recipients aged 18 and 23 years, and 6.2 percentage points for NSA recipients aged 23 to 30 years. This could indicate that younger participants have a reduced likelihood of leaving income support as a result of service.

Figure 4.2.2 Stream B Effect on the 12-month income support exit rate



Source: Departmental administrative data.

Note: Participants aged between 30 and 50 years

The Stream B Effect was largest for participants in inner regional areas and major cities and smallest in outer regional areas. This may reflect a number of factors, including that outer regional areas lack public transport; may require travel for greater distances to get to work; and have employment opportunities more concentrated in particular industries (such as agriculture and mining).

The Stream B Effect for 12-month exit rates was higher for:

- participants with their own transport compared with participants who do not have their own transport

- participants with university as their highest qualification compared with year 12 vocational qualification and less than year 12 (Figure 4.2.2).

The detailed results on the Stream B Effect are presented in [Appendix C, Section C, Table C1.1](#).

4.2.3 Impact of labour market conditions on the Stream B Effect

Table 4.2.2 summarises how labour market conditions affected the Stream B Effect. A 1 percentage point increase in the unemployment rate increased the Stream B Effect (as measured by the 12-month income support exit rate) by around 0.3 percentage points. The impact of labour market conditions on the Stream B Effect varied by location type. For example, the Stream B Effect in inner regional locations depended more on labour market conditions than in outer regional areas.

Table 4.2.2 Impact of the unemployment rate on the Stream B Effect

Population	Increase in Stream B Effect from a percentage point increase in the unemployment rate
National average	0.25
Outer regional location	0.04
Inner regional location	0.39
Major city location	0.27

Source: Calculation based on departmental administrative data.

Notes:

1. These results are based on the study population of NSA recipients aged between 30 and 50 years.
2. The impact is as measured by the 12-month income support exit rate.

4.3 Selecting a provider

The process for selecting a provider detailed in this section was prepared prior to the implementation of online employment services and relates only to the evaluation period. The process for selecting a provider began once a participant registered for income support. Their relative level of labour market disadvantage was established (i.e. they were allocated to the appropriate service), and they were required to connect with an employment services provider. Income support recipients eligible for full jobactive services could register with the provider of their choice. Information about provider performance, including Star Ratings is publicly available ([refer to Appendix A, Section A5](#) for details on Star Ratings).

Star Ratings rank providers' performance relative to each other (five stars for the best performing providers down to one star for the worst performers). This information can be used by participants to make a more informed decision about which provider to use. More detail and analysis of Star Ratings is in [Chapter 9](#).

4.3.1 Participants have low awareness of how they might choose a provider

Participants' awareness of the option to choose their provider and the availability of provider performance related information is low. Only a quarter (26%) of respondents in the 2017 JSEES Survey chose their provider. This varied by stream, with 30% of Stream A, 25% of Stream B and only 18% of Stream C participants indicating that they chose their provider.

This figure of 26%, is slightly better than that noted in a 2002 Productivity Commission Independent Review of Job Network (Productivity Commission, 2002), which found that only one in five participants made a choice of provider, with the rest assigned a provider through an auto-referral system. It also noted that the majority of those who do exercise choice do not do so on the basis of Job Network provider performance. It should also be noted that participants may not be particularly concerned about choosing their provider at a time when there may be other driving factors such as accessing income support.

In related qualitative research, a few participants mentioned that they had requested additional information in order to make an informed choice about the provider they selected but that Centrelink did not provide them with, or direct them to, sources of additional information.

Centrelink provided me with a list of providers and to me they were just a bunch of names so I asked for additional information about what would differentiate one provider from the other but they've [Centrelink] never been able to provide me any further information.

jobactive, participant, 2017

4.3.2 Star Ratings are not widely known or used by participants

The 2017 JSEES Survey reported a low awareness of Star Ratings among participants. Only 4% of participants in the JSEES Survey had heard of Star Ratings. For participants who were aware of provider Star Ratings, just over half (56%), or 2% of respondents overall, knew their provider's rating. Of those who knew the rating of their provider, just over half (55%) took account of it when choosing their provider.

Similarly, in related qualitative research, there was a general lack of awareness of Star Ratings among participants and some doubt about relevance of site-level ratings.

For instance, [provider], them as a group might be a five [star]. But the person – your case worker might be a two [star].

jobactive, participant, 2017

4.3.3 Location is the primary consideration in choosing a provider

Participants in the 2017 JSEES research overwhelmingly reported that the primary factor in selecting a provider was proximity to their home or ease of access and that this was generally because they had no other information to help make the decision.

Participants who do not make a choice are assigned to a local provider according to the business allocation rules in the department's IT system.

4.4 Commencements in jobactive

Prior to the implementation of online employment services in December 2020, a participant was considered 'commenced' in employment services once they had attended an initial appointment

with their allocated provider. RapidConnect is a longstanding process for referring NewStart Allowance or YA(O) eligible participants to employment services providers as quickly as possible. These appointments are usually scheduled within two business days and no more than 14 days from the initial registration for unemployment benefits. Refer to [Appendix A, Section A6](#) for the RapidConnect rules.

4.4.1 Time to commencement

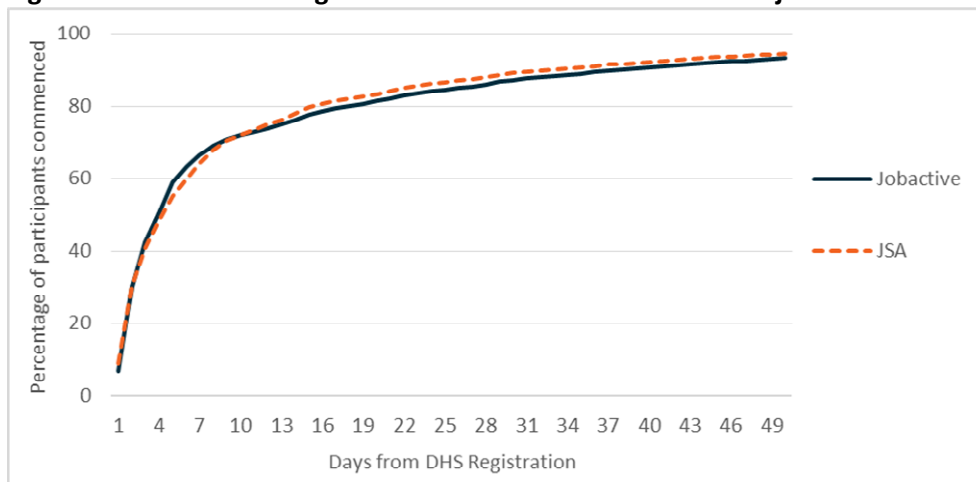
Time to commencement is measured as the number of days it takes from a participant being referred to jobactive to their actually attending an appointment with a provider. This has been used as an indicator of the efficiency of a program.

4.4.1.1 No noticeable difference between JSA and jobactive

Figure 4.4.1 provides a comparison between JSA and jobactive of the cumulative percentage of participants commenced with a provider in relation to the time from registration for income support. Data shows around 70% of participants commenced jobactive within seven days from registration for income support. There is no notable difference in how quickly participants commenced under jobactive compared with JSA overall. The Work First policy,³³ which meant participants were paid income support not from the day they applied for income support but from the time they first attended a provider appointment, would be expected to result in participants commencing more quickly. While the policy was effective in achieving this, it was only introduced in January 2018 and so had little impact on the overall JSA–jobactive comparison presented here.

³³ [Section A3.5](#) – amendment to the Work First social security legislation.

Figure 4.4.1 Time from registration to commencement JSA and jobactive



Source: Departmental administrative data.

Notes:

1. All relevant exemption and suspension periods have been excluded from time to commencement calculations.
2. For populations between JSA (1 July 2012 to 30 June 2015) and jobactive (1 July 2015 to 30 June 2018).

4.4.1.2 Commencement of Stream C participants

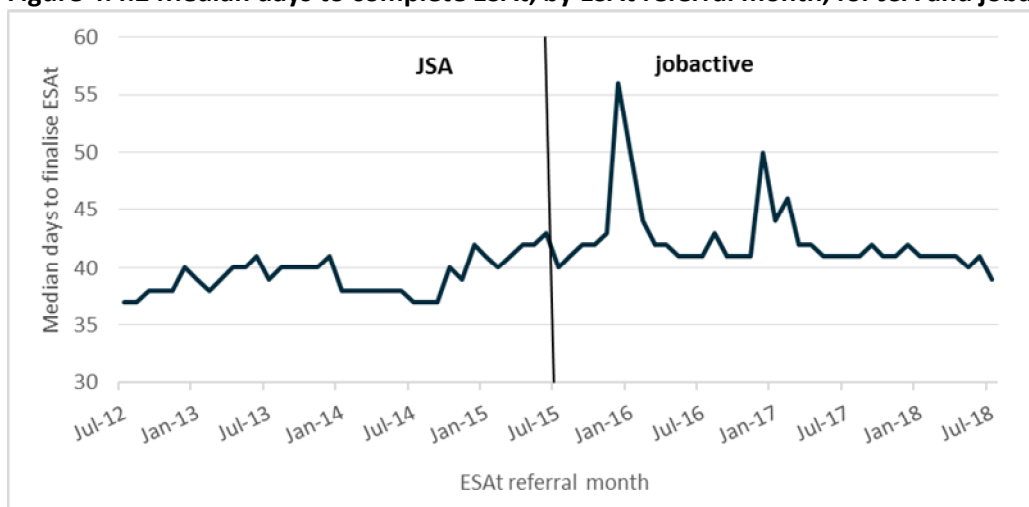
While there is very little difference overall in the time to commencement for participants between jobactive and JSA 2012 as at 31 December 2018, Stream C participants were found to take longer to commence under jobactive than under JSA. The following analysis indicates that a surge in ESAt referrals, linked to the transition of contracts, was the likely cause of increased time to commencement for Stream C participants. Considering that Stream C participants necessarily have an ESAt and are exempt from RapidConnect rules and the Work First policy, this observation is expected.

Impact of ESAt referrals on commencement

At the beginning of the jobactive contract, participants who were transitioning into jobactive were ‘recommended’ in service.³⁴ This triggered a new JSCI, which was required to be undertaken within the first six months of the new contract. The graph below shows that the time taken to complete an ESAt increased considerably during the early months of jobactive (Figure 4.4.2). Further analysis (Figure 4.4.3) confirms that the surge was associated with in ESAt referrals for transitioned participants following the commencement of jobactive. This is likely to have caused a backlog, hence an increase in the time taken to complete an ESAt.

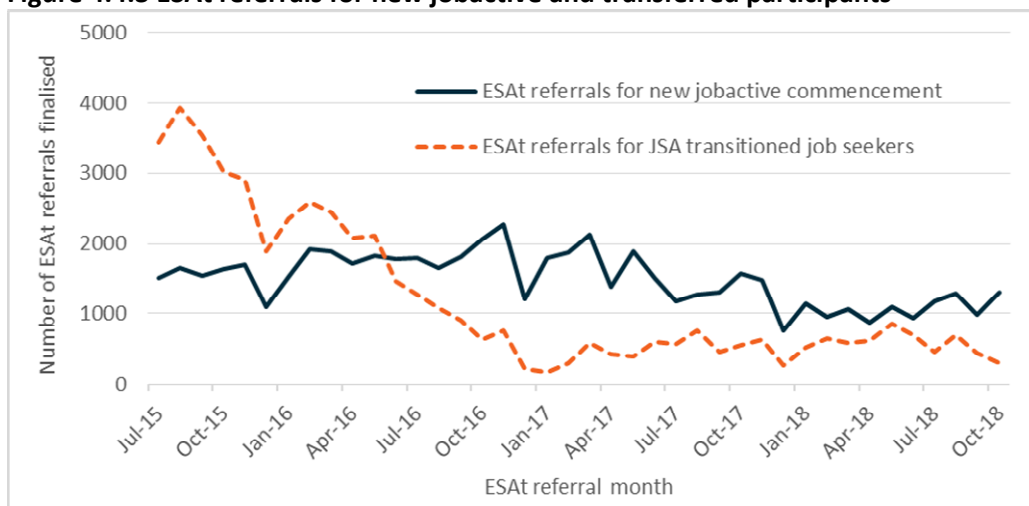
³⁴ This did not happen in 2012 as the Job Services Australia caseload rolled over and did not need to recommence.

Figure 4.4.2 Median days to complete ESAt, by ESAt referral month, for JSA and jobactive



Source: Departmental administrative data.

Figure 4.4.3 ESAt referrals for new jobactive and transferred participants



Source: Departmental administrative data.

Note: For new jobactive participants and those transitioned to jobactive (July 2015 to December 2018).

Two policy changes occurred during the data analysis period (to December 2018) that may also have impacted time to commencement were:

- Introduction of the Work First changes (from 1 January 2018) (see [Appendix A, Section A3.5](#) for more detail on this policy)
- Introduction of the TCF (1 July 2018) (see [Appendix A, Section A3.6](#) for more detail on this policy).

Analysis was undertaken to assess the impact of these policy changes on time to commencement.

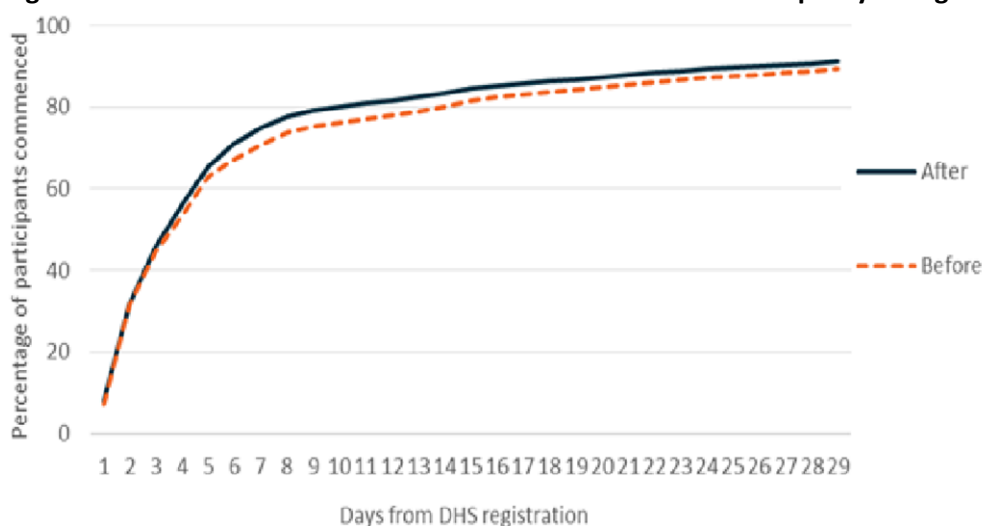
4.4.1.3 Impact of Work First policy changes

Further investigation showed that participants with MORs commenced more quickly under jobactive after 1 January 2018 than participants during the jobactive period prior to 1 January 2018. This is

likely to be related to the operation of the Work First changes announced in the 2017–18 Budget. The Work First changes to the income support claim process were designed to encourage recipients to make faster connections with employment services providers. Prior to 1 January 2018, income support payments were backdated to the date the payment was granted after recipients first contacted DHS. Since the changes, income support payments will not start until a recipient attends their first appointment with their employment services provider. [Figure 4.7](#) indicates the success of this policy in driving earlier commencements.

Analysis of time to commencement in jobactive both before and after the introduction of TCF indicates little or no impact on the time to commencement. While there is an effect shown below ([Figure 4.4.4](#)) this is much more likely to reflect the effect of the Work First policy.

Figure 4.4.4 Time to commencement before and after Work First policy changes



Source: Departmental administrative data.

Notes:

1. Before Work First is represented by the period 1 July 2017 to 31 December 2017.
2. After Work First is represented by the period 1 July 2018 to 31 December 2018.
3. Time to commencement is the time from registration at Centrelink to commencement in jobactive.

4.5 Conclusion

Participants require varying level of assistance and support according to their level of labour market disadvantage. A participant’s stream allocation is designed to affect their service intensity – participants in Stream A are more job ready, whereas Stream C participants require the highest level of assistance. The effect of stream servicing on outcomes is found to be effective for Stream B participants relative to Stream A participants, as a result of more intensive servicing.

Providers reported some streaming anomalies where participants such as ex-offenders/pre-release prisoners and Indigenous participants who were allocated to Stream A would have been better serviced in a stream with a higher level of assistance (Stream B or C). Participants generally did not understand how streaming worked and what stream they were in.

5 Participant servicing

Under jobactive, providers deliver services according to the jobactive Deed and guidelines and their own Service Delivery Plan (SDP), with flexibility to respond to the needs of individual participants.

This chapter considers the planning and delivery of jobactive services, including SDPs and Job Plans, assistance with barriers to employment (including the use of the EF), and transferring between providers.

5.1 Service Delivery Plans for providers

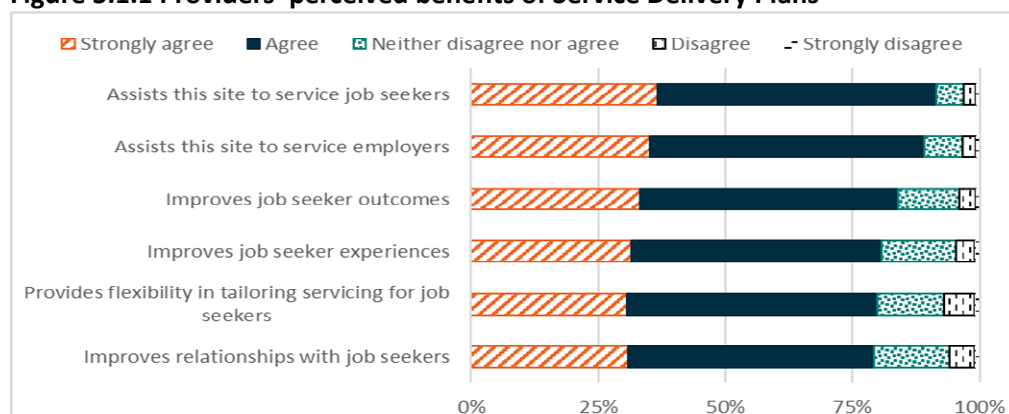
The jobactive model saw the introduction of provider SDPs,³⁵ designed to facilitate flexible servicing arrangements for participants and employers. Each provider has developed an SDP which outlines the services that participants and employers can expect to receive. These plans had to be approved by the department. This provider-defined service delivery model contrasts with the more prescriptive servicing delivered under the JSA model. Two of the objectives of jobactive were to reduce the regulatory and administrative burden for providers and to enhance the flexibility and adaptability of provider service provision.

5.1.1 Providers find Service Delivery Plans useful

Qualitative fieldwork undertaken early in jobactive (the 2015–16 provider qualitative fieldwork) indicated that providers generally felt that the greater freedom and flexibility of servicing available under the jobactive contract would result in a more innovative, flexible system of servicing participants. Respondents in the 2016 Provider Survey agreed that SDPs were beneficial for servicing participants and employers (Figure 5.1.1).

³⁵ Service Delivery Plan means ‘a statement of representations made by the provider to the department with regard to the services it will deliver’ (jobactive Deed 2015–2022, p. 70).

Figure 5.1.1 Providers' perceived benefits of Service Delivery Plans



Source: 2016 Provider Survey.

Note: QD8 – To what extent do you agree or disagree that your organisation’s Service Delivery Plan ...?

5.2 Job Plans

In return for the safety net of receiving taxpayer-funded income support, participants receiving certain income support types have MORs. The Job Plan outlines the agreed items that will satisfy the participant’s MORs. Job Plans are compulsory for jobactive participants receiving certain types of income support, such as NSA or YA(O).³⁶

For jobactive provider managed participants, Job Plans are created at the initial meeting between the provider and participant to enable commencement in the service. The participant and provider research referenced here was conducted prior to the implementation of the online employment services platform, and as such only relates to provider-managed participants. Job Plans should be reviewed regularly and must be reviewed if there is a change in the participants’ circumstances. The provider must ensure that the Job Plan is current. Job Plans must include activities that reflect a jobactive participant’s circumstances and must be agreed to by the participant.

Activities outlined in the Job Plan can be either compulsory or voluntary. There must be at least one compulsory activity included in a Job Plan for a participant with MORs. The Job Plan usually includes a mandatory job search requirement.

5.2.1 Participants were very aware of Job Plans

Qualitative feedback from participants in the 2017 JSEES qualitative research indicates that most participants were aware of the Job Plan and that it was an ‘agreement’ to undertake certain activities to help get into employment. They recalled completing an initial Job Plan and understood that it required regular updating to ensure currency.

It’s just an agreement about how often you’d apply for work or what you’d do.

Ex-jobactive, participant, 2017

³⁶ Some recipients of Disability Support Pension and Parenting Payment also have MORs.

You have a monthly meeting with your job service provider, usually a monthly meeting where they renew your job plan and you sign to say, 'Yes I agree'.

Ex-jobactive, participant, 2017

Most participants connected the Job Plan with their monthly job search requirement, with a few acknowledging that they had other activities noted on the Job Plan.

I mean, a job plan – their requirements are that you search for 20 jobs per fortnight or month, whatever it is. Which is fair enough.

jobactive, participant, 2017

5.2.2 Participants did not think Job Plans were a helpful tool in gaining employment

Most participants in the 2017 JSEES qualitative research did not think their Job Plan was useful in tracking progress or leading towards an employment outcome, and many did not remember the specifics of what was included.

Like it's a plan to get that job, but somehow, I've been off work for two years, so the plan hasn't been met. I mean, should there be a plan to get that job?

jobactive, participant, 2017

Female: No, I didn't even read mine. I didn't know what I was signing ...

Male: A lot of it's quick, come on, hurry up, sign it.

jobactive, participants, focus group 2017

A few participants had negotiated their activities with their providers; however, others were concerned that the Job Plan was not a personalised document, was too generic and was not helping them to progress finding and securing a job.

5.2.3 Providers often do not tailor Job Plans

Analysis by departmental evaluators has found that, despite the flexibility to change job search requirements in the Job Plan, a majority of Job Plans still contain the job search requirement of 20, which is the system default. This may indicate that providers are often not tailoring these plans appropriately. This is further dealt with in Section 6.1.

5.3 Provider assistance for participants

5.3.1 Service phases

There are three service phases in the jobactive model: the Self-Service and Job Activity phase (SSJA phase), which relates to Stream A participants aged 25 to 60 years only; the Case Management phase (CM phase); and the Work for the Dole phase (WfD phase).

In the SSJA phase, providers assist with job referrals and may provide access to computers and phones to assist participants with their job search. Participants are expected to use the resources provided to help themselves, with limited further assistance from providers.

In the CM phase, jobactive providers assist participants by providing advice on their job search activities, résumés and job applications at regular appointments and by referring them to suitable jobs. Providers also review whether there have been any changes in participants' circumstances that may affect their obligations to find work, including changes in family situation and health conditions. Participants in this phase also receive assistance to address their vocational and non-vocational barriers.

In the WfD phase, participants have an AAR. This is a prescribed number of hours per week for which participants must participate in approved activities (including the WfD program). This is in addition to continuing to undertake job search. Providers monitor and manage participant participation in these activities, as well as helping with job search and job referrals. After six months in the WfD phase, participants alternate between the CM phase and the WfD phase. Further discussion on AARs is in Section 6.3.

Stream A participants who are not SPI participants (see Section 1.2.5) commence in the SSJA phase. Until 1 October 2016, these participants generally moved to the WfD phase before alternating between the CM and WfD phases. After 1 October 2016, these participants generally moved to the CM phase before alternating between the WfD phase and the CM phase.

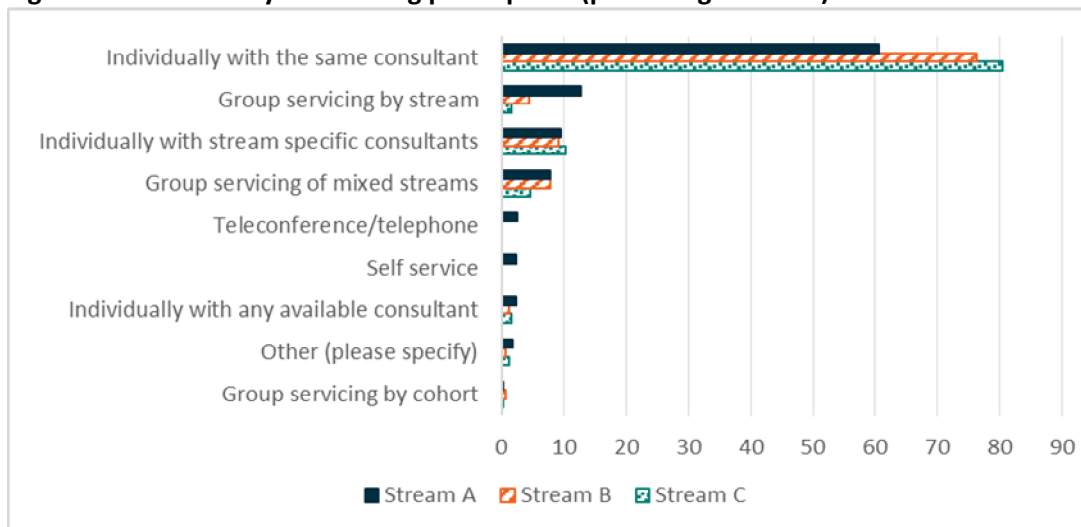
All other jobactive participants commenced in the CM phase. Until 1 October 2016, Stream A and B participants who were SPI participants generally moved to the WfD phase after six months before alternating between the CM phase and the WfD phase, while Stream B and C participants who were not SPI participants did this after 12 months. From 1 October 2016, both of these groups of participants generally moved to the WfD phase after 12 months, before alternating six monthly between the CM phase and the WfD phase ([Figure 1.2.1](#)).

5.3.2 Main ways of servicing

Participant servicing can be provided in many ways including individually or in groups and via teleconference/telephony, face-to-face or self-service.

In the 2019 Provider Survey, respondents were asked about how they mainly service participants in each stream. Most providers report that individual servicing is their main way of assisting participants, with the proportion increasing in line with the participants' level of labour market disadvantage (Figure 5.3.1). Only a very small proportion reported that their Stream A participants mainly self-service.

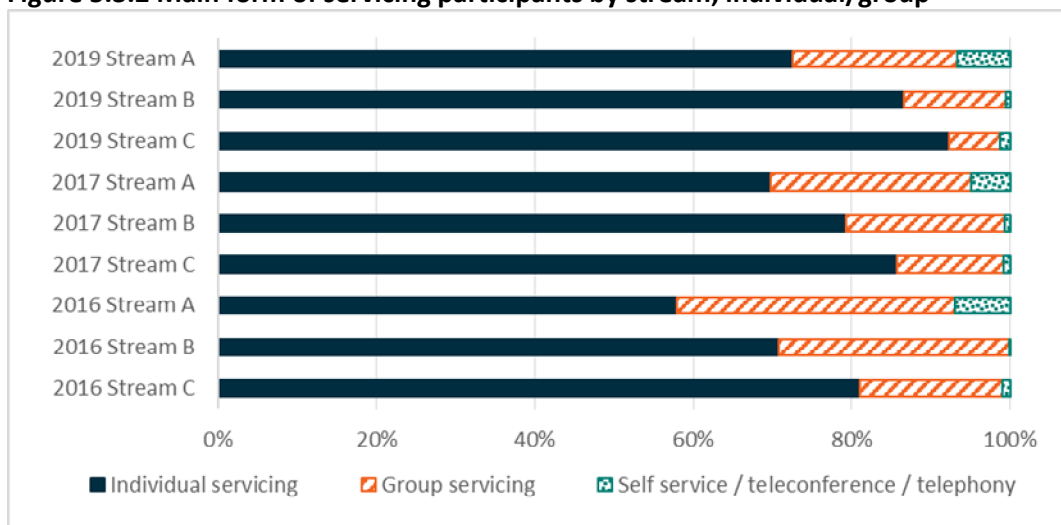
Figure 5.3.1 Main way of servicing participants (percentage of sites)



Source: 2019 Provider Survey.

Note: Percentages are of the number of provider sites responding to the question (N=823).

Figure 5.3.2 Main form of servicing participants by stream, individual/group



Source: Provider Survey, 2016, 2017, 2019.

Notes:

1. Percentages are of the number of provider sites responding to the question.
2. Changes in the questions in 2019 make comparisons with previous years difficult. In particular, the wording for one option was changed from 'Individually with the same consultant every time' to 'individually with same consultant'. This may have increased the number of respondents choosing this option.
3. Percentage of provider sites reporting - 2016, 2017 and 2019.

While changes in the 2019 Provider Survey question wording make direct comparisons with previous surveys more difficult, in 2016 and 2017 the pattern of individual servicing increasing by stream is consistent (Figure 5.3.2). The amount of group servicing across all streams appears to be decreasing over time.

5.3.2.1 Participant opinions of servicing

The 2017 JSEES Survey explored the extent to which participants were happy with the level of contact with their provider. Stream A participants were more likely to report the level of contact was too little (14%) compared with Stream B (7%) and Stream C (9%) participants. Stream A participants were also less likely to report the level of contact was too much (12%) compared with 15 and 17% of Stream B and C participants, respectively ([Appendix C, Section C2 Table C2.1](#)).

PPM survey data supports overall satisfaction, as well as satisfaction with various aspects of servicing. [Table 5.3.1](#) shows the results for the period 1 January 2018 to 31 December 2018.

Responses indicate improvements could be made to the degree providers help participants to gain work, gain relevant skills for getting work, and gain information on other support services.

Table 5.3.1 Participant satisfaction with aspects of jobactive services (per cent)

Aspect of service	Satisfied	Neutral	Dissatisfied
Overall quality of service	59.8	20.0	20.2
Provider treated them with respect	71.5	16.1	12.3
Information on other support services available to them	46.9	27.1	26.1
Help they received to find a job	41.5	28.5	30.0
Help they received in gaining skills for work	39.2	31.8	29.0
Help they received was suited to their circumstances	53.0	24.8	22.3
Amount of contact with their provider	59.8	24.9	15.4
Information on services their provider can deliver	57.5	24.1	18.4

Source: jobactive Employment Services Outcomes Report 1 January 2018 to 31 December 2018.

Note: ‘Satisfied’ includes respondents who were either satisfied or very satisfied; ‘neutral’ means they responded that they were neither satisfied nor dissatisfied; and ‘dissatisfied’ means they responded either ‘dissatisfied’ or ‘very dissatisfied’.

5.3.2.2 Movement between streams

If a participant experiences a change in personal circumstances, it is possible to re-administer the JSCI. This can result in participants being moved to a higher service level (up-streamed) where they are found to be more disadvantaged than was previously acknowledged, but they cannot be moved to a lower service level (down-streamed) within a period of assistance, regardless of the JSCI or ESAt outcome. Analysis of administrative data indicate that between September 2016 and December 2018, around 9% of periods of assistants over the period were up-streamed ([Table 4.1.1](#)).

5.3.3 Addressing barriers

5.3.3.1 Participants consistently reported similar barriers to employment

The 2017 JSEES Survey explored participant barriers to employment. The barriers reported related to a range of environmental and personal factors. Most commonly reported was physical or mental health concerns (22%, rising to 26% among those aged over 50 years, 26% for those who had been unemployed for more than 12 months, and 43% of Stream C participants). The next most commonly

reported difficulty was not enough available jobs (20% overall, rising to 27% of Stream C participants). Other barriers reported include employers thinking participants are too old (14% of all jobactive participants, increasing to 43% among those aged 50 years or over) and not having enough work experience (12%). Also, nearly one in 10 (8%) reported they had no difficulties in finding work ([Appendix C, Section C2, Table C2.2](#)).

These barriers to finding ongoing employment largely reinforce findings from the associated qualitative research. The distribution of barriers to employment found in this research is consistent with that found across a range of studies, including the previous JSEES research.

5.3.3.2 Participants did not always disclose barriers

In the 2017 JSEES Survey, approximately three-quarters of participants who reported barriers had spoken about at least one of these barriers with their jobactive provider (77%), although almost a quarter (23%) said that they had not spoken to their provider about their difficulties. Those who had been unemployed for less than 12 months were less likely to have mentioned any issues they may be encountering in finding ongoing work ([Appendix C, Section C2 Table C2.3](#)).

When they did, they sometimes felt nothing was done to address their barriers

Of participants who had mentioned barriers to their jobactive provider, three-fifths (59%) perceived that nothing had been done by the provider to address these barriers. This was much higher (90%) among those who were dissatisfied with their jobactive provider, compared with those who were satisfied (46%). The older the participant, the more likely they were to report that nothing had been done by their provider (45% of those aged 21 years or less, 57% of those aged 22 to 29 years, 60% of those aged 30 to 49 years, 65% of those aged 50 or over). Indigenous participants were more likely to feel that their provider had done something to help overcome barriers (49%) compared to non-Indigenous participants (38%) ([Appendix C, Section C2, Tables C2.4 to Table C2.6](#)).

5.3.3.3 Providers say addressing barriers is more difficult under jobactive

In the 2016 Provider Survey more than double the number of respondents (45%) disagreed with the statement that it is easier to address participant barriers under the jobactive contract than under JSA than agreed with it (18%). The remainder of respondents were neutral.

During the 2015–16 provider qualitative fieldwork, providers reported strong support for the focus on employment pathways and outcomes in the jobactive model; however, this sentiment was often paired with comments about the jobactive model not being focused on addressing participant barriers, and for some providers this shift in program focus signifies a less holistic service for participants.

5.3.3.4 Access/availability of services may hinge on a range of factors

Access and availability of services may also be an issue in some employment regions. In the 2019 Provider Survey, providers were asked how easy or difficult it was to access services and assistance for participants with a range of challenges. Housing was a stand-out issue, with about two-thirds of providers reporting that it was very difficult (29%) or difficult (38%) to access housing services.

Access to other services was mixed, and may to some extent be contingent on factors such as location, demand and prevailing relationships with service providers (Table 5.3.2).

Table 5.3.2 Provider feedback on access and availability of services

Access to services	Very easy	Easy	Neutral	Difficult	Very difficult
Housing	3%	10%	20%	38%	29%
Mental health services	14%	31%	26%	22%	7%
Language and literacy services	10%	37%	31%	6%	16%

Source: 2019 Provider Survey.

5.3.4 Employment Fund

To assist with addressing barriers to finding and keeping employment, providers can draw on the discrete amounts of financing in the EF for eligible participants to build experience and skills and provide practical help (such as purchasing work boots) likely to lead to a job.

Wage subsidies are funded from the EF (General Account) from 1 January 2019, prior to which they were funded from a separate EF wage subsidies account. EF expenditure is at the provider's discretion.

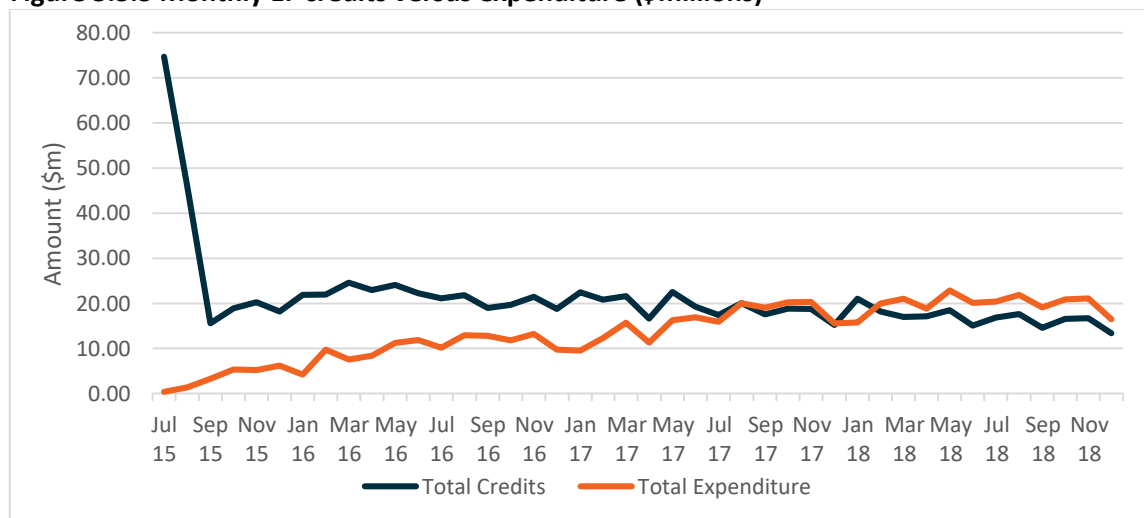
5.3.4.1 Employment Fund credits

EF credits are made when participants commence with a provider, so monthly credits will reflect when new participants come on to their caseload and when a participant is up-streamed. After an initial allocation of around \$75 million at the start of jobactive, monthly credits to the EF have been around \$20 million (Figure 5.3.3). There is a long-term downward trend in total monthly credits, reflecting a similar trend in the caseload numbers. EF expenditure was low at the start of jobactive and increased only slowly, reaching parity with monthly credits in mid-2017. While during 2018 monthly expenditure was greater than credits, at the end of 2018 roughly \$310 million of credits remained unspent.

This pattern of expenditure is similar to the pattern of expenditure for previous employment services models. The Active Participation Model Evaluation notes with regard to the Job Seeker Account: 'In the first six months of the *APM*, expenditure averaged around \$5.5 million per month. It then rose rapidly to reach over \$30 million per month in June 2004, reflecting the transition between ESC2 and ESC3 and improved confidence among Job Network members to use the funds to meet the different needs of their individual clients.'³⁷

³⁷ Active Participation Model Evaluation, DEEWR 2007.

Figure 5.3.3 Monthly EF credits versus expenditure (\$millions)



Source: Departmental administrative data.

5.3.4.2 Use of Employment Fund by stream

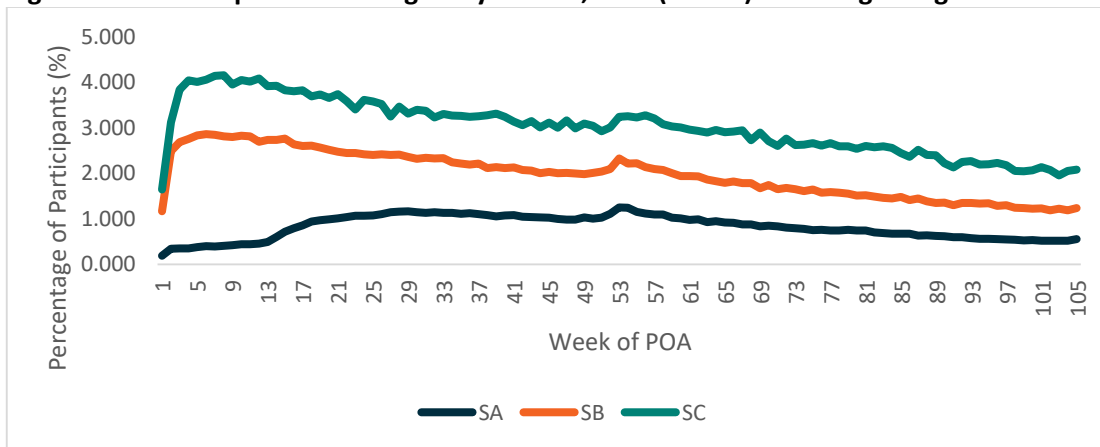
Figure 5.3.4 shows that more disadvantaged participants are more likely to receive EF spending. This is in line with expectations, as they are more likely to require help and tend to spend more time in service.

For more work ready (Stream A) participants, there is a clear increase in EF usage for participants at 13 weeks which is likely due to a combination of factors. EF credits are only issued, and outcome payments are only payable for participants in Stream A after they have been in service for 13 weeks. Although there is nothing restricting providers from using available EF sooner than this, the availability of outcome payments for these participants after 13 weeks provides an incentive for providers to start investing in these participants, when they may expect a return on that investment. This combination of factors provides no incentive for providers to spend EF on Stream A participants prior to 13 weeks in service.

Stream B and C participants are most likely to receive EF assistance in the first month of services, after which the percentage receiving EF spending declines. This decline is interrupted at the one-year mark. This peak (at year one) is mainly due to accredited training and likely relates to the AAR.

Overall, for similar participant types, the longer people are in service, the less likely they are to receive EF assistance in any given period. This could be due to provider policies having a limit on EF spending for individual participants, or the EF spending being seen to be less likely to result in an outcome for long-term participants.

Figure 5.3.4 Participants receiving EF by stream, time (weeks) since beginning in service



Source: Departmental administrative data.

5.3.4.3 Share of Employment Fund categories by stream

As shown in Table 5.3.3, in terms of numbers, EF transactions are mainly concentrated in three categories. Together, clothing, food/phone/petrol and professional services account for around 50% of the transactions within each stream. This is because transactions in most of these categories are frequent, but they are small in dollar terms. In terms of the expenditure, however, the largest EF category is accredited training for Stream A and B; these transactions tend to be larger amounts but happen less often. Professional service is the highest expenditure category for Stream C participants.

Table 5.3.3 Employment Fund categories - transactions (N) and expenditure (\$) by stream

EF category	Stream A N (%)	Stream A \$ (%)	Stream B N (%)	Stream B \$ (%)	Stream C N (%)	Stream C \$ (%)
Interpreter Services	2.1	0.7	4.8	1.6	5.2	2
Accredited Training	11.2	41.2	9.7	38.5	5.3	22.5
Clothing	22.7	13.8	17.7	9.8	13.5	9
Driving Lessons	1.1	1.1	1.6	1.5	1	1.1
Employer Required Training	0.6	3.4	0.4	2.3	0.2	1.4
Food, Phone, Petrol	18	3.9	13.4	2.7	13.5	3.3
Indigenous Training and Mentoring	0.2	0.2	0.4	0.5	0.2	0.3
Participant Transport	7.1	3.4	7.9	3.9	8.4	5.1
Medical Expenses	0.3	0.3	0.4	0.4	0.5	0.7
Other categories	0.4	2.1	0.4	2.3	0.9	3.3
Professional Services	10	8.6	16.6	12.9	32.6	29.3
Post Placement Support	2.7	0.3	2.3	0.3	1.7	0.3
Tools, Books, Equipment	2.5	1.8	3.2	2	3.5	2.6
Targeted Pre-employment Preparation	0.1	0.2	5.5	9	2.9	8.7
Work-related items	11.2	5.8	8.3	3.8	5.1	2.8
Work-related licensing	9.8	13.2	7.4	8.5	5.5	7.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Departmental administrative data.

Notes:

1. N represents the total number of EF transactions, while \$ represents the total dollar expenditure.
2. For expenditure between 1 July 2015 and 31 December 2018.

5.3.4.4 Access to training

There are four main types of training-related activities that can be provided by EF: accredited training, employer required (non-accredited) training, work-related licensing and targeted pre-employment preparation. Between 1 July 2015 and 31 December 2018, the EF expenditure on training seemed to decrease with age (Table 5.3.4), suggesting vocational issues are more likely to be identified in the younger cohort of participants.

Table 5.3.4 Training-related Employment Fund expenditure by age group

Under 25	25–34	35–44	45–54	55–64	65+
28.4%	24.2%	20.8%	18.3%	8.2%	0.1%

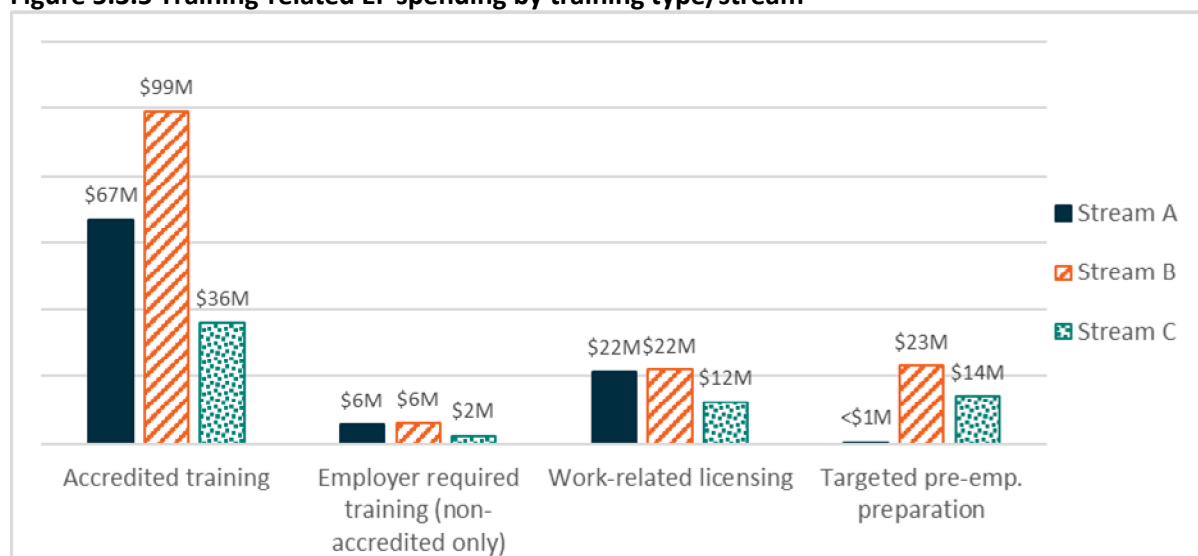
Source: Departmental administrative data.

Note: For expenditure between 1 July 2015 and 31 December 2018.

The largest training spending was for accredited training, followed by work-related licensing (such as driver’s/forklift licence, White Card or first aid certificate), as shown in Figure 5.6. Between 1 July 2015 and 31 December 2018, approximately \$66.9 million was spent on accredited training for Stream A, \$99.1 million for Stream B, and \$36.0 million for Stream C. Under jobactive, the use of EF was more restrictive for non-accredited training, compared to the equivalent fund of JSA. The EF spending on targeted pre-employment preparation was comparatively low, likely because it was introduced in mid-December 2015 for participants in Stream B or C (and later expanded to include Indigenous participants in Stream A), and because of the cap in the spending (\$330 for participants in Stream A or B and \$550 for participants in Stream C (GST inclusive)).

Figure 5.3.5 also shows that the level of training spending appeared to vary by the level of disadvantage. Except for targeted pre-employment preparation, the training spending was significantly higher for participants in Stream A and B, who were considered more work ready, than for those in Stream C. This suggests that access to training may not be the first type of assistance required, particularly for participants with complex and multiple barriers.

Figure 5.3.5 Training-related EF spending by training type/stream



Source: Departmental administrative data.

Note: For expenditure between 1 July 2015 and 31 December 2018.

While driving lessons have not been included in the above training-related activities, the EF spending on driving lessons was comparatively low. This is most likely due to:

- driving lessons largely only being required by younger participants

- the cap in the spending (which initially was \$330 and from December 2016 increased to \$1,100 (GST inclusive)).³⁸

Although the guidelines for EF take a largely principles-based approach, feedback (the 2017 Provider Survey) indicated that, in some instances, there appeared to be ambiguity as to whether something was permitted to be financed via the EF. For example, some provider staff did not think driving lessons could be paid for participants. It is noted that the department updated the relevant guidelines in December 2015 to clarify reimbursement for driving lessons. It is possible that providers would appreciate firmer guidance in this matter.

I don't think we can use it for transport – driving licence. I think maybe there is the optional case that we can, but we need to have a really strong reason as to why we need to use it.

Provider, site manager and team leader, 2017

Some respondents in the 2017 Provider Survey also expressed their understanding that initially providers were advised that they could not utilise the EF unless a job had already been lined up and guaranteed for the participant.

With relevant policy changes and clarification being provided over time by the department in the updated guidelines, providers seemed to become more confident in making use of the EF for training-related activities. This was reflected in the increases in the spending that coincided with the relevant policy updates.

- For Employer Required Training, providers were no longer required to seek pre-approval from 1 July 2017
- For Work Related Licensing, clarifications and examples of appropriate usage were provided in December 2016
- The Targeted Pre-employment Preparation category was introduced in mid-December 2015, with several minor clarifications made over time, and the expansion to Indigenous participants in Stream A in January 2018.

Although access to training could be provided via the EF, its use was strictly guided by the relevant guidelines. Some providers reported that they did not use the EF as they deemed the approved items available for expenditure to be of little use in servicing participants. For example, in the 2017 Provider Survey, one provider noted that there was no longer funding available for computer training courses, which were seen to be very useful in upskilling participants.

It's really hard to access the Employment Fund for [IT training], because it's non-vocational. It's not accredited training and it's not work related licensing or skills.

Provider, regional manager, 2016

³⁸ Employment Fund General Account Guideline, Version 1.8.

Similar feedback was reported in the 2017 JSEES Survey, where some participants identified IT training as the most helpful training they wanted but said they were unable to gain funding for it from their provider. IT training appeared to be particularly important for mature participants and those who had worked in non-office-based roles through their employment history.

I would not even be eligible for training in computer software (to 'up skill') yet those skills are vital for employment now. I can't afford to pay myself.

Jobactive participant, 2017

5.4 Transferring between providers

Transfers of jobactive participants between providers may occur for a range of reasons including:

- Participant initiated
- Department initiated through business reallocation³⁹
- Maximum Time Transfers.

5.4.1 Participant-initiated transfers

This section considers qualitative evidence around participant-initiated transfers. These can occur for a range of reasons, such as if the participant changes address or is unhappy with their provider.⁴⁰ The important factor here is that participants have a choice to initiate a transfer from the current provider to a new provider. Awareness of the transfer option among jobactive participants appears to be low, as illustrated in the 2017 qualitative research.

Participant 1: You can actually swap?

Participant 2: Really? Are you serious?

Participant 1: I didn't know that.

jobactive, participants, 2017

Participants who were aware of the option to transfer between providers tended to be those who had done so. Not getting along with their employment consultant was one of the main reasons participants gave for transferring to an alternative jobactive provider.

I felt straight away [the employment consultant was] very hostile.

jobactive, participant, 2017

People who had transferred or attempted to transfer from their original provider to a different provider reported the process as slightly frustrating – for example, needing to contact Centrelink,

³⁹ Business reallocation is designed to assist participants by moving them to higher performing providers and to drive continued improvements in provider performance. Information about the business reallocation process and how it affected providers and participants is in Chapter 9.

⁴⁰ [Transfers Guideline - Department of Education, Skills and Employment, Australian Government \(dese.gov.au\)](https://www.dese.gov.au/transfers-guideline)

liaise with the alternative provider, complete paperwork and then approach the original provider to ask to be transferred.

You need to go to the job provider you want to change to, get a letter from them saying that they will accept you, and then you've got to take that back to the one you're with, to get them to dismiss you from them, so you can be enrolled with the other one ... It is a little bit of a stuff around.

jobactive, participant, 2017

The qualitative fieldwork found a few cases where providers refused participants' requests to change to an alternative provider, or the alternative provider would not accept the transfer from the original provider. Participants were often unaware of the reasons for providers refusing their transfer, although some said that providers had told them their reasons for requesting the transfer were not valid.

This is what I don't like – I felt like I was in jail. You have to get actually get a release form and I've had it refused ... I thought ... that doesn't happen. I should be able to choose what provider I need.

jobactive, participant, 2017

5.4.2 Maximum Time Transfers

Participants who have been with the same provider for an extended period (two years for Stream A and three years for Stream B or C participants)⁴¹ without achieving an employment outcome are transferred to a new provider through a Maximum Time Transfer (MTT). The MTT policy was introduced as a new feature in jobactive which aims to improve participants' prospects of gaining employment by encouraging higher servicing by current providers and/or providing an opportunity to experience servicing from a new provider. Note that, as a result of changes made in response to the global pandemic in 2020, this process no longer occurs. This section considers the MTT process for participants and jobactive providers.

5.4.2.1 Participant perceptions of Maximum Time Transfers

The 2019 MTT Job Seeker Survey indicates that jobactive participants subject to an MTT had mixed attitudes towards the transfer process. Overall, the evidence suggests that MTT participants were about as likely to be satisfied with the transfer process as they were to be dissatisfied with it (Table 5.4.1 Satisfaction with the Maximum Time Transfer process (per cent)).

⁴¹ Excluding servicing suspensions and allowable breaks. There are some circumstances that delay an MTT, which include participants tracking towards an employment outcome, tracking towards an education outcome, participating in WfD or another activity to meet AARs, being referred to NEIS, undertaking Employability Skills Training, or participating in the Launch into Work program.

Table 5.4.1 Satisfaction with the Maximum Time Transfer process (per cent)

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied	Don't know/ unsure	No answer provided
9.7%	20.7%	28.7%	14.0%	17.5%	2.2%	7.3%

Source: Maximum Time Transfer Job Seeker Survey, 2019.

Note: Based on responses to the survey question 'On the whole, were you satisfied or dissatisfied with your experience of changing from [name of provider before transfer] to [name of provider after transfer]?' (n=600).

Participant dissatisfaction with the transfer process typically related to limited assistance and general dissatisfaction with their pre-transfer provider in the transfer process. Conversely, satisfaction with the process related to general satisfaction with their pre-transfer provider, and assistance and information supplied in the transfer process.

Survey results also show that there is little impost on the participant in the transfer, where more than half of respondents (57%) found it neither easier nor harder to travel to their new provider, and close to a quarter (23%) found it a lot easier (15%) or a little easier (8%) (Table 5.4.2).

Table 5.4.2 Difficulty travelling to new provider following Maximum Time Transfer (per cent)

A lot easier	A little easier	Neither easier nor harder	A little harder	A lot harder	Don't know/ unsure	Missing
14.5%	8.0%	56.7%	8.3%	3.7%	1.5%	7.3%

Source: Maximum Time Transfer Job Seeker Survey, 2019.

Note: Based on responses to the survey question 'Was [name of provider before transfer] easier or harder for you to travel to than [name of provider after transfer]?' (n=600).

Respondents were also closely split between those who would have preferred not to have undergone an MTT and those who were pleased to have transferred. Around 40% of respondents would have preferred to stay with their pre-transfer provider, compared with around 35% who would have preferred not to stay (Table 5.4.3).

Table 5.4.3 Participant perceptions about their Maximum Time Transfer (per cent)

Would have preferred to stay with previous provider	Would have preferred not to stay with previous provider	Don't know/ unsure	Missing
39.5%	34.7%	16.7%	9.2%

Source: Maximum Time Transfer Job Seeker Survey, 2019.

Note: Based on responses to the survey question 'And finally, thinking about the time you were with [name of provider before transfer] and [name of provider after transfer], would you have preferred to have stayed with [name of provider before transfer] instead of changing to [name of provider after transfer]?' (n=600).

Similarly, Table 5.4.4 indicates that respondents who underwent an MTT had similar levels of satisfaction with the service they received from their provider before they transferred, compared with after (47.0% before and 47.8% after transfer).

Table 5.4.4 MTT participant satisfaction with provider servicing (per cent)

Pre and post	Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dis-satisfied	Very dissatisfied	Don't know/ unsure	Missing
Pre-MTT provider	17.7	29.3	18.8	14.0	14.7	0.3	5.2
Post-MTT provider	18.8	29.0	18.0	10.2	14.2	0.5	9.3

Source: Maximum Time Transfer Job Seeker Survey, 2019.

Note: Based on responses to the survey questions 'Overall, were you satisfied or dissatisfied with the services [name of provider before transfer] provided to you?' and 'Overall, [are / were] you satisfied or dissatisfied with the services [name of provider after transfer] [is providing / provided] to you?' (n=600).

Ways that the MTT process could be improved that were suggested by participants generally focused on improving notification about future transfers and not requiring MTTs. It is notable that, while participants in activities are not meant to undergo MTTs, some participants still reported that MTTs were occurring during activities. Suggestions for improving MTTs are summarised in the themes below:

- Guarantee that participants are made aware and provide more notice of the transfer.
- Do not transfer participants from one site to another, unless they request it.
- Do more to involve participants and their needs in the process and coordinate with the post-MTT provider.
- Provide an explanation for, or more information about, the transfer.
- Improve servicing in general.
- Do not transfer participants during an activity.

5.4.2.2 Provider perceptions of Maximum Time Transfers

Results from the 2019 Provider Survey indicate that overall, providers' perspectives on MTTs were positive, demonstrating strong awareness and some engagement with participants to inform them when they were due to transfer. There also appears to be little impost on providers in the context of commencing MTT participants, comparative to the process for a Centrelink referral. More than half of respondents to the Provider Survey (56.9%) indicated that commencing an MTT participant was neither more nor less time consuming than commencing participants referred by Centrelink (Table 5.4.5).

Table 5.4.5 Extent to which it is more time consuming to commence MTT participants (per cent)

A lot less time consuming	A little less time consuming	Neither more or less time consuming	A little more time consuming	A lot more time consuming	Don't know/unsure	Missing
0.9%	3.3	56.9	13.2	3.7	1.4	20.6

Source: 2019 Provider Survey.

Note: Based on responses to the survey question 'Thinking about the administrative tasks the site completes in order to commence participant(s) in service after MTTs. Are these tasks more or less time consuming than the administrative tasks the site completes to commence participants referred to you by Centrelink?' (n=870).

Qualitative fieldwork with providers undertaken in 2019 supports these results. Providers reported that MTTs are a common occurrence for most providers and happen on a weekly basis. Providers did not report any major challenges commencing MTT participants from other providers – as they are effectively viewed as a brand-new participant and go through a range of assessments, processes and engagement. If participants are being transferred in, they are advised in advance and typically have a discussion with the consultant. With participants who are about to be transferred out, providers said they try to plan for this but it can be difficult if they are in the WfD phase. Some benefits of MTTs were identified:

- Providers work differently, so changing provider may be beneficial for some participants.
- A participant may not have a good relationship with a provider, so starting with a new provider could change things for the better – it is a fresh start.
- Providers may have tried many different strategies with a participant without success, so moving a participant to another provider can free up time to work with other participants, with whom more success might be achieved.

Providers noted that the most common reasons for a participant not changing providers at maximum time were that the participant was either participating in an activity to meet their AARs (33.1%) or tracking towards an employment outcome (31.8%). This is consistent with the MTT guidelines, which state that MTTs should not occur when participants are tracking towards outcomes or participating in activities.

5.4.2.3 The effect of Maximum Time Transfer on labour market outcomes

To assess how MTTs affected outcomes, the evaluation used the probability that participants exited income support as the measure. A more detailed explanation of the methodology used for this analysis can be found at [Appendix D, Section D3](#).

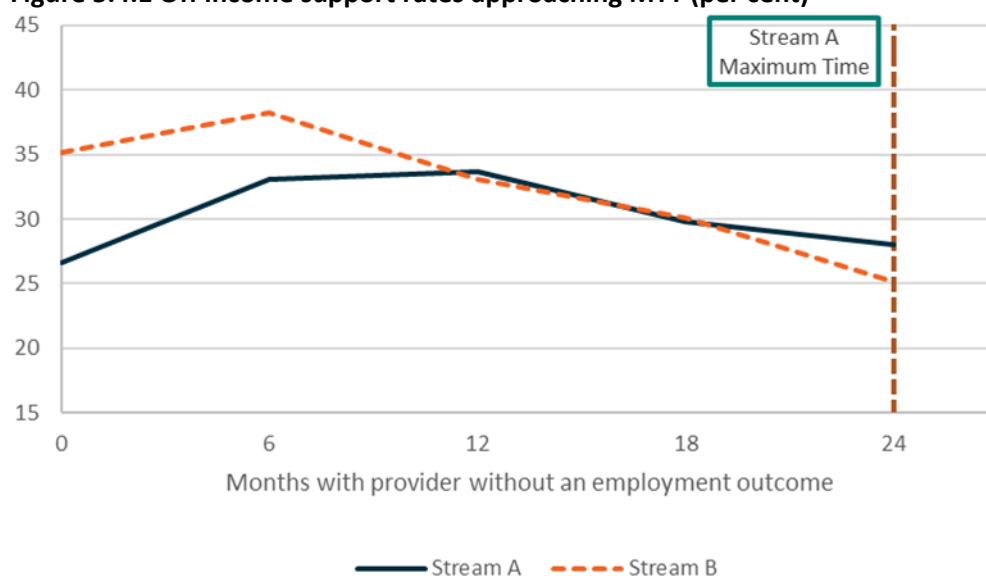
The maximum time limit for the purpose of transferring to another provider is two years for Stream A and three years for Stream B or Stream C participants. Analysis shows that there was little difference in income support exit rates for Stream A participants (relative to Stream B participants) when they reached or approached the Stream A maximum time limit. Analysis did not find that MTTs had an effect on outcomes or servicing for Stream A participants (relative to Stream B participants). Specifically, the probability that Stream A participants would gain employment, attend more appointments, undergo Change of Circumstances Reassessments or receive expenditure through the EF did not increase as a result of an MTT.

The absence of notable changes in outcomes and servicing as a result of MTTs may be explained by levels of participant disadvantage and the effectiveness of providers to which they are transferred. MTT participants are found to be more disadvantaged and may therefore require a high level of assistance to overcome their barriers to finding sustained employment. A change in provider may not be enough to address these barriers.

5.4.2.4 Exit rates for Stream A participants approaching their maximum time

MTTs do not appear to improve participants' chances of exiting income support. Figure 5.4.1 shows how income support exit rates change for Stream A and Stream B participants with similar JSCI scores as they approach the Stream A maximum time limit (two years in service).

Figure 5.4.1 Off income support rates approaching MTT (per cent)



Source: Departmental administrative data.

If MTTs helped participants to exit income support, the exit rates for participants in Stream A would be expected to improve (relative to Stream B participants) as they approached the Stream A maximum time limit. As [Figure 5.4.1](#) shows, this is not the case. Six-month exit rates for Stream A and Stream B participants steadily converged as they spent an increasing amount of time with a provider without an employment outcome. Contrary to expectations, this convergence appeared at around 12 months with a provider and without an employment outcome, 12 months before an MTT would occur. This trend did not change significantly when participants reached or approached Stream A maximum time ([Appendix C Section C3 Table C3.1](#)).

5.4.2.5 The effect of Maximum Time Transfer on Stream A participant servicing

The evaluation explored the impact of MTTs on participant servicing. Specifically, it examined the impact of MTTs on Stream A participants' appointment attendance rates, probability of receiving EF expenditure and probability of receiving Change of Circumstances Reassessment (CoCR).

The evaluation compared Stream A and Stream B participants with similar levels of labour market disadvantage with respect to these servicing measures six months after they commenced in servicing. It then compared them again after they reached 12, 18 and 24 months with a provider without an employment outcome.

The evaluation found no evidence that the MTT policy affected how Stream A participants were serviced with respect to appointments or CoCRs. The evaluation also found no significant differences between Stream A and Stream B participants with respect to appointments ([Appendix C, Section C3, Table C3.2](#)) and CoCRs ([Appendix C, Section C3, Table C3.3](#)) for participants who reached or approached two years with a provider without an employment outcome.

The MTT policy also appears not to have changed provider behaviour in the use of the EF for Stream A participants. Stream A participants were generally no more likely to receive EF expenditure as they approached their maximum time in service. This did not change when participants reached Stream A maximum time ([Appendix C, Section C3, Table C3.4](#)). Stream B participants were slightly more likely than Stream A participants to have received EF expenditure in the months after commencement; however, there is little incentive for providers to use EF prior to 13 weeks, when they are first credited notional amounts for Stream A participants and when these participants become outcome payment eligible.

While the MTT policy may have some effect on servicing indicators not included here, such as referrals to activities, this evaluation finds that it has no measurable impact on appointments, EF expenditure or CoCRs, all of which are strong indicators of the intensity of participant servicing.

5.4.2.6 Why Maximum Time Transfers have no observable impact

The absence of notable changes in outcomes and servicing as a result of MTTs may be explained by levels of participant disadvantage and the effectiveness of providers to which they are transferred.

Maximum Time Transfer participants are more disadvantaged

One explanation for the finding that the MTT policy has limited impact is that participants near the Stream A–Stream B boundary are too disadvantaged to benefit from the policy. Participants with higher levels of disadvantage may require a high level of assistance to overcome their barriers to finding sustained employment. A change in provider may not do enough to address these barriers.

Overall, participants who undergo MTTs have, by definition, spent longer in service, and are generally more disadvantaged than other participants. This indicates that the finding that MTTs have limited impact on servicing and outcomes for Stream A participants may generalise to other participants who reach eligibility for an MTT. This is because this cohort are, on average, more disadvantaged than the jobactive caseload ([Table 5.4.6](#)). The tables compare the labour market disadvantage levels of MTT and non-MTT jobactive participants who were on the caseload at some stage from 1 August 2015 to 31 December 2018. Participants who have undergone MTTs are typically in higher streams and have higher JSCI scores than other participants. They are also more likely to be mature age, to have below-secondary education and to live in outer regional areas (refer to [Appendix C, Section C3, Table C3.5](#)). It is expected that participants who have not achieved an

employment outcome for over two years will typically find it harder to secure employment than other participants.

Table 5.4.6 Difference in JSCI scores between non-MTT and MTT participants

Stream	Mean	Median
Stream A	3.7	5
Stream B	1.4	3
Stream C	2.4	4

Source: Departmental administrative data (as at 31 December 2018).

Notes:

1. This table compares the characteristics of MTT and non-MTT participants who were in jobactive between 1 August 2015 and 31 December 2018.
2. Levels of labour market disadvantage are measured using JSCI scores, which also determine participants' stream placements. Higher JSCI scores indicate higher levels of disadvantage.
3. Differences are MMT participants minus non-MMT participants – indicating lower JSCI's for MMT participants.

The fact that MTT participants are more disadvantaged than other participants also means that the evaluation findings are likely to generalise to Stream B and C participants. Stream B and C participants will usually be even further from the labour market than participants in Stream A. Moreover, Stream B and C participants undergo MTTs later than Stream A participants, which means they will have been out of the labour market for longer by the time they reach maximum time. If MTTs do not improve outcomes for a relatively advantaged group of Stream A participants, it is unlikely they would improve outcomes for an even more disadvantaged group.

MTT policy may not be effective because, by the time the transfers occur, participants are already very far from the labour market. A participant who has spent more than two years in service without achieving an employment outcome is likely to have significant barriers to finding work. Providers may have to devote substantial resources to supporting these participants. The prospect of having these participants leave their caseload, regardless of whether they get new business to replace them, may not be enough to incentivise providers to service these participants more intensively.

Participants do not always transfer to more effective providers

Another explanation for the MTT policy appearing not to have an impact on outcomes or servicing is that participants often transfer to providers with lower Star Ratings. Around a fifth of MTT participants transferred to a provider that had a lower Star Rating than their previous provider ([Table 5.4.7](#)). Participants may only benefit from a change in the type of servicing they are receiving if their new provider is more effective at achieving outcomes for participants than their previous provider.

Table 5.4.7 Changes in participants' provider site Star Ratings after MTT

Star Rating of post-MTT provider relative to pre-MTT provider	Frequency	Percentage
Higher Star Rating	21,707	52.0
The same Star Rating	10,992	26.3
Lower Star Rating	9,051	21.7
Total	41,750	100.0

Source: Departmental administrative data (as at 31 December 2018).

Note: Provider sites were excluded from analysis if their Star Rating was unknown.

5.5 Conclusion

Providers generally agreed that the provider-defined service approach as defined in their own Service Delivery Plan was beneficial for servicing participants and employers.

Job Plans were created to outline agreed activities that will satisfy participants' MORs and help them into paid work. However, they were not considered by participants to be particularly helpful for the intended purpose of getting into a job.

Individual servicing is reported by providers to be their main way of assisting participants, and most participants reported the level of contact was just right. This suggests that individual servicing seems to work well for both providers and participants.

Addressing participant barriers to employment proves to be challenging. It requires a more holistic servicing and a tailored approach that may not have been fully embedded in the jobactive model. Added difficulty is caused by the lack of access to and availability of some essential services (such as housing) that would form part of wraparound services.

EF funds can be spent at the provider's discretion (according to the relevant guidelines) to finance practical assistance or activities for participants to build experience and skills. Effective administration of the EF relies on well-articulated policy guidelines and clear communication. This has been improving over time during jobactive.

Participants have a choice to initiate a transfer from the current provider to a new provider. Feedback from participants, however, shows that their awareness of this transfer option is low.

After an extended period without achieving an employment outcome under the current provider, participants were transferred to a new provider through MTT, a new feature in jobactive. There is a mixed view from participants on their satisfaction with the transfer process or their preference about undergoing an MTT, while providers tend to perceive MTTs positively. Participants' experiences and perceptions of MTTs might be improved by offering them a change of providers via text message or email, rather than presenting it as a mandatory process. Analysis shows the MTTs have a limited impact on outcomes and servicing for participants in Stream A. Since the completion of this research, the MTT process has been removed from the jobactive model.

6 Mutual Obligation Requirements

In return for the safety net of receiving taxpayer-funded income support, people on activity-tested income support types generally have MORs. While engaged in jobactive services, participants undertake a range of activities commensurate with their relative level of labour market disadvantage, MORs and service phase. MORs under jobactive generally comprise three elements (genuine job search efforts, attending appointments with providers, and AARs).

This chapter covers key elements of MORs, and the ways in which participants engage with a provider. This chapter also includes some analysis of the Job Seeker Compliance Framework (JSCF) (changes that were introduced on 1 January 2015) and the first six months of the Targeted Compliance Framework (TCF), which replaced the previous framework on 1 July 2018.

6.1 Job search

Job search is a MOR which is specified in the job plan. Under jobactive, 20 job searches a month was the default requirement for participants with full-time MORs until the suspension of MORs during the COVID-19 pandemic in 2020. Providers have the discretion, and are encouraged, to change the default if a different job search requirement is more appropriate.⁴²

Qualitative feedback from providers indicated that they may not always be exercising their discretion with regard to the number of job searches in the participant's Job Plan, instead leaving the system default as what they perceive as the jobactive 'requirement'. This may be a result of communication from the department around adjusting job search requirements not filtering down to frontline staff.

So just basic day to day stuff that we take for granted, [the CALD clients] have no idea how to do it ... They're expected to write resumes, do 20 job searches a month, and everything they need to do. Literally they can't speak a word of English. They're not ready for work yet, and we're trying to make them do all this stuff.

Provider, site manager

Similarly, participants in the JSEES qualitative research most often mentioned the requirement of 20 job searches, indicating that the policy of discussing or tailoring job search requirements to individual circumstances is not generally being exercised.

All I ever got was that you're required to do it as part of your Job Plan. I never got any other explanation than that.

Participant

This qualitative evidence is supported by an examination of departmental administrative data between 1 July 2018 and 31 December 2018. Table 6.1.1 shows that while the average prevalence of

⁴² This requirement did not change with the introduction of the TCF.

20 job searches across the caseload is 66.7%, there is a lower (but still substantial) prevalence of 20 job searches for Indigenous people (61.1%), people with disability (61.9%), sole parents (53.2%), outer regional or remote participants (51.6%), and those who have a part-time activity test requirement (59%); yet factors such as being homeless, CALD or an ex-offender still have close to the average prevalence of 20 job searches.

Table 6.1.1 Prevalence of job search requirements for participant groups (per cent of caseload)

Number of job searches	Overall	People with disability	Sole parents	Indigenous	CALD	Homeless	Part-time activity tested	Low education
1–4	2.5	3.0	2.8	3.2	4.5	3.1	3.3	4.7
5–9	7.1	8.7	9.0	8.5	7.8	7.5	9.2	10.4
10–14	20.0	23.3	31.1	22.4	19.9	19.5	26.3	25.0
15–19	3.4	3.2	3.9	4.8	2.3	3.4	3.4	3.6
20	66.7	61.9	53.2	61.1	65.5	66.6	58.0	56.3

Source: Departmental administrative data.

Notes:

1. The caseload population used is participants who had a legal requirement between 1 July 2018 and 31 December 2018 with a jobactive provider and had a compulsory job search requirement in their plan.
2. 'Low education' comprises those who have primary school or less than year 10 levels of education.

6.2 Attendance at appointments

There are three types of appointments in jobactive:⁴³

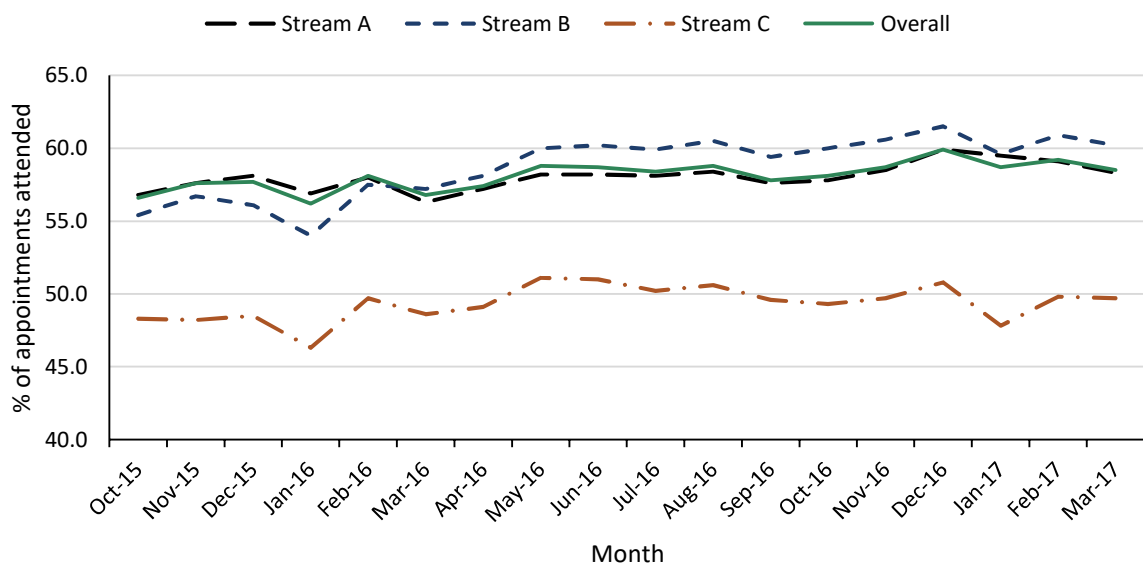
- Initial – to commence a participant in services (for analysis on time to commencement, see Chapter 4)
- Contact – regular appointments scheduled between the provider and the participant as part of their MORs which are used to establish and discuss progress to employment and servicing requirements
- Re-engagement (where there is a mutual obligation failure – for example a contact appointment is missed or an activity not attended).

6.2.1 Appointment attendance remained steady over the first 18 months of jobactive

Participant appointment attendance rates did not change substantially over the first 18 months of the jobactive contract, with overall attendance averaging 58.2% from October 2015 to March 2017 (Figure 6.2.1). This figure includes all initial jobactive appointments, regular contact appointments, and re-engagement appointments. The attendance rate is well below the departmental target of 90% attendance at provider appointments.

⁴³ Under JSA there was a fourth type of appointment category, 'other', which does not exist under jobactive. Since the introduction of TCF (July 2018) there are also Capability Interview appointment types.

Figure 6.2.1 Overall appointment attendance rate, October 2015 to March 2017 (per cent)

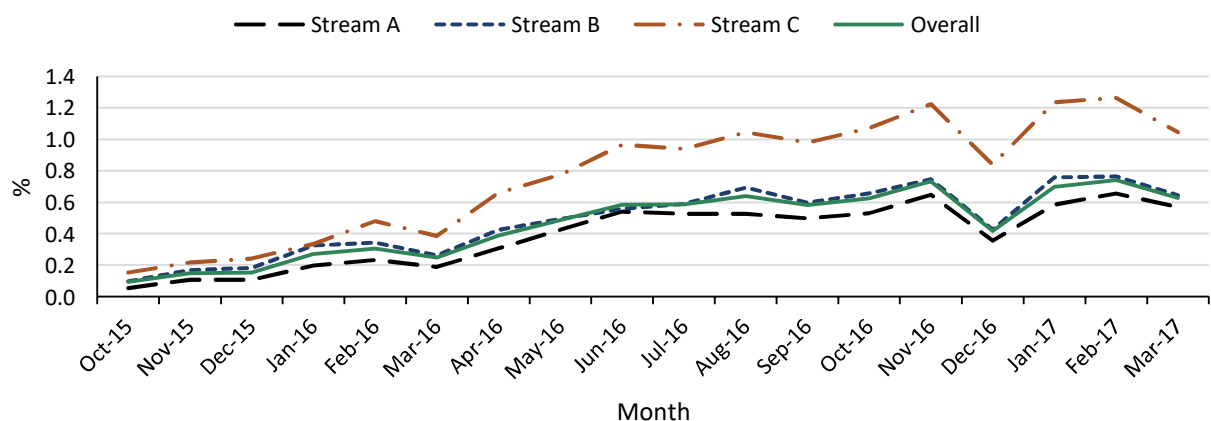


Source: Departmental administrative data.

Note: Analysis conducted on caseload population.

Despite attendance rates not meeting departmental expectations, providers did not increase their use of the compliance framework over this period to improve participant attendance, except for a small increase in the use of financial penalties, or applied Participant Attendance Reports (PARs) (Figure 6.2.2). Stream C participants exhibited the lowest attendance rates, averaging 49.4%, and the highest proportion of compliance action.

Figure 6.2.2 Incidence of PARs as a proportion of all appointments (per cent)



Source: Departmental administrative data.

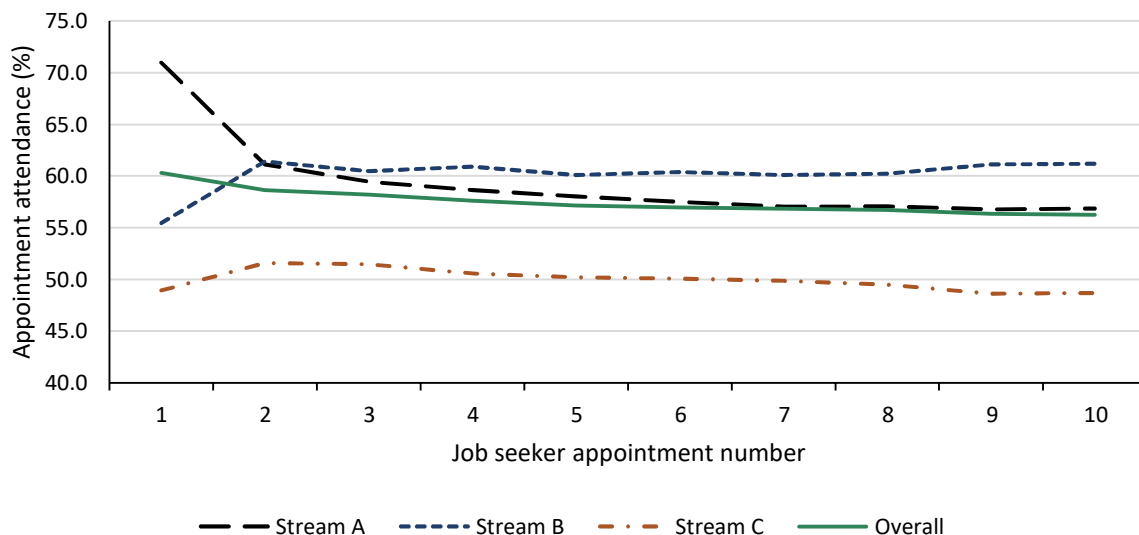
Notes:

1. Analysis conducted on total caseload and inflow population between October 2015 and March 2017.
2. For appointments between October 2015 to March 2017.

Participants appear to establish their attendance patterns relatively early in their period of service, with little change observed in average attendance beyond their initial appointment (Figure 6.2.3).

The attendance patterns of Stream C participants may be indicative of inappropriate participation requirements, barriers preventing appointment attendance, or disengagement from employment services.

Figure 6.2.3 Participant appointment attendance rate over their first 10 appointments (per cent)



Source: Departmental administrative data.

Note: Analysis conducted on caseload population.

6.2.2 Comparison of attendance between jobactive and JSA

The Strengthening the Job Seeker Compliance Framework measure was introduced on 1 January 2015, so the last six months of JSA was conducted under the same framework as much of jobactive. The following analysis of attendance covers the jobactive period from 1 July 2015 to 30 June 2018, when jobactive began operation under Strengthening the Job Seeker Compliance Framework, in comparison to the comparable JSA period from 1 July 2012 to 30 June 2015.

Table 6.2.1 compares attendance rates at appointments between jobactive and JSA 2012 (over two three-year periods). The recorded appointments for the jobactive period of 1 July 2015 to 30 June 2018 was nearly 40% higher than that during the comparable period in JSA (36,868,000 appointments in jobactive versus 26,045,000 in JSA). However, the rate of attendance of all appointments increased by 3.8 percentage points in jobactive compared to JSA 2012 (from 66.8% under JSA 2012 to 70.6% under jobactive).

Table 6.2.1 Attendance rates by appointment type, number (thousands) and per cent

—	Initial JSA	Initial jobactive	Contact JSA	Contact jobactive	Re-engagement JSA	Re-engagement jobactive	Other JSA	Total JSA 2012	Total jobactive
Number of appointments	2,247	3,835	17,702	29,227	1,628	3,806	2,612	24,189	36,868
Number attended	1,509	2,501	11,863	20,232	1,175	3,312	1,610	16,157	26,045
Proportion attended (%)	67.2	65.2	67	69.2	72.2	87.0	61.6	66.8	70.6

Source: Departmental administrative data.

Notes:

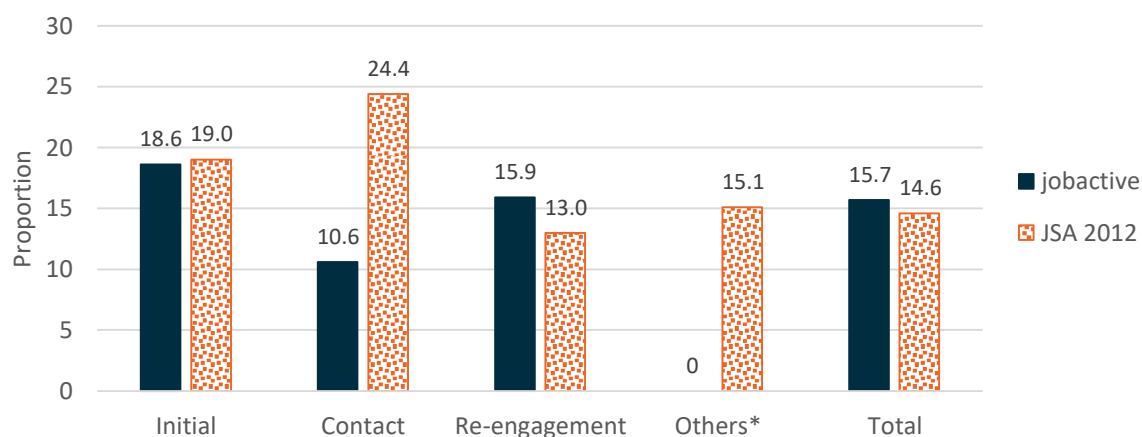
1. 'Other' includes HSSC – JSA In-house Servicing; JSSC – Joint Connections Interviews; SSSC – JSA Skills Assessment, WSSC – JSA Wrap Around Services; and ASSC – JSA Activity. These types of appointments were only available in JSA 2012 and do not have an equivalent in jobactive.
2. Data from 1 July 2012 to 30 June 2015 is used for JSA 2012 and data from 1 July 2015 to 30 June 2018 is used for jobactive).

Table 6.2.1 also shows that while the attendance rate at initial appointments was lower under jobactive, the rates for contact and re-engagement appointments were higher. Re-engagement attendance has changed the most between the two programs, increasing from 72.2% under JSA 2012 to 87% under jobactive. This indicates a greater level of participant re-engagement with jobactive than with JSA. This is mainly related to the stronger compliance framework underpinning much of the jobactive period.

6.2.3 Non-attendance at appointments

The compliance framework (Strengthening the Job Seeker Compliance Framework) was strengthened under jobactive compared with JSA. These stronger compliance measures appear to have had an impact on participant behaviour. Overall, analysis of appointments data suggests that engagement, as measured by attendance at appointments, was higher for jobactive than it was during JSA 2012. There was a large increase in the attendance rate for re-engagement appointments, and a large fall in the rate of failing to attend contact appointments without a valid reason (Figure 6.2.4).

Figure 6.2.4 Non-attendance at appointments without a valid reason, by appointment (per cent)



Source: Departmental administrative data.

Note:

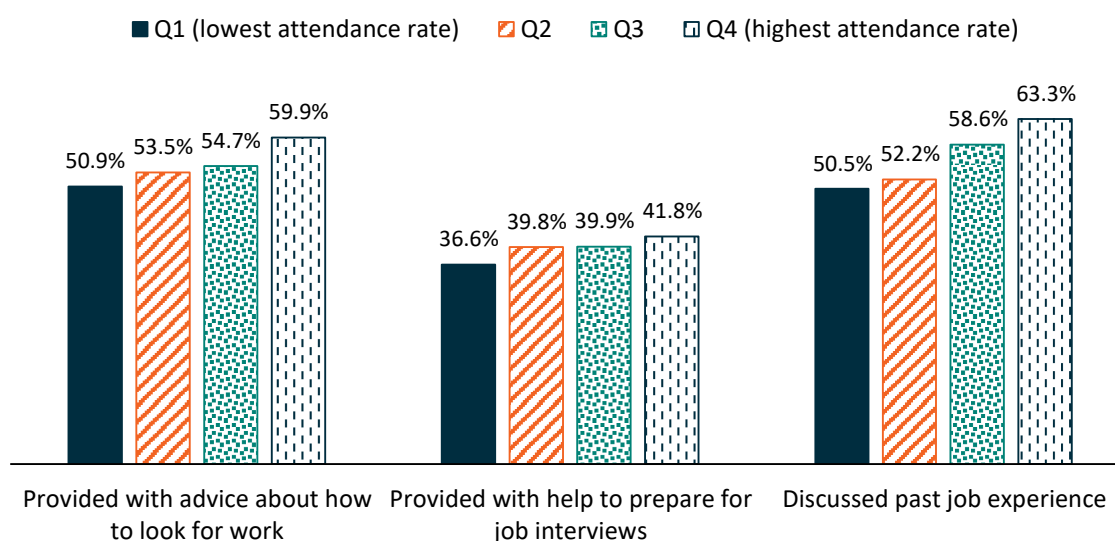
1. *Includes HSSC – JSA In-house Servicing; JSSC – Joint Connections Interviews; SSSC – JSA Skills Assessment, WSSC – JSA Wrap Around Services; and ASSC – JSA Activity. These types of appointments were only available in JSA 2012 and do not have an equivalent in jobactive.
2. For appointments between 1 July 2012 to 30 June 2015 for JSA and 1 July 2015 to 30 June 2018 for jobactive.

6.2.4 Participant attendance and satisfaction with providers

Attendance rates for participants who receive the services they consider important are significantly higher than for those whose service expectations are misaligned with service delivery. Participant satisfaction with the services is also a significant predictor of attendance rates. It appears that the expectation gap that may exist between the services a participant values and the services actually delivered drives the relationship between attendance and provider servicing.

Participants who expect advice about how to look for work, help with preparing for job interviews or discussion about their past work experience, and who receive the expected service, have a higher attendance rate than those who expect but do not receive these services (Figure 6.2.5).

Figure 6.2.5 Satisfaction with expected service by attendance rate



Source: 2017, Post Program Monitoring Specialty Survey.

6.3 Annual Activity Requirements (AARs)

The AAR refers to a requirement for participants in jobactive to undertake additional activities for six months of each year after their first 12 months in jobactive.⁴⁴ These activities are in addition to other requirements, such as job search and attending provider appointments. Activities that may be used to count towards an AAR include:

- Work for the Dole
- paid work
- voluntary work
- National Work Experience Program
- accredited language, literacy and numeracy courses
- study/accredited education and training
- Australian Defence Force Reserves
- drug or alcohol treatment
- other non-vocational interventions (for those in jobactive Stream C)
- other government programs
- a combination of the activities listed above.⁴⁵

The expected hours per week for activities undertaken during this phase (known as the WfD phase) varied between 15 and 25 hours per week based on participant age and work capacity, though some participants had an eight-hour requirement. WfD activities, which are the default activity to meet AARs when another approved activity has not been chosen, are discussed further in Chapter 7.

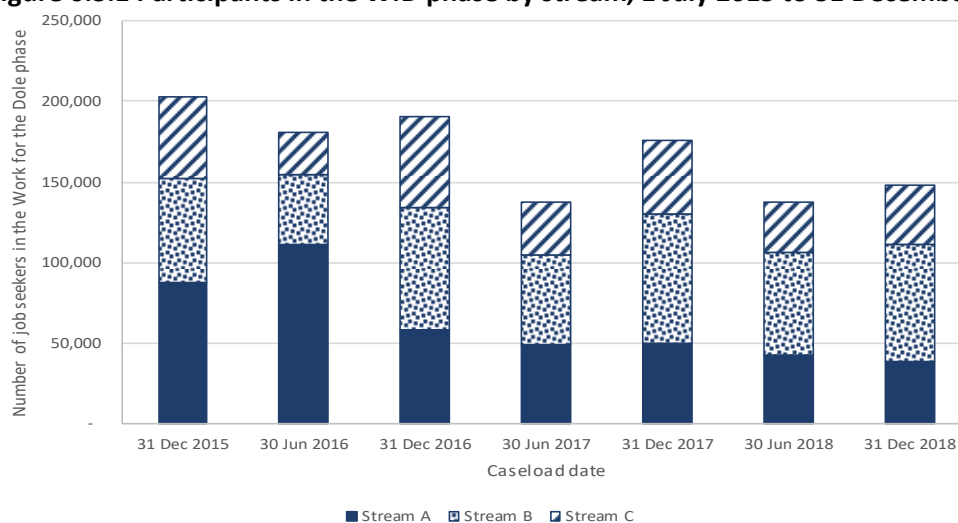
⁴⁴ Note that Stronger Participation Incentive participants entered the Work for the Dole phase after six months in jobactive and had AARs from that time.

⁴⁵ Social Security Guide, Version 1.273 – Released 25 September 2020, at <https://guides.dss.gov.au/guide-social-security-law/3/11/4>.

6.3.1 Participants in the Work for the Dole phase

The number of participants in the WfD phase has varied over time, reflecting both the overall size of the caseload and changes to the eligibility and timing of the WfD phase (Figure 6.3.1). The overall size and composition of the caseload is highly dependent on macro-economic conditions. The proportion of participants in the WfD phase who were in Stream A decreased after the implementation of changes to WfD phase entry (at 1 July 2016 and 1 October 2016) (refer to [Appendix A, Section A2, Table A2.4](#)). Consequently, the proportion of Stream B and C participants rose at the same time.

Figure 6.3.1 Participants in the WfD phase by stream, 1 July 2015 to 31 December 2018 (number)



Source: Departmental administrative data.

Note: Caseload includes those who were active, pending or suspended.

6.3.2 Annual Activity Requirements by participant type

The majority of participants included in the analysis had an AAR of either 390 hours (15 hours per week) or 650 (25 hours per week) hours. Of those who had an AAR, 29.5% had no hours recorded towards meeting the requirement. Reasons for this might include:

- being suspended from service
- meeting MORs through volunteering (for older participants)
- having paid work (for people who are Principal Carer Parents or have a PCW) or
- exiting service before any hours were recorded.

By stream

The majority of those with higher AARs were in Stream A. This likely reflects in part the lower level of disadvantage which may make a higher AAR more appropriate. There are also lower proportions of participants who are Principal Carer Parents and/or have a PCW (who have lower AARs) in Stream A. (Table 6.3.1).

Table 6.3.1 AAR hours at commencement in the WfD phase, by stream (per cent)

Stream	0 hours	200 hours	390 hours	650 hours	Total
Stream A	6.6	6.4	42.1	44.9	100.0
Stream B	21.8	38.6	24.9	14.8	100.0
Stream C	12.8	37.8	33.7	15.7	100.0
Total	10.5	13.7	39.3	36.5	100.0

Source: Departmental administrative data and Research and Evaluation Dataset (RED).

Notes:

1. The study population includes only those on NSA or YA(O) at commencement in service.
2. There were a few participants with an AAR of 130 hours; these are not shown above as the number was too small.

By age

In line with the policy intent, AARs⁴⁶ varied by age of participants whereby younger people generally had higher AARs than those aged 30 or more (Table 6.3.2).

Table 6.3.2 AAR hours at commencement in the WfD phase, by age (per cent)

Age	0 hours	200 hours	390 hours	650 hours	Total
Less than 25 years	16.1	0.0	3.1	80.9	100.0
25 to 29 years	2.1	0.0	10.0	87.9	100.0
30 to 49 years	2.3	26.6	70.9	0.1	100.0
50 or older	24.1	19.6	56.3	0.0	100.0
Total	10.5	13.7	39.3	36.5	100.0

Source: Departmental administrative data and RED.

Notes:

1. The study population includes only those on NSA or YA(O) at commencement in service.
2. There were a few participants with an AAR of 130 hours; these are not shown above as the number was too small.

6.3.3 Activities for meeting Annual Activity Requirements

6.3.3.1 Main activities for participants

Table 6.3.3 shows the main activity type that participants undertook (defined as the activity undertaken for the greatest number of hours).⁴⁷ Part-time and casual employment is the most prevalent main activity of all participants meeting AARs, with the exception of Stream C participants.

⁴⁶ That is, the number of hours the participant is required to undertake to meet their AAR.

⁴⁷ There was a system issue at one point which prevented providers from recording hours which would result in hours recorded using the monthly system slightly underestimating actual hours. Those hours records obtained directly from DHS and those recorded in the diary system (WfD) would presumably not be so affected.

Table 6.3.3 Main activity types undertaken towards AAR, by stream (per cent)

Stream	Part-time/casual paid employment	Accredited education and training	Work for the Dole	Other	Total
Stream A	52.7	24.4	19.6	6.8	100.0
Stream B	41.0	26.0	22.3	10.7	100.0
Stream C	31.4	20.5	15.0	33.1	100.0
Total	50.5	24.5	19.6	8.4	100.0

Source: Departmental administrative data.

Note: The study population includes only those on NSA or YA(O) at commencement in service.

6.3.3.2 Likelihood of particular groups to do certain types of activities as their main activity

Regression analysis was used to determine the particular participants more likely to be undertaking each activity type, all other things being equal.

Part-time employment

Participant groups more likely to undertake part-time employment as their main activity were those with fewer barriers to employment, including:

- people with good English skills
- those who were contactable by telephone
- those with recent unpaid work experience.

Participants with their own transport were also more likely to have part-time employment as their main activity, and this may be because those who were working part-time are more likely to be able to maintain their own transport ([Appendix C, Section C4, Table C4.1](#)).

Accredited education and training (vocational)

Participants more likely to do accredited education and training (vocational) as their main activity included:

- those with poor or mixed English proficiency
- female participants
- those under 30 years old
- those not recently been in the labour force
- participants in non-metro areas.

That participants in non-metro areas are more likely to undertake education and training may be a result of the relative difficulty in sourcing WfD activities in non-metropolitan areas and because of weaker labour markets causing less entry level work. ([Appendix C, Section C4, Table C4.2](#)).

Work for the Dole activity

Participants more likely to report WfD as their main activity included those with good English skills, male participants, people who live in a metropolitan area, those without their own transport, and

those who had recent experience in unpaid work. This could reflect the relative prevalence of WfD activities in metropolitan areas and the fact that people in metropolitan areas are less likely to need their own transport as public transport is more available. ([Appendix C, Section C4, Table C4.3](#)).

6.3.3.3 Reasons for not commencing in an AAR activity

Around a quarter of the analysis sample (24%) who entered the WfD phase did not commence in an activity before exiting the WfD phase. Reasons for this include, but are not limited to:

- leaving service before an activity is selected
- being suspended or exempt from service
- provider–participant meeting to discuss requirements, needs and options
- needing to identify an appropriate activity
- timing of accredited training courses
- availability of suitable interventions/activities
- issues such as transport, costs, caring responsibilities and other requirements
- availability of WfD places if no other activity is selected.

6.3.4 The effect of AARs in promoting income support exits

This subsection details the analysis which examines whether and the extent to which the AAR affects exits from income support, as well as the relative effectiveness of different activity types. It includes people who enter the WfD phase but may or may not participate in an activity.

There is a strong referral effect of AAR, and the earlier of undertaking AAR timing (i.e. six-month compared with 12-month service track) had a significant effect on income support exit rates for Stream A participants, which is detailed below.

6.3.4.1 Exits from income support by stream and track

Exiting income support entirely is the outcome measure used in the following analyses. When considering the findings, it should be noted that a large proportion (around one in five) of Stream B participants remained on income support after a year but had left employment services. Reasons for this would include moving to other non-activity-tested payments (e.g. Parenting Payment Single (PPS) Parenting Payment Partnered (PPP), Youth Allowance (Student) (YA(S)), DSP or age pension).

Income support exit rates 12 months after commencement

Participants who commenced service between 1 October 2015 and 30 September 2017 on NSA or YA(O) and on the six-month service track were more likely to have left income support (than those on the 12-month service track), for both Stream A and Stream B participants (Table 6.3.4). While the effect appears stronger for Stream B participants, this is because only the least disadvantaged participants in Stream B were on the 6-month service track, so the two cohorts are not comparable. No JSCI cut-off was applied to Stream A, meaning that the Stream A participants on a six-month and those on a 12-month service track are more comparable with each other than Stream A is with Stream B.

Table 6.3.4 Income support status (per cent) 12 months after commencement

Service track	Left income Support (%)
Stream A 12-month service track	70.8
Stream A 6-month service track	72.0
Stream B 12-month service track	33.4
Stream B 6-month service track	48.2
Stream C	31.4
Total	60.7

Source: Departmental administrative data and RED.

Notes:

1. Status is calculated 12 months after commencement in employment services.
2. Includes only those aged between 18 and 59 years who were on NSA or YA(O) at commencement in service and commenced service between 1 October 2015 and 30 September 2017.
3. Other restrictions are also made, such as that the participant did not change stream during the period of service that was being examined, to enable comparison by stream.
4. Stream B participants in the six-month service track were the least disadvantaged of Stream B.

Impact of the service track on exit from income support rates

Regression techniques are used in the following analysis to account for differences in the populations including the fact that Stream B participants on the six-month service track were, on average, less disadvantaged and younger than those on a 12-month service track.

Regression shows that Stream A participants on a six-month service track were 1.8 percentage points more likely to have exited income support within a year of commencing in service than those on a 12-month service track (Table 6.3.5). The earlier timing (i.e. six-month compared to 12-month service track) of undertaking AAR had a statistically significant effect on income support exit rates for Stream A participants.

For Stream B, the service track had less of an impact on exit rates (1.4 ppts). The service track is less likely to have an impact on Stream B participants because they are further from the labour market in general so are less able to respond to any threat effect early in service. Regression techniques which account for the differences in Stream B participant characteristics, remove the large apparent effect in the observed results (Table 6.3.4).

Table 6.3.5 Mean marginal effect of six month compared with 12 month track by stream

Service track	Compared with	MME (ppts)
Stream A 6-month service track	Stream A 12-month service track	1.8
Stream B 6-month service track	Stream B 12-month service track	1.4

Source: Departmental administrative data and RED.

Notes:

1. Status is calculated 12 months after commencement in employment services.
2. Includes only those aged between 18 and 59 years who were on NSA or YA(O) at commencement in service and commenced service between 1 October 2015 and 30 September 2017.
3. Other restrictions are also made, such as that the participant did not change stream during the period of service that was being examined, to enable comparison by stream.

For Stream A participants aged between 18 years and 59 years, those more likely to exit:

- had a university education
- had no or less than one year previous income support history
- lived in major cities.

Those less likely to exit include men aged 50 to 59 years, all women and people with disability ([Appendix C4, Table C4.5](#)).

For Stream B participants aged between 18 years and 59 years, those more likely to exit:

- had good English language proficiency
- had a university education
- had their own transport.

Those less likely to exit include men 50 years and over, all women and people living in outer regional areas. ([Appendix C, Section C4, Table C4.6](#)).

These are unsurprising results as these factors have previously been shown to be directly related to the likelihood of exiting income support. The fact that women are less likely to leave income support is associated with the fact that most single parents are less likely to exit and most of them are women. Many single parents continue on benefit, but meet their AAR using part-time employment. Single parents were 6.8 percentage points more likely than those who were not single parents to report part-time or casual work as their main activity ([Appendix C, Section C4, Table C4.1](#)).

6.3.4.2 Relative effectiveness of different activity types during the WfD phase

The following analysis examines the effectiveness of the various types of AAR activities on exiting income support. The measures used are:

- the time taken to exit income support from commencement in the WfD phase
- the probability of exiting income support over time.

Regression analysis is used to estimate the likelihood of participants exiting income support within nine months of entry into the WfD phase.

Median time to exit income support

As shown in Table 6.3.6, it took a median time of 18 fortnights for participants who had part-time/casual employment as their main activity during the WfD phase to exit income support. This may be a result of increased hours in their existing job. It may also be that increased job search results in a new job for these participants, as their recent work experience makes them more employable.

The median time to exit for the remaining three activity types was similar, with accredited education and training slightly longer than a WfD activity. This is likely a result of the attachment effect for training, which results in participants remaining in the activity until completion of the course.

Table 6.3.6 Median time to exit income support, by main activity type (fortnights)

Main activity	Fortnights
Part-time/casual employment	18
Accredited education/training (vocational)	41
Work for the Dole activity	37
Other	44

Source: Departmental administrative data and RED.

Notes:

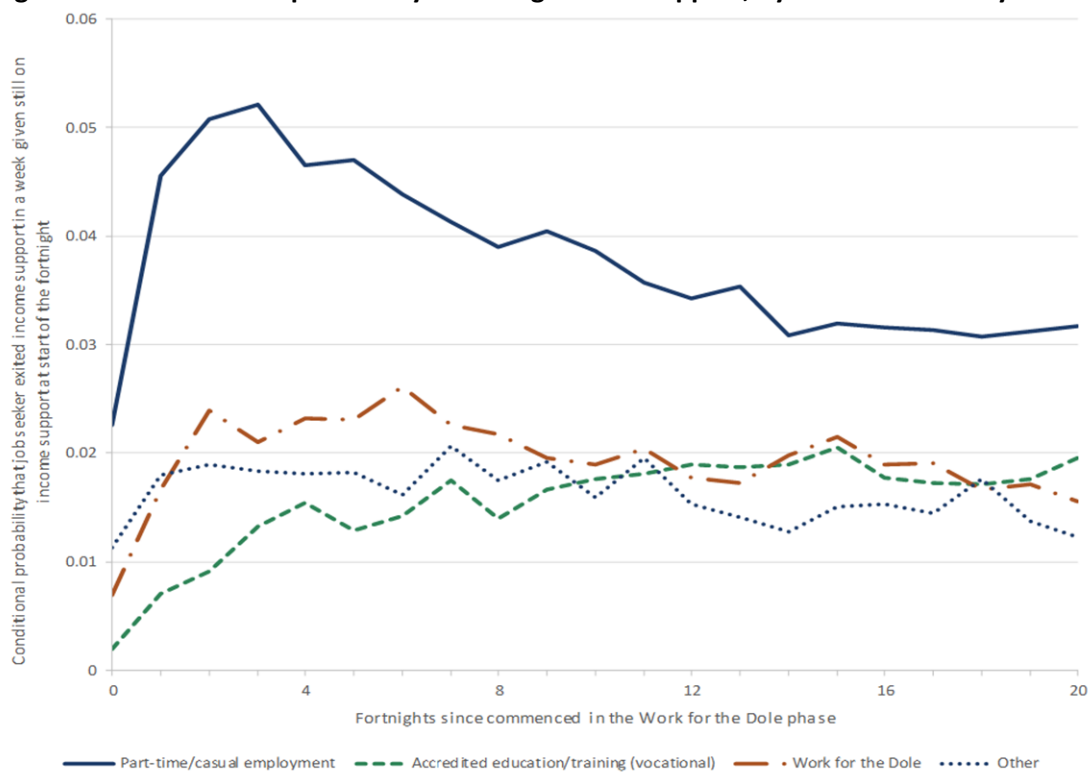
1. Fortnights are measured from when the participant commenced in the WfD phase.
2. The study population includes only those on NSA or YA(O) at commencement in service who had some AAR hours recorded.

Probability of income support exit by main activities undertaken towards AAR

Figure 6.3.2 shows participants' conditional probability of exiting income support – that is, the probability that participants will exit income support within a particular fortnight, given the condition that they had not exited income support in a previous fortnight. The conditional probability was considerably higher for those with part-time employment than for other activity types. The fact that this is especially the case in the first three months suggests that some of these participants are responding to a referral effect.

It should also be noted that by 20 fortnights after commencement in the WfD phase, participants reporting accredited education and training (vocational) were exiting at higher rates than participants in other activities. This fits with the idea that these participants were concentrating on their course during the period of the WfD phase but may have become better able to exit after completion or near completion of their course (assuming most education/training activities are 12-month courses).

Figure 6.3.2 Conditional probability of exiting income support, by main AAR activity



Source: Departmental administrative data and RED.

Notes:

1. The study population includes only those on NSA or YA(O) at commencement in service.
2. This only examines those who did some AAR hours
3. Conditional probability is the probability that an event will occur in a particular fortnight given that it had not occurred in a previous fortnight.

Likelihood of leaving income support by main activities and by streams

Regression analysis, presented in Table 6.3.7, was conducted to predict the impact of particular activities on the likelihood that a participant would exit income support within 270 days (nine months) of commencing an AAR compared with those in a WfD activity.

It showed that participants who undertook part-time employment as their main approved activity were 20.1 percentage points (ppt) more likely to leave income support within nine months of commencing an AAR. This effect was more marked for Stream A participants (who are more job ready). Among those who exited income support early in their AAR would be some who reacted to their AAR requirement by increasing job search to enable them to leave (another dimension of the referral effect). Participants who did accredited education and training were 5.8 ppt less likely to be off income support (see discussion of the attachment effect of education above). Stream C participants who undertook activities in the ‘other’ category were less likely to be off income support, but this likely reflects the longevity of interventions and their relative disadvantage in the labour market.

Table 6.3.7 Income support exits by nine months after entering WfD phase, by activity type (ppt)

Main activity	Compared with	Stream A	Stream B	Stream C	Total
Part-time/casual employment	WfD activities	21.0	18.2	12.7	20.1
Accredited education and training (vocational)	WfD activities	-6.1	-3.5	-7.9	-5.8
Other	WfD activities	5.0	2.8	-4.2	2.4

Source: Departmental administrative data and RED.

Notes:

1. The study population includes only those on NSA or YA(O) at commencement in service who had AAR hours recorded.
2. An outcome measure at 270 days is selected as the optimal time available given the analysis window.

Full results of these regressions are shown in [Appendix C, Section C4, Table C4.4](#).

6.4 Activities commenced prior to the Work for the Dole phase

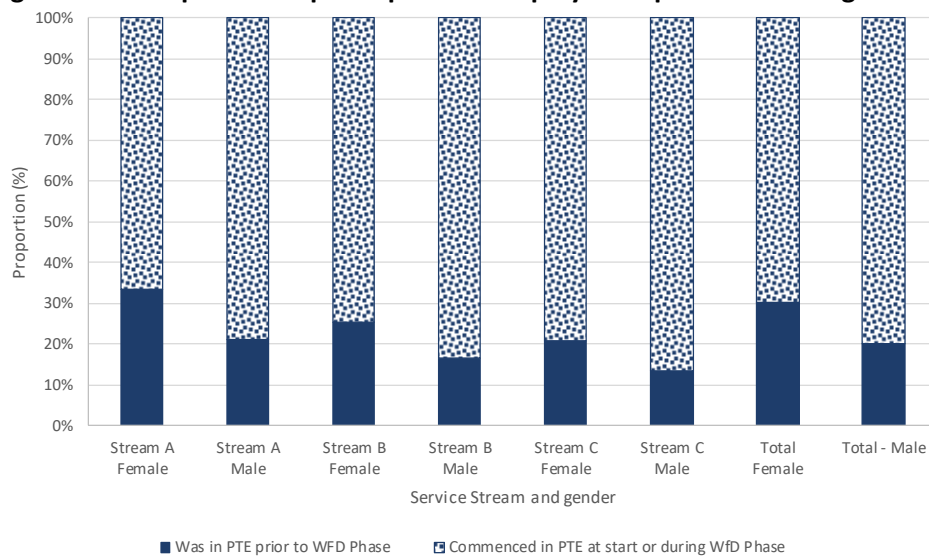
Activities can be done outside of the WfD phase on a voluntary basis. Some participants do these activities in order to become more work ready and increase their job prospects.

6.4.1 Part-time/casual employment

Overall, 60.9% of jobactive participants with recorded AAR hours had some form of employment recorded (this may have been part-time or casual) that covers all or some of their AAR hours. Around a quarter (24.9%) of those who reported part-time/casual employment AAR hours were reporting earnings to DHS prior to entering the WfD phase.

Among each stream, the proportions of participants who had a record of part-time/casual employment prior to entering the WfD phase are Stream A, 26.1%; Stream B, 22.8%; and Stream C, 16.1%. A higher proportion of females than males were already in employment (Figure 6.4.1). These results are based on regular reporting of earnings over the month prior to entry to the WfD phase, irrespective of the magnitude of the earnings. Sensitivity testing of the estimates using longer time frames indicates that many had been working for longer periods beforehand and that the approaching WfD phase was not the main driver of this.

Figure 6.4.1 Proportion of participants in employment prior to entering the WfD phase (per cent)



Source: Departmental administrative data and RED.

Notes:

1. The study population includes only those on NSA or YA(O) at commencement in service.
2. Based on reporting of casual/part time earnings to DHS.

6.4.2 Accredited education and training (vocational)

Around one in 10 (10.2%) of the study population who entered the WfD phase reported some accredited education and training (vocational) hours from the start of the phase, and 13.8% of these participants had commenced in the approved course at least four weeks prior to the commencement of the WfD phase (some were in multiple courses). Note that for this analysis all participants were entering their first WfD phase. It should also be noted that there may have been further courses commenced prior to the WfD phase, which were not approved to count towards AARs.

6.5 Compliance frameworks

The consequences for participants who do not meet their MORs are defined in the compliance framework that is enacted under social security law. At the commencement of jobactive, the system in place was the JSCF, and from 1 July 2018 it was replaced with the TCF.

6.5.1 The Job Seeker Compliance Framework

The JSCF, introduced on 1 January 2015, helped providers re-engage participants who did not comply with their MORs. The framework applied to all MORs including job search, attendance at provider appointments, job interviews, and activities selected to meet AARs. Providers reported non-compliance to Centrelink, which made compliance decisions under the *Social Security (Administration) Act 1999*. Providers had flexibility to choose when to report non-compliance and when to use discretion and other strategies to re-engage or positively influence the participant’s behaviour. Further detail on the JSCF is at [Appendix A, Section A7](#).

6.5.1.1 Impacts of financial penalties on appointment attendance

This subsection explores the effects of financial penalties under the compliance framework in operation through most of jobactive (JSCF) on vulnerable and persistently non-compliant participants in jobactive. It also investigates impacts on providers.

Financial penalties were more effective than income support suspension at re-engaging participants, but did not change participant attendance behaviour in the longer term

The analysis below compared attendance rates for participants who incurred a financial penalty (applied PAR) under the JSCF (which resulted in a financial penalty) with attendance rates for those who incurred an income support suspension (applied Non-Attendance Report (NAR)). The analysis controlled for factors that may impact attendance, including a participant's compliance history, time in employment services and demographic characteristics. This means that any differences in attendance can be attributed to the effects of a financial penalty, additional to a payment suspension or unobserved characteristics, and are not due to factors that have been accounted for in the analysis.

On average, 68.3% of participants who received an applied NAR for missing a provider appointment attended their re-engagement appointment, compared with 72.8% of participants who received an applied PAR. This is a 4.5 percentage point difference, which is statistically significant, indicating that financial penalties are a more effective means of improving participant re-engagement appointment attendance than income support suspensions (Table 6.5.1). While financial penalties result in a small but statistically significant improvement in attendance, this is not sustained beyond the participant's re-engagement appointment. On average, 49.1% of participants who received an income support suspension attended their next contact appointment, compared with 49.3% of participants who received a financial penalty. This difference is not statistically significant, meaning that the effects of a financial penalty, additional to an income support suspension, diminish after the participant's re-engagement appointment. Financial penalties do not appear to change participant attendance behaviour beyond driving attendance at re-engagement appointments.

Table 6.5.1 Appointment attendance rates for participants subject to a NAR or PAR (per cent)

	Re- engagement appointment after NAR (%)	Re- engagement appointment after PAR (%)	Difference (ppt)	Next contact appointment after NAR (%)	Next contact appointment after PAR (%)	Difference (ppt)
Overall	68.3	72.8	4.5*	49.1	49.3	0.2
PAR applied	68.3	77.0	8.7*	49.1	49.0	-0.1

Source: Departmental administrative data

Notes:

1. *Indicates statistical significance $p < .05$.
2. 63.2% of all PARs for participants in this sample were applied.
3. Data is an inflow population that remained in service for a re-engagement and following contact appointment.

Financial penalties have a weaker effect and are applied more often for vulnerable participants

Departmental research indicates that not all participants are equally likely to face compliance action. Indigeneity, being male, having a prior criminal conviction and being younger (< 25) are the most significant predictors of compliance action. Further departmental analysis considered the effects of a financial penalty in addition to an income support suspension for these cohorts of participants. Results for cohorts who are at risk of financial hardship or who may face additional barriers to attending appointments are also included. This is of interest, as disadvantaged participants appear to have higher rates of compliance action and exhibit a lower overall attendance rate than other participants. These results suggest that overall financial penalties can be an effective means of activating participants to attend their re-engagement appointments, compared with an income support suspension. However, the impact is not uniform, and the effectiveness of financial penalties varies across cohorts (Table 6.5.2).

Across all cohorts, participant attendance at the subsequent contact appointment was much lower than for re-engagement appointments, and any difference in attendance for those subject to a financial penalty compared with a payment suspension is not significant. While financial penalties may be more effective at activating some participants, such as sole parents and those in remote and outer regional areas, a financial penalty does not appear to have a significant impact on future attendance behaviour for cohorts most likely to be subject to compliance action. In fact, for ex-offenders and Indigenous participants the impact of the financial penalty (applied PAR) on re-engagement attendance is muted. When attendance at the follow-up appointment is considered, the results suggest that financial penalties may be counter-productive to achieving sustained improvements in engagement for those most prone to non-compliance.

Further, the compliance framework appears to have affected Stream C participants disproportionately. This is concerning because Stream C participants are the most disadvantaged and face the greatest barriers to both appointment attendance and work. As such, it is more important for these participants to comply with their MORs, because financial penalties potentially further increase their levels of disadvantage and impair their ability to attend subsequent appointments.

Table 6.5.2 Attendance rates for participant cohorts subject to a NAR or PAR

Participant group	Re-engagement appointment after NAR (%)	Re-engagement appointment after PAR (%)	Difference (ppt)	Next contact appointment after NAR (%)	Next contact appointment after PAR (%)	Difference (ppt)
Indigenous	69.5	72.4	2.9**	51.7	50.3	-1.4
Ex-offenders	68.8	71.0	2.2**	45.8	41.8	-4.0*
People with disability	67.1	72.7	4.7	44.0	50.7	6.7*
Sole parents	67.3	76.7	9.4**	45.7	50.2	4.5
Remote or regional areas	68.9	77.1	8.2**	53.5	50.9	-2.6
Youth 25–29	66.9	72.1	5.2**	44.9	46.2	1.3

Source: Departmental administrative data, inflow population that remained in service for a re-engagement and following contact appointment.

Notes:

1. indicates statistical significance at the 10% level.
2. ** indicates statistical significance at the 5% level (0.05).
3. The results for people with disability may have resulted in large differentials due to a small sample size.

Financial penalties do not appear to improve appointment attendance for persistently non-compliant participants

The analysis below tested the responsiveness of non-compliant participants to financial penalties. The analysis examined participants who missed four appointments without a reasonable excuse and then received their first financial penalty for missing a fifth appointment. To test the effects of the escalating financial penalties, further analyses were conducted for participants who missed six or more appointments without a reasonable excuse and received a financial penalty for missing a further appointment. Participants were matched on the appointment for which they received their first financial sanction, and the analysis controlled for demographic factors, time in employment services and previous compliance history.

Table 6.5.3 Appointment attendance rates for non-compliant participants

Missed appointments without reasonable excuse	Re-engagement appointment after NAR (%)	Re-engagement appointment after PAR (%)	Diff (ppt)	Next contact appointment after NAR (%)	Next contact appointment after PAR (%)	Diff (ppt)
First financial penalty after 5 missed appointments	66.5	75.6	9.1*	40.5	44.4	3.9
First financial penalty after 5 missed appointments (PAR applied)	66.5	79.4	12.9*	40.5	42.7	2.2
6–9 missed appointments	65.1	73.5	8.4*	43.5	44.1	0.6
6–9 missed appointments (PAR applied)	65.1	76.1	11.0*	43.5	43.8	0.3
10+ missed appointments	60.6	67.2	6.6*	39.8	40.4	0.6
10+ missed appointments (PAR applied)	60.6	72.0	11.4*	39.8	42.7	2.9*

Source: Departmental administrative data, inflow population.

Notes:

1. * Indicates statistical significance $p < .05$.
2. 70.5% of all PARs for participants in this sample were applied.

Participant attendance at re-engagement appointments is significantly higher (9.1 percentage points) following the application of a financial penalty than following an income support suspension at the same point in the employment services period (Table 6.5.3). Where a PAR is applied, attendance at a participant’s re-engagement appointment is slightly higher compared to attendance for all participants who had a PAR submitted by their provider, at 79.4%.

Participant attendance at the contact appointment following the re-engagement appointment, while it is 3.9 percentage points higher for a participant who receives a financial penalty, is not significantly higher than for those who receive an income support suspension. This suggests that introducing financial penalties after five mutual obligation failures may not result in sustained improvements to participant attendance behaviour.

Financial penalties result in significant improvements to participant attendance at re-engagement appointments for persistently non-compliant participants, but do not result in significant increases in attendance at their subsequent contact appointment. The effect of a financial penalty on attendance at both re-engagement and subsequent contact appointments diminishes for more non-compliant participants. This indicates that the escalating financial penalties for continued mutual obligation failures may not be the most effective means of motivating a persistently non-compliant participant to comply with their MORs.

Taken together, these results suggest that persistently non-compliant participants are selective, choosing to attend re-engagement appointments where a financial incentive is attached, but that financial penalties may not drive further changes in participant behaviour. Some non-compliant participants who know the rules of the employment services 'game' display compensatory attendance behaviours when subject to compliance action. Evidence from this analysis suggests they may not exhibit long-term behavioural change, as financial penalties do not appear to be an effective deterrent to non-compliance. A 2017 departmental survey of non-compliant participants found that while the majority were aware that financial penalties were a consequence of non-attendance (61.8%), for almost half of non-compliant participants, knowledge of a financial penalty would not increase their likelihood of attending a provider appointment (48.3%).⁴⁸ These results indicate that for many participants, a financial penalty is not enough to motivate them to comply with their MORs.

6.5.2 The Targeted Compliance Framework

The Targeted Compliance Framework (TCF) is designed to encourage participants to engage with their employment services provider, take personal responsibility for managing and meeting their Mutual Obligation Requirements (MORs), and actively look for work.

The TCF aims to ensure that participants have greater visibility of where they stand in relation to compliance requirements, and only those participants who are persistently non-compliant incur financial penalties while providing protections for the most vulnerable. For providers, the framework also aims to increase efficiency with streamlined and simplified administration, and automation of processes to the extent possible.

Figure 6.5.1 provides a visual overview of the TCF model. The TCF consists of three 'zones', the Green Zone, the Warning Zone and the Penalty Zone. All participants start in the Green Zone and, so long as they meet all their MORs, they will remain in this zone.⁴⁹ Participants enter the Warning Zone once they accrue their first demerit. Each demerit has a six month lifespan, and, if a participant accrues five confirmed demerits and is deemed capable of meeting their requirements at the Capability Assessment (conducted by Services Australia), they will then enter the Penalty Zone. If a participant fails to meet their requirements, without a reasonable excuse, once in the Penalty Zone, they will incur financial penalties. Financial penalties are:

- loss of 50 per cent of fortnightly payment after the first failure in the Penalty Zone.
- a loss of 100 per cent of fortnightly payment after the second failure in the Penalty Zone.
- payment cancellation and a four-week post cancellation non-payment period after the third failure.⁵⁰

Two participant assessments were introduced as part of the TCF, the Capability Interview (administered by Providers) and the Capability Assessment (administered by Services Australia).

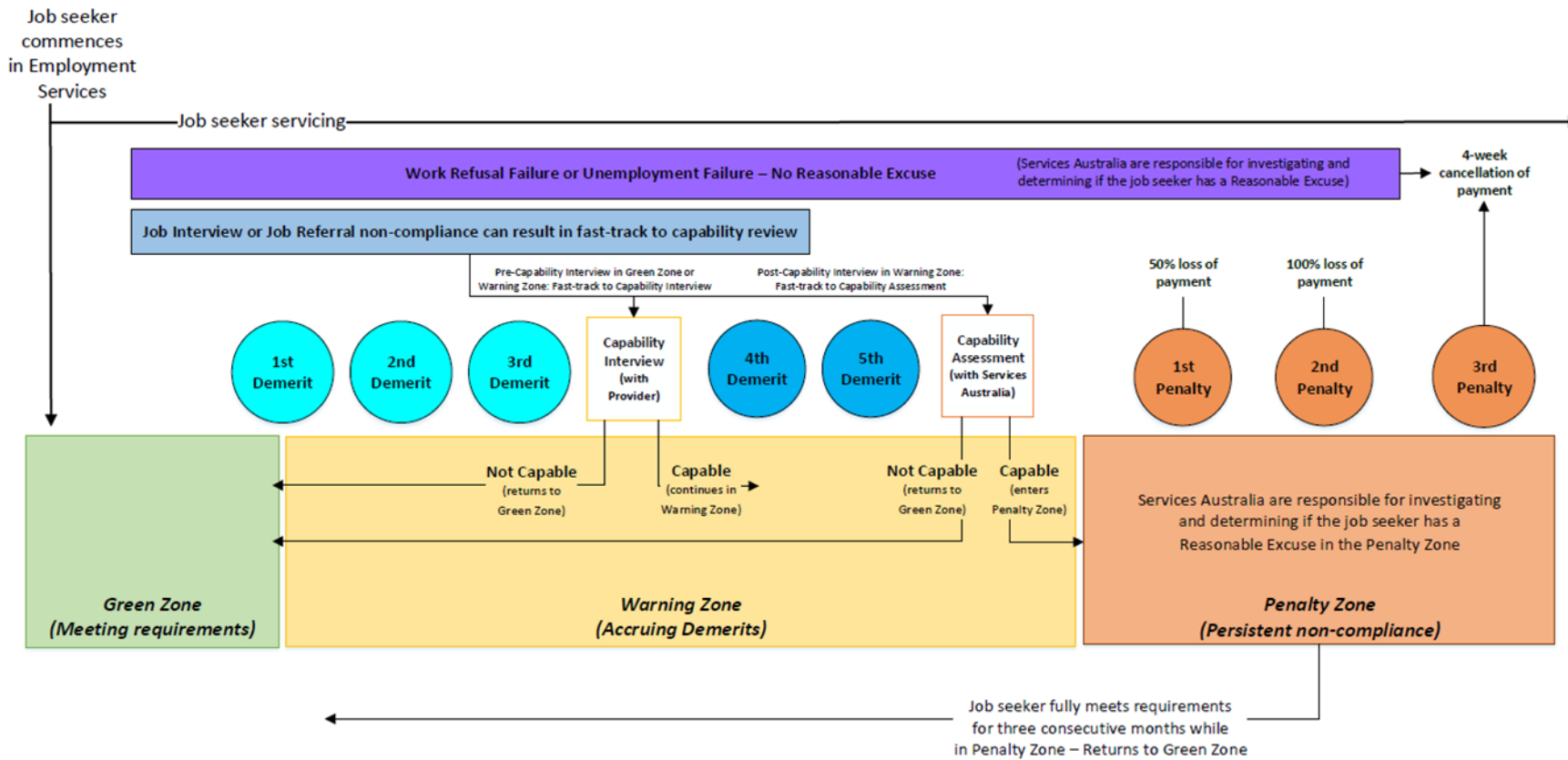
⁴⁸ Department of Jobs and Small Business, Employment Services Post-Program Monitoring and Analysis Section, 2017, Provider Appointment Attendance Fact Sheet.

⁴⁹ Targeted Compliance Framework: Mutual Obligation Failures Guideline v1.1 effective from 10 September 2018.

⁵⁰ Targeted Compliance Framework: Mutual Obligation Failures Guideline v1.1 effective from 10 September 2018, p17.

These assessments are designed as safety nets for participants to disclose any reasons or circumstances preventing them from meeting their requirements. If a participant is being asked to meet requirements that are beyond their capacity their Job Plan will be updated to better reflect their capacity and the participant returned to the Green Zone.

Figure 6.5.1 Targeted Compliance Framework Flowchart



6.5.3 Preliminary Analysis of TCF

The TCF was introduced in July 2018 and the first six months of data is analysed for this report examining its initial implementation. The TCF applies, as did the Job Seeker Compliance Framework (JSCF), to participants in other employment and pre-employment programs including Disability Employment Services and ParentsNext. The analysis below, however, unless explicitly mentioned, covers only jobactive participants between 1 July 2018 and 31 December 2018.

6.5.3.1 Attendance rates

In assessing the effectiveness of participation policy, attendance at employment service provider appointments is used as a proxy for participant engagement. Historically attendance rates have been monitored since job network and Section 6.2.1 examines attendance rates under the 'Job Seeker Compliance Framework'.

For the first six months of the TCF there were 633,293 participants with 3,707,666 appointments in jobactive.⁵¹ Table 6.5.4 indicates the attendance rates for appointments over the first six months of the TCF. The rates in Table 6.5.4 are calculated so as to be comparable with those presented in Table 6.2.1 (comparing attendance rates under JSA and jobactive).

Since the introduction of the TCF there has been an increase in attendance rates overall from 70.6 (Table 6.2.1) per cent to 73.2 per cent (Table 6.5.4) by (2.6 ppts). There are, however, significant differences in the rates of attendance by appointment type. Initial appointment attendance rates dropped from 65.2 to 61.1 per cent, while contact and re-engagement attendance rates increased. The Capability Interview, a new appointment type, during which a provider reviews a participants Mutual Obligation Requirements to determine their appropriateness, has an average attendance rate of 83.2 per cent.

Table 6.5.4 Appointment attendance for jobactive TCF number (thousands) and per cent

	Initial	Contact	Re-engagement	Capability Interview	Total
Number of Appointments ('000)	201	3,174	276	55	3,707
Number attended ('000)	123	2,302	245	46	3,174
Proportion attended (%)	61.1	72.5	88.8	83.2	73.2

Source: Departmental administrative data.

Note: For appointments between 1 July 2018 to 31 December 2018.

This increase in attendance rates (2.6 ppts) is difficult to unpack at this time. An increase in contact and re-engagement attendance rates may in part be due to the automatic creation of non-compliance events in the TCF, which without provider intervention, often lead to suspension of income support payments. This requires a participant to follow up with their provider to have the payment suspension lifted. Yet this may be partially offset by delays and avoidant behaviour as

⁵¹ Those compellable to attend.

indicated by the fall in attendance rates at initial appointments. This maybe because participants are required to review their job plans and familiarise themselves with the new model requirements.

6.5.3.2 Mutual Obligation Failures

Types of Mutual Obligation Failure

The TCF manages Mutual Obligation failures slightly differently to the *JSCF*. A Mutual Obligation Failure (MOF) occurs when a participant fails to meet a Mutual Obligation. This will happen when a participant fails to:

- agree to a Job Plan
- attend or behave appropriately at:
 - provider appointments
 - third party appointments
 - activities
 - job interviews
- satisfactorily meet Job Search Requirements
- act on a job referral.

When a MOF is created due to participant reporting failures, or by a provider, a non-compliance event is created leading to a 'demerit' being created and the participant's payment being suspended. A notification is then automatically sent advising them to contact their provider to address the MOF.

'Fast Track' MOFs are a result of a failure to either act on a job referral or attend a job interview, or misconduct at a job interview. Fast Track MOFs results in 3 demerit points being applied to a participant.

'Unemployment/ Work Refusal' Failures (see Table 6.5.5 for a list of reasons for which these are applied) result in a participant's payment being cancelled with the requirement to serve a preclusion period which cannot be waived. Services Australia is ultimately responsible for applying Serious MOFs and resultant financial penalties which are dealt with outside of the demerit process. They can incur financial penalties regardless of the participants' previous compliance history.

Table 6.5.5 summarises the types of MOFs over the study period. Three reasons account for over 97 per cent of all non-compliance events, these being:

- Job search unsatisfactory effort (37.1 per cent),
- Provider appointment failure to attend (40.5 per cent), and
- Activity failure to Attend (20.4 per cent).

It should be noted that fast tracked MOFs account for only 0.2 per cent and Serious MOFs 0.5 per cent of all failures. In the first six months of TCF operation, there were 8265 participants with 9,260 serious MOFs. In other words, only 1.7 per cent of participants who had a MOF, had a serious MOF.

Table 6.5.5 Mutual Obligation Failures (number and per cent)

Mutual Obligation Failure	Number	Per cent
MOFs	1,690,062	99.3
Job Search Unsatisfactory effort	633,462	37.1%
Provider appointment failure to Attend	691,219	40.5%
Activity Failure to Attend	348,083	20.4%
Misconduct at 3rd Party Appointment	63	<0.1
Misconduct at Activity	1,054	<0.1
Misconduct at Provider Appointment	2,290	0.1
3rd Party Appointment Failure to Attend	3,413	0.2
Job Plan not agreed	10,478	0.6
Fast tracked MOFs	2399	0.2
Failure to Act on Job Referral	268	<0.1
Job Interview Failure to Attend	1,963	0.1
Misconduct at job interview	168	<0.1
Unemployment/ Work Refusal Failures	9260	0.5
Unemployment Failure (DHS raised)	4164	0.2
Work refusal Failure (DHS raised)	5	<0.1
Participant failed to commence suitable job	991	<0.1
Participant voluntarily leaves a job	1693	0.1
Participant failed to accept suitable job	1570	0.1
Participant Dismissed for Misconduct	837	<0.1
Total	1,701,721	100.0%

Source: Departmental administrative data.

Note: For MOFs between 1 July 2018 to 31 December 2018 for jobactive only.

Focusing on the three most prevalent MOF types, Table 6.5.6 provides details on the reason for the MOF as identified by the provider after contacting, or attempting to contact, the participant.

Missing an Appointment/or Activity is primarily affected by a participant having a medical health reason at 10.8 per cent (for appointments) and 21.4 per cent (for activities).

Table 6.5.6 Mutual Obligation Failures – reason for failure (per cent)

Reasons for MoF	Provider appointment Failure to Attend (%)	Job search unsatisfactory effort (%)	Activity Failure to attend (%)
All medical health reasons (combined)	10.8	11.7	21.4
Forgot about requirement/job search	11.5	6.5	7.6
Caring Family duties (combined)	6.5	8.9	9.3
Working on day of requirement	10.8	N/A	12.8
Acceptable reason not identified	N/A	47.3	N/A
No excuse recorded	22.4	3.6	7.4
Other	38.0	22.0	41.5
Total	100.0	100.0	100.0

Source: Departmental administrative data.

Note: For MOFs between 1 July 2018 to 31 December 2018 for jobactive only.

6.5.3.3 Demerits

It is important to note that a MOF does not automatically result in a demerit being applied to a participant. For MOFs in the study period, demerits were applied/removed/actioned as follows:⁵²

- demerit confirmed (36.3 per cent)
- demerit expired⁵³ (36.3 per cent)
- demerit not applied (3.1 per cent)
- demerit removed (50.0 per cent), and
- no action recorded⁵⁴ (1.1 per cent).

6.5.3.4 Capability Interviews and Capability Assessments

For participants who continue to accrue demerits, the TCF has mandated Capability Interviews with Providers and Capability Assessments with Services Australia. These contacts are designed as a safety net to provide additional opportunities for participants to disclose any circumstances preventing them from meeting their requirements. These interactions generally both take place before participants incur financial penalties.⁵⁵ If a participant is being asked to meet requirements that are beyond their capacity their Job Plan will be tailored to be more appropriate.

⁵² Note that these outcomes are not mutually exclusive as a demerit may first be confirmed and subsequently removed for example

⁵³ Expired demerits are demerits that were initially confirmed but have expired either due to the outcome of a CI or CA, or having reached their 6 months limit.

⁵⁴ Primarily a result of a provider not finalising the record before the end of the day.

⁵⁵ Serious MOFs can be reported and applied outside of this process

Capability Interviews

Capability Interviews are carried out by providers after three demerits are accrued in a six-month period. They are designed to assess whether a participant's requirements are appropriate to their individual circumstances and if they are capable of meeting their requirements outlined in the Job Plan/Participation Plan. Only participants who are assessed as capable of, but are not meeting, their requirements continue in the Warning Zone.

As at 31 December 2018, there were a total of 42,707 participants with a Capability Interview (CI) commenced since the TCF was introduced. The following outcomes were recorded for finalised CIs:

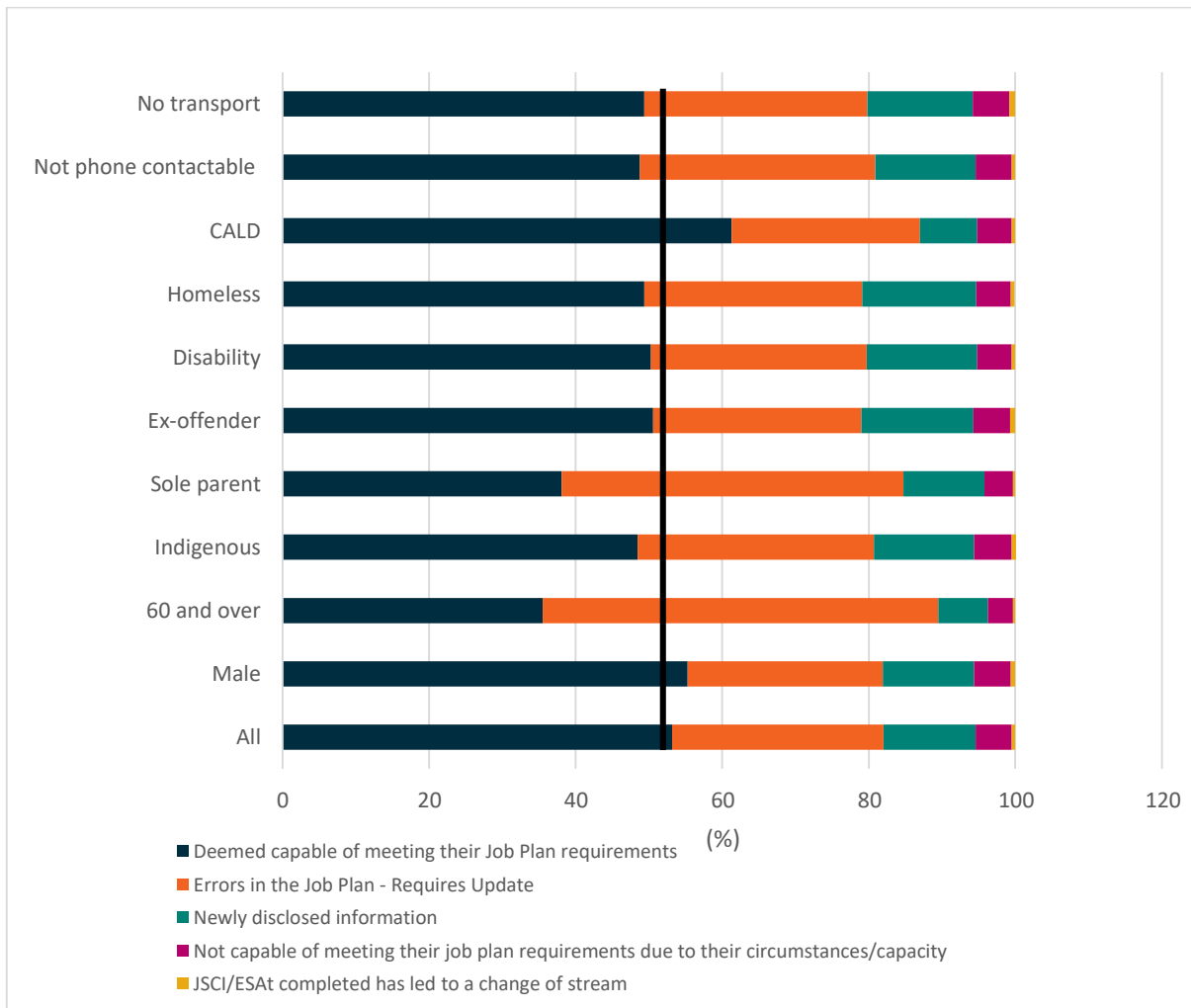
- participant deemed capable (53.2 per cent)
- job plans in error that required an update (28.8 per cent)
- newly disclosed information (12.6 per cent)
- participant deemed not capable (4.9 per cent); and
- assessment recommended stream change (0.5 per cent).⁵⁶

In examining the effectiveness of the Capability Interviews as a safety net, particularly for vulnerable participants, the outcomes of a participants first CI are compared to the average for key cohorts. Figure 6.5.10 shows that participants who were members of vulnerable cohorts were slightly less likely to be deemed capable of meeting their job plan requirements, compared with the average. There were two groups who were much less likely to be deemed capable, and these were people over sixty years old and single parents. Both groups have lower MORs and it could be that this is not properly being reflected in early job plans (especially given that this analysis only deals with the first CI). Participants from a Culturally and Linguistically Diverse (CALD) background are somewhat more likely to be deemed capable (61.3%). Factors underpinning the high rate of non-change for CALD participants are undetermined, but may be associated with language barriers, differences in socialisation, stigma about mental/physical illness and disability, and an unwillingness to question the status quo.

The use of the average simply highlights the variation for these cohorts and there is no assessment of whether an average rate of 53.2 per cent of being deemed capable is an appropriate and acceptable level.

⁵⁶ Note that the department conducts an independent quality assurance audit of CIs and has found that final outcomes are not necessarily correctly classified. For example, 'Job Plans in error that required an update', 36.9 per cent this requirement was not met.

Figure 6.5.10 Capability Interview Outcomes by cohort (per cent)



Source: Departmental administrative data.

Note: For MOFs between 1 July 2018 to 31 December 2018 for jobactive only.

Capability Assessments

Capability Assessments are an integral part of the TCF and provide an independent additional assessment of a participant's requirements and any potential issues that may be affecting their ability to meet these obligations. As at 31 December 2018, 6657 participants had had a Capability Assessment finalised with 83.1 per cent assessed as capable ([Table 6.5.7](#)).

Table 6.5.7 Capability Assessment outcomes (number and per cent)

	Number	Job search unsatisfactory effort (%)
Assessed as capable	5530	83.1
Not capable	1127	16.9
Total	6657	100

Source: Departmental Administrative data.

Note: For CAs between 1 July 2018 to 31 December 2018 for jobactive only.

Services Australia representatives reported that they believed participants were often not telling their provider about barriers to employment or changes in circumstances, which then resulted in a Capability Assessment and, potentially, progress to the penalty zone. In some cases, it was believed that this reflected a lack of trust from participants, and poor relationship building by providers.

... there should have been more done by the provider ... the conversations are not happening ...

(Services Australia Staff)

Financial Penalties

It should be noted that, while there are many more income support suspensions applied under the TCF than the previous framework, income support is back paid once the MOF is addressed in these cases. With the implementation of the CA and CI as safety nets in the system the application of financial penalties, where income support is not back paid is substantially less prevalent.

6.5.3.5 Early views on the TCF

The introduction of the TCF, with demerit points and zones, has reduced the incidence of payment penalties by triggering more timely Capability Assessments to ensure participants are receiving an appropriate level of assistance to help them get a job. The views and experiences of participants who are subject to the TCF and those of employment services providers who are responsible for implementing the it were collected early in the implementation of the TCF.⁵⁷

Participant feedback

Most participants across all zones agreed that there should be some form of compliance system in place with requirements for participants 'to do something' in return for income support, and that people 'shouldn't get something for nothing'.

⁵⁷ In April 2019, the department commissioned Urbis to conduct research with jobactive participants and jobactive providers in relation to the Targeted Compliance Framework.

Most also agreed that the current framework (TCF) provides greater clarity and visibility regarding their compliance status than previous frameworks (JSCF), in particular about accruing demerits and how demerits can result in suspensions and penalties. Generally, participants were positive about this increased visibility, commenting that it is easier to track and to know where they stand.

As you get five chances – with the old scheme, it was harder to see where you are.

jobactive, participant

Most, however, believed that the TCF had resulted in higher rates of compliance action (though these were mainly in the form of payment suspensions rather than financial penalties) in terms of attendance, job searches and reporting. While there was general support behind the idea of the TCF, in practice the regularity with which it was applied was considered difficult for participants who were vulnerable or disadvantaged.

Some common themes that emerged from focus groups with participants across all zones were that the TCF:

- is considered, by some, to be quite negative and demoralising
- does not provide any incentive for good behaviour
- is not sufficiently flexible to take account of people's individual situations.

At the time of the research, many participants were not aware of how many demerits they currently had, or the number of demerits associated with the Amber and Red Zones. It should be noted, however, that this research was undertaken early in the TCF and it is very likely that this would no longer be the case as participants adapted to the new system. A very small number had already learnt from their actual demerit experience.

Quite a few were unsatisfied with and frustrated by their interactions with their provider, including experiences characterised by difficulty in scheduling appointments, difficulty obtaining clear information, and system errors that had resulted in demerits and suspensions.

The impact of suspensions and penalties can be significant. Participants subject to penalties suggested that these should be more gradual, such as a lesser percentage of payment, rather than the whole payment.

Participants described having to borrow money from family or friends, where possible, and having to urgently renegotiate direct debits to avoid additional/default payments. Focus group participants indicated that these periods were also socially isolating.

Provider feedback

Most providers interviewed could see merit in the new compliance framework. One of the main benefits identified was that participants generally have greater awareness about their obligations and what they need to do to be compliant.

I think it is very beneficial. I think it's a good system because it takes the blame away from the provider and everything is recorded, so there's a track record of what's going on.

Provider

Providers believe that the TCF has had positive impacts on some participants, such as faster re-engagement of participants with providers, more participants taking steps to avoid demerits, and more structure and routine for participants.

It leads to a faster re-engagement into the service ... just more communication as well so rather than disappearing, when they're getting those messages, they're calling us more frequently.

Provider

Consistent with participant views, however, several providers reported that the TCF was difficult for some vulnerable participants. Providers reported that many of these participants were really struggling with meeting MORs under the TCF, though it should be noted that these cohorts also found difficulty navigating the JSCF. They reported that some participants were very stressed by the system, felt overwhelmed by the requirements, and in some cases were incapable of meeting even basic mutual obligations.

Some providers believe that, over time, the TCF will be more efficient and easier to administer than the previous compliance framework, but others think that there are still many administrative inefficiencies in the system. Some aspects related to the operation of the TCF are viewed by providers as inflexible, counterproductive and in need of review.

The main issues raised by providers relate to:

- reduced discretion in decision-making
- the need for more valid reasons to cover exceptional circumstances where the provider considers there is good reason to overturn demerits but this reason does not fall into any of the defined categories
- better communication and transparency in relation to Capability Interviews and Capability Assessments

Most providers also spoke of the need to improve communication and processes between themselves and Centrelink. Some providers argued that a closer relationship with Centrelink is critical to support participants who are unwell and challenging and for whom reducing or stopping a payment is going to make their situation worse.

... you know the compliance framework is not going to work, it's not going to change their behaviour.

Provider

Some providers reported that the introduction of the TCF required considerable resources and planning, including attending departmental briefings and training; running in-house train-the-trainer sessions; training all staff on the new requirements and on compliance policies and reporting requirements; and rescheduling internal resources to ensure they align with the requirements, roles and reporting formats and entries. As noted, it is early in the implementation of the TCF, and it is likely that this will become less of an issue into the future as providers adapt to the new system.

6.5.3.6 Conclusion

Both participants and providers generally supported the concept underpinning the compliance framework. The application of the compliance framework is meant to target a small proportion of participants. However, feedback from participants and providers on the TCF raised concern around its impact on the most disadvantaged or vulnerable participants, or participants experiencing personal difficulties, when there is a lack of personalised approach.

6.6 Exemptions and suspensions

6.6.1 Exemptions

Recipients of unemployment payments with MORs are generally required to demonstrate that they are looking for work and are participating in activities to assist them into employment. Participants who are unable to meet mutual obligations can be granted exemptions from mutual obligations by Centrelink. Exemptions from mutual obligations cannot be granted by the department or providers. The most common reasons for which temporary exemptions may be granted include:

- temporary illness or incapacity
- a crisis such as the death of an immediate family member, domestic violence or being homeless
- a disaster at home, such as fire or flood
- short-term care duties for an adult or child.⁵⁸

6.6.2 Suspensions

Suspensions are periods when participants are not required to participate in jobactive, and providers are not required to deliver services to them during that period. While participation in jobactive during a suspension is not required, a participant may agree to do so in some circumstances.

There are a number of ways a participant can be suspended, including where:

- the participant is granted an exemption from Centrelink (covered in the section above)
- the participant is engaging in an appropriate activity or activities to fully meet their MORs
- the participant's earnings reduce their benefit to a zero rate

⁵⁸ Social Security Guide, Version 1.277, section 3.11.5 'Exemptions – overview' at <https://guides.dss.gov.au/guide-social-security-law/3/11/5>.

- the participants' personal circumstances qualify for an exemption from their MORs (covered in the section above), in which case the suspension will generally have no impact on their income support payment.

6.6.3 Exemptions in Job Services Australia and jobactive

This section looks at the application of exemptions between jobactive and JSA. It also examines the effect of various policies on their application.⁵⁹ Refer to [Appendix D, Section D4](#) for the methodology.

6.6.3.1 Job Services Australia and jobactive

The analysis in Table 6.6.1 shows that the overall proportion of exemptions to participants in jobactive compared to JSA fell slightly, but exemptions granted to jobactive participants were more likely to be shorter. Exemptions of 30 days or less make up slightly more than 40% of exemptions in jobactive, compared to 35.8% in JSA.

Table 6.6.1 Exemptions granted for jobactive and JSA, by length of exemption

Length of exemption	Prevalence of exemptions (per cent of population)		Proportion of exemptions given (per cent of exemptions)	
	JSA	jobactive	JSA	jobactive
30 days or less	6.4	7.0	35.8	40.2
31 to 60 days	3.1	2.8	17.4	16.4
61 to 90 days	2.3	1.9	12.6	11.0
More than 90 days	6.1	5.6	34.1	32.4
Total	17.9	17.3	100	100

Source: Departmental administrative data.

Note: In the analysis, the period between 1 October 2015 and 31 March 2016 inclusive was used for jobactive, and the period between 1 October 2012 and 31 March 2013 inclusive was used for JSA.

6.6.3.2 The Work First policy and exemptions

Introduced in the 2017–18 Budget, the 'Faster Connection to jobactive' measure represented a new 'Work First' approach in the income support claim process. This was designed to encourage recipients to make faster connections with employment services providers, improving their chances of finding work quickly. From 1 January 2018, income support payments started from the date a recipient attends their first appointment with their employment service (jobactive or Transition to Work) provider. Previously income support payments were backdated to the date the payment recipient first contacted Centrelink. See [Appendix A, Section A3.5](#) for further detail.

Table 6.6.2 shows that more exemptions were granted after the introduction of the Work First policy, compared to the populations. This was evident across all exemption periods, but the effect was greater for exemptions of 30 days or less and of more than 90 days. The increase in short-term

⁵⁹ Specifically, the Work First measure and the introduction of the TCF.

exemptions may relate to participants applying for short-duration exemptions at the claim of income support to avoid a possible delay in receiving income support payments.

Table 6.6.2 Exemptions prior to, and following the introduction of the Work First measure

Length of exemption	Prevalence of exemptions within the analysis population (per cent of population)		Proportion of exemptions that were of given lengths (per cent of exemptions)	
	Pre Work First	Post Work First	Pre Work First	Post Work First
30 days or less	6.0	6.5	41.1	41.1
31 to 60 days	2.4	2.5	16.3	16.0
61 to 90 days	1.8	1.9	12.3	12.2
More than 90 days	4.4	4.9	30.4	30.7
Total	14.5	15.8	100	100

Source: Departmental administrative data.

Note: In the analysis above, the period between 1 January 2017 and 30 June 2017 inclusive was used to represent the pre-Work First condition, and the period between 1 January 2018 and 30 June 2018 inclusive was used for the post-Work First condition.

6.6.3.3 The Targeted Compliance Framework and exemptions

The TCF was implemented from 1 July 2018. Its early implementation is discussed in Section 6.5.2. Further detail is in [Appendix A, Section A3.6](#).

Table 6.6.3 shows there was a slightly higher proportion of exemptions granted after the introduction of the TCF compared to the pre-TCF populations. This was evident for exemptions of 30 days or less and for more than 90 days. The increase in short-term exemptions may relate to participants applying for short-duration exemptions to avoid accruing demerit points following the introduction of the TCF measure. It is also possible that increases in the prevalence of exemptions during this period were prompted by the Stronger Participation Requirement measure, which increased AARs for some participant groups, and introduced new AARs for others, from 20 September 2018 ([Section 7.2.7](#) and [Appendix A, Section A3.4](#)). Longer-term exemptions were typically work related, such as for NEIS training or undertaking part-time work or full-time study, as well as for participants with longer-term reduced work capacity.

Table 6.6.3 Exemptions granted prior to and following the introduction of the TCF

Length of exemption	Prevalence of exemptions within the analysis population (per cent of population)		Proportion of exemptions that were of given lengths (per cent of exemptions)	
	Pre TCF	Post TCF	Pre TCF	Post TCF
30 days or less	6.2	7.0	39.4	41.9
31 to 60 days	2.8	2.8	17.9	16.6
61 to 90 days	2.0	1.9	12.9	11.7
More than 90 days	4.6	5.0	29.7	29.8
Total	15.6	16.7	100	100

Source: Departmental administrative data.

Note: In the analysis above, the period between 1 July 2017 and 31 December 2017 inclusive was used to represent the pre-TCF condition, and the period between 1 July 2018 and 31 December 2018 inclusive was used for the post-TCF condition.

6.6.4 Suspension reasons in Job Services Australia and jobactive

This section looks at other suspensions typically granted by Centrelink. Table 6.6.4 shows the impact for selected suspension types applied by Services Australia before and after the introduction of jobactive, Work First and the TCF.

Table 6.6.4 Main suspension types recorded for jobactive and JSA

Exemption reasons	JSA	JSA	Jobactive	Jobactive
	Prevalence (per cent)	Mean length (days)	Prevalence (per cent)	Mean length (days)
Domestic violence or relationship breakdown	0.05	36	0.1	43
Temporary Reduced Work Capacity	2.62	79	1.39	83
Partial Capacity to Work	0.36	23	0.18	54
Break in service	47.73	8	65.43	12
Preclusion	5.05	8	2.66	8

Source: Departmental administrative data.

Notes:

1. The period between 1 October 2015 and 31 March 2016 inclusive was used for jobactive, and the period between 1 October 2012 and 31 March 2013 inclusive was used for JSA.
2. Prevalence is calculated as a percentage of the analysis populations.

Participants can also apply to Services Australia for a ‘temporary reduced work capacity’ without loss of income support payments where a participant is unable to work or participate in a suitable activity for eight hours or more per week due to a temporary medical incapacity⁶⁰ which is supported by medical evidence. Following the introduction of jobactive the proportion of these suspensions to the analysis population decreased; however, the implementation of Work First and the TCF saw a gradual return to JSA levels. Compulsory requirements introduced in jobactive for DSP recipients aged under 35 years with a work capacity of eight or more hours per week (without a

⁶⁰ Applies to short-term injuries resulting from accidents and minor ailments such as a cold or influenza.

youngest child under six years) may have been a contributing factor, as compliance was tightened and providers had less discretion in the application of compliance breaches for temporary or short-term medical conditions.

A person undertaking a vocational or non-vocational rehabilitation program may qualify for a 'Partial Capacity to Work' suspension from MORs for six weeks up to a maximum of 208 weeks if they have a job to return to. While the incidence of these suspensions fell between JSA and jobactive, the median length increased, suggesting providers were more focused on supporting participants to remain connected to the workforce. Following the introduction of Work First and the TCF, the incidence of this type of suspension increased but the mean duration was much shorter.

Overseas travel, periods in jail or psychiatric confinement because of criminal charges, connection failures, non-attendance failures, reconnection failures and penalties under the compliance arrangements are generally suspensions applied by Services Australia and recorded as a 'break in services'. The tighter compliance framework applying in jobactive contributed initially to a higher incidence of breaks in service for the analysis populations, with a longer median number of days. Over time, with the introduction of Work First and the TCF, the incidence of suspensions granted to the analysis populations fell but the median length increased. This outcome suggests that participants were more compliant and connected more quickly to avoid possible penalties from more stringent reconnection requirements. For these suspension periods a social security benefit may or may not be payable.

The number of suspensions for a major personal crisis,⁶¹ while relatively small, increased following each policy change, along with the median duration. This trend may reflect a greater community awareness of the impacts of domestic violence and relationship breakdown, with participants more likely to report episodes now that they are no longer seen as a 'private' matter.

Preclusion periods may be applied to, for example, earnings from seasonal work or compensation payments, because participants are expected to use their funds to support themselves before receiving government support. The proportion of suspensions of MORs due to preclusion is lower under jobactive than JSA. This may be in part a result of a stricter requirement in the compliance framework under jobactive, where work refusal failures may result in a payment penalty. It may also reflect the better macroeconomic conditions prevalent under jobactive (Section Policy context – the macro-economic environment 1.4) resulting in more earning opportunities.

This analysis of suspensions shows that the tightening of policy settings around compliance has led to a more consistent and focused approach in connecting and engaging participants with employment services. The tightening of the discretionary powers providers had for dealing with non-compliance has resulted in participants taking greater responsibility for managing their personal circumstances to remain engaged in services and prevent any loss of their payment.

⁶¹ Includes domestic violence, relationship breakdown, death of a family member, and other major disruptions to the participant's home.

6.7 Conclusion

To meet their MORs, participants are required to undertake job search, attend appointments with providers and meet their AAR through undertaking activities during the WfD phase in jobactive.

The default setting of 20 job searches a month for participants with full-time MORs could be changed at the discretion of the provider to a different job search requirement if that is more tailored to individual circumstances. However, this may not have been exercised to the desired extent, as the default settings are rarely changed.

A higher attendance rate for appointments with providers under jobactive than JSA suggests a greater level of participant engagement. In particular, there is higher re-engagement attendance and a large fall in non-attendance without a valid reason. This is likely related to more stringent compliance measures in force at the beginning of jobactive that appear to have been affecting participant behaviour. In addition, participant satisfaction with the services is a strong predictor of attendance rates. On the other hand, the attendance rate is persistently low among Stream C participants, which may be indicative of inappropriate participant requirements, barriers preventing appointment attendance, or disengagement from employment services for the most disadvantaged participants.

The AAR forms part of a participant's overall MORs during the WfD phase. In line with the policy intent, younger participants generally had higher AARs (more hours) than those aged 30 or more, and the majority of them are in Stream A. Part-time and casual employment is the most common activity undertaken, and mostly by participants with fewer barriers to employment. WfD is the default activity to meet AARs when another approved activity has not been chosen. Findings related to WfD activities during the WfD phase are presented in Chapter 7.

A noticeable proportion of participants who had an AAR did not commence in an activity before exiting the WfD phase, for a range of reasons including the need to identify appropriate activities or the availability of activities. Exits from service and income support increase around the time of entry into the WfD phase, indicating a noticeable referral effect.

The analysis found that there is a strong referral effect of AAR, and a significant effect of income support exit rates for Stream A participants from the earlier timing (i.e. six month compared to 12-month service track) of undertaking AAR.

The compliance framework defines the consequences for not meeting MORs. The JSCF was implemented from the beginning of jobactive to 30 June 2018, and followed by the TCF from 1 July 2018.

The more stringent compliance regime under jobactive is likely to have led to a better awareness among participants about their obligations, and a greater level of participant re-engagement. While the initial engagement improved, analysis shows that penalties under the JSCF do not appear to cause longer-term increases in engagement beyond the participant's re-engagement appointment.

Both participants and providers generally supported the concept underpinning the compliance framework. The application of the compliance framework is meant to target a small proportion of participants. However, feedback from participants and providers on the TCF raised concern around its impact on the most disadvantaged or vulnerable participants, or participants experiencing personal difficulties, when there is a lack of personalised approach.

7 The Work for the Dole program

Work for the Dole (WfD) is the default activity to meet AARs when another approved activity has not been chosen. The objectives of WfD activities include helping participants build skills, experience and confidence to move from welfare to work, as well as having them contribute to the community that supports them while they are looking for work.

The provider who has sourced the activity is typically referred to as ‘the lead provider’ and holds the host organisation agreement. Other providers (non-lead providers) may refer participants to an activity in the system once it has been opened up by the lead provider.

Organising WfD activities involved interaction between jobactive providers and/or WfD Coordinators and host organisations until 31 December 2017. From 1 January 2018, the role of WfD Coordinators was abolished. Refer to [Appendix A, Section A3.2](#) for policy changes regarding WfD activities.

7.1 Participants in Work for the Dole activities

At 31 December 2018, a total of 17,781 participants were in WfD activities, representing 2.8% of the total jobactive caseload. Around 20% of people who have an AAR undertake WfD as their main activity (Table 6.3.3).

Table 7.1.1 shows the prevalence of certain types of participants in WfD activities and in the caseload. Relative to the caseload, Stream B participants are more heavily represented in WfD activities (by 10.7 ppt), which is likely because they spend longer in employment services and are therefore more likely to have an AAR. They are also less able to respond to a referral effect of an AAR and leave service and so are more likely to undertake an activity. While the same reasoning would appear to apply to Stream C participants, this is not the case. The likely reason that Stream C is not also overrepresented in WfD is that they are more likely to have non-vocational barriers which make other activities more suitable.

Participants who are under-represented in WfD activities compared to the caseload include:

- those with mental health issues (-4.9 ppt) – which is likely related to their inability to benefit from WfD activities
- parents (-3.7 ppt) – as they are more likely to be in part-time employment
- young participants (-3.5 ppt) – who are more likely to undertake training.

Table 7.1.1 Prevalence of characteristics - caseload compared to WfD participants (per cent)

Participant characteristic	Proportion of total caseload	Proportion people in a WfD activity	Difference (ppt)
Stream			
Stream A	38.7	29.7	-9.0
Stream B	42.6	53.3	10.7
Stream C	16.5	16.6	0.1
Age group			
<25 years	18.2	14.7	-3.5
25–29 years	11.2	12.7	1.4
30–49 years	42.4	45.5	3.0
50+ years	28.1	27.1	-1.0
Other cohort characteristics			
Indigenous	11.3	13.3	2.1
Homeless	10.0	10.2	0.2
CALD	19.0	19.0	0.0
Ex-offender	11.9	13.4	1.5
Refugee	5.4	5.3	-0.1
With disability	27.4	25.4	-2.1
Mental health	13.6	8.7	-4.9
Parents	17.5	13.8	-3.7
SPI	10.1	11.0	0.9

Source: Departmental administrative data.

Note: Data as 31 December 2018.

7.2 Operation of Work for the Dole

7.2.1 Referral to a Work for Dole activity

The following sections use data from the PPM Work for the Dole Referral Survey in 2017–18. Respondents to this survey had been referred to a WfD activity, but may, or may not have had an AAR⁶² and may or may not have actually commenced in the activity.

7.2.1.1 Outcomes of referral

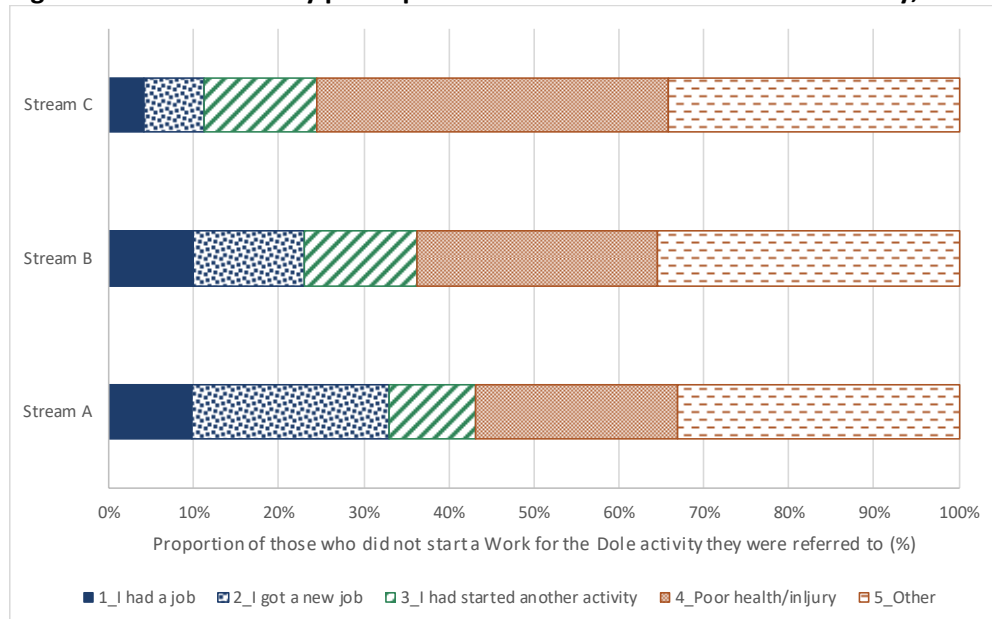
Around a quarter (24.7%) of respondents indicated that they did not commence in the WfD activity to which they had been referred (22.7% Stream A, 23.6% Stream B and 30.2% Stream C participants).

Of these, a third of Stream A respondents (33.0%) reported that they did not commence as they either had a job or started in a new one. This compares to around a quarter of Stream B respondents

⁶² Around 98% of respondents in this survey did, however, have an AAR.

(23.0%) and 11.3% of Stream C respondents. This is indicative of the comparative job readiness of Stream A respondents and their ability to respond to the 'referral' effect of a WfD activity (Figure 7.2.1). Figure 7.2.1 also shows Stream A participants are much more likely to be in employment when they are referred. Stream C respondents are much more likely to not commence in a WfD activity because of poor health or injury.

Figure 7.2.1 Reasons why participants did not commence in a WfD activity, 2016–2017



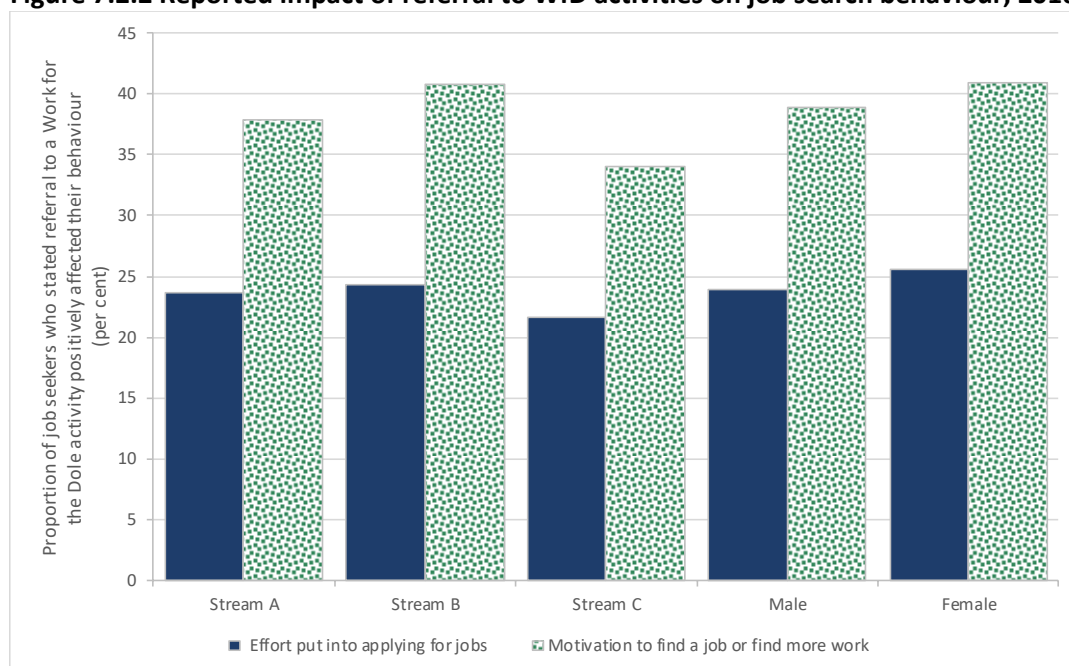
Source: Department of Education, Skills and Employment, PPM Work for the Dole Labour Force Survey 2017.

7.2.1.2 Effect on job search behaviour

Respondents in the survey were more likely to report that referral to a WfD activity increased their motivation to find a job or more work, as opposed to increasing the effort they took in applying for jobs (Figure 7.2.2). This indicates that many respondents did not see a benefit in further effort or may also not have had time to increase job search effort while engaged in the WfD activity.

Stream A and B respondents were slightly more likely to report that being referred to a WfD activity had led them to increase their job search effort (23.7% and 24.3% respectively), compared to Stream C respondents (21.6%). However, the difference in the effect on motivation was more pronounced (37.8% for Stream A and 40.8% for Stream B compared to 34.0% for Stream C).

Figure 7.2.2 Reported impact of referral to WfD activities on job search behaviour, 2016–2017



Source: Department of Education, Skills and Employment, PPM Work for the Dole Labour Force Survey.

7.2.1.3 The referral process

Providers described referring participants to a WfD activity, including attendance days and times, as ‘three-way communication’ that included themselves, participants and host organisations. These types of collaborative interactions are important in order to align activities with participants’ AARs and personal circumstances, as well as host availability.

Both host organisations and participants, however, reported issues with the referral and commencement process. Host organisations stated that at times providers failed to align participant referrals with the hosts’ operational requirements, although these are clearly stated in the Employment Services System (ESS) and communicated to the provider. Providers also reportedly sometimes refer participants with significant barriers that are inappropriate for the requirements of the activity.⁶³

7.2.2 Commencements in Work for the Dole activities

Between 1 July 2015 and 31 December 2018, there were 428,734 commencements in WfD activities. Participants may be placed in an individual place or as part of a group placement. Individual hosted activities are WfD activities designed to be undertaken by a single participant, while group-based activities involve several participants with each undertaking.

Two-thirds (66.6%) of all commencements were in individual hosted places. The majority of commencements continued to be with not-for-profit host organisations (87.3%) (Table 7.2.1).

⁶³ Work for the Dole 2018–19 qualitative research round.

Table 7.2.1 WfD commencements by host organisation and placement type (per cent)

Type of organisation	Individual	Group based	Total
Not-for-profit organisation	89.0	84.0	87.3
Education institution	0.5	1.2	0.8
Volunteer organisation	1.5	1.0	1.3
Aged care	0.7	0.4	0.6
Council	0.4	2.4	1.1
State government	0.4	0.9	0.5
Other	7.5	10.1	8.4
Total	100.0	100.0	100.0
Number of commencements (N)	285,601	143,133	428,734

Source: Departmental administrative data.

Notes:

1. The 'Other' category includes community councils, disability care, federal government, institutions, specific provider, and not elsewhere classified.
2. For placements between 1 July 2015 to 31 December 2018.

Non-lead providers referred 13.4% of WfD participants. For 52.3% of those referred within the lead provider organisation, the provider site was also the lead provider (Table 7.2.2).

Table 7.2.2 Comparison of lead and referring providers for WfD commencements. (per cent)

	Different site	Same site	Total
Different organisation	13.4	0.0	13.4
Same organisation	41.3	45.3	86.6
Total	54.7	45.3	100.0

Source: Departmental administrative data.

Note: For commencements between 1 July 2015 and 31 December 2018.

7.2.2.1 Work for the Dole activity industries

There are 13 system codes that can be used to describe the industry of a WfD activity, and providers can apply an unlimited number of industry codes to the same activity. The majority (75.1%), however, were coded with a single industry code, with a further 14.7% using two codes.

Table 7.2.3 shows the prevalence of activities, places and commencements in each industry. While retail (op shop store) represented the highest proportion of activities, higher proportions of available places and commencements occurred in building and construction, warehousing, gardening and property maintenance, and manufacturing. This is because, on average, these types of activities had a larger number of places available.

Table 7.2.3 WfD activities, places and commencements by industry (per cent)

	Activities (% of total activities)	Places available (% of total places)	Commencements (% of total commencements)
Retail (op shop store)	32.3	24.0	24.5
Gardening and property maintenance	21.7	25.0	24.8
Administration/office work	17.6	14.3	14.8
Warehousing	8.8	11.0	10.8
Building and construction	8.8	17.4	17.8
Cleaning	8.7	8.5	8.2
Kitchen/café duties	6.9	6.5	6.4
Arts and craft	3.9	7.2	6.9
Foodbank (pantry for charities)	2.6	3.4	3.7
Manufacturing	2.6	5.6	5.5
Working with animals	1.6	1.8	1.7
Retail (grocery store)	1.1	1.4	1.5
Community newspaper	0.6	1.3	1.8
Other	10.6	12.4	12.0
Total number (N)	41,145	248,210	428,734

Source: Departmental administrative data.

Notes:

1. The 3.4% of activities for which no industry code was provided are excluded from the table.
2. An activity may be coded to more than one industry type, so it may appear in the table multiple times. This is the case for 21.5% of the activities analysed.
3. For commencements between 1 July 2015 and 31 December 2018.

7.2.2.2 Work for the Dole Coordinators

In the early period of jobactive, WfD Coordinators were contracted to ensure there were sufficient WfD places. In all employment regions, WfD Coordinators:

- sourced suitable WfD activities in not-for-profit and government organisations to help prepare participants for the work environment
- organised individual hosted and group based activities
- connected host organisations with providers.

WfD Coordinators were the first point of contact for potential host organisations that wished to offer WfD places, although providers were also able to source places independently of WfD Coordinators. In the first two years of jobactive’s operation, the demand for WfD places did not reach the anticipated 150,000 per year, as more participants than anticipated chose alternative activities. This, as well as the fact that providers were sourcing many of their own places, meant a reduced need for WfD Coordinators. To remove administrative duplication, WfD Coordinators ceased on 31 December 2017. Since then, providers have been required to source and fill WfD places to meet their caseload needs, collaborate with other providers and engage with existing and

potential host organisations. Providers must ensure that the WfD places ‘cover a wide variety of participants with different characteristics, needs and limitations’.⁶⁴

WfD Coordinators sourced around three-fifths of WfD activities (60.1%) and placements (59.6%). From 1 July 2015 to 31 December 2017 (when they ceased), there were around 329,000 WfD commencements, of which WfD Coordinators sourced almost three-fifths (59.6%).

The cessation of the WfD Coordinators appears to have had little impact on the operation of WfD activities. In the 2018 WfD qualitative fieldwork, overall, providers reported little impact from the cessation of the WfD Coordinator role.

I think it’s better ... I thought it was a waste of money ... There was no point in the Work for the Dole Coordinator because we were still responsible for everything ...

Provider

Overall, providers and hosts indicated that, aside from some additional administration, direct communication after the cessation of the WfD Coordinator contracts was positive, with accurate and timely distribution of information and enhanced administration processes, including around safety and risk assessments.

7.2.3 Host organisations

Providers noted that, in general, host organisations are attuned to the local labour market and understand the key objectives of WfD. Providers emphasised the importance of sourcing and establishing WfD activities that meet host organisation operational needs and offer meaningful work-like activities that are ‘going to be good for participants and ... community benefit’.

They know the labour market ... It helps when you’ve got a host organisation that is attuned to what Work for the Dole is, what the projects should represent and contribute to the community.

Provider

Providers stressed the importance of host organisations that are not only ‘easy to deal with administratively’ but also have ‘the capacity to participate as a full-blown host in the program’.

... one of the things we look for now is, does this host have the capacity to be a really good partner with what we need from them in terms of timely information about attendance and participation and resolving problems ...

Provider

⁶⁴ Work for the Dole Guideline, Version 2.1, effective 1 January 2018.

7.2.4 Host agreements

Host agreements must be in place prior to activities commencing. Providers and hosts are familiar with the time frames and processes involved in negotiating, or renewing, host agreements.⁶⁵

Because, we've been doing it, the same activity over again, it's been fairly straightforward ... we sort of know roughly when a program's coming towards an end. If we're going to do another one, we start the process again, do the risk management, do all that sort of stuff, so no, it's not too bad.

Host organisation

Hosts and providers indicated ensuring that activities enable participants to meet AARs and support the needs of host organisations is an important part of negotiations prior to signing host agreements. These interactions are also opportunities to ensure that hosts have capacity to provide sufficient supervision and activities that are sustainable for six months.

7.2.5 Participant supervision

Providers indicated that they were ensuring that host organisation supervisors are appropriately qualified and that relevant checks as specified in the jobactive Deed or other statutory requirements are carried out. Qualitative research (2018 WfD fieldwork) suggests that, overall, these processes are working well, and that appropriate levels of supervision, as well as suitably qualified supervisors, are mostly in place. Most participants interviewed suggest that appropriate levels of supervision are in place and that host organisation supervisors have the necessary skills relevant to the WfD activity tasks.

We had a good boss there.

WfD participant

However, there were critical comments from a minority of participants indicating that, at least on some occasions, the WfD supervisor for their activity lacked the necessary skills or that interactions with participants were poor.

Some providers expressed the view that it was appropriate for host organisations to bear some responsibility for ensuring that supervisors are adequately qualified. Providers interviewed noted that, without appropriate supervision, activities either are terminated or do not proceed.

... the supervisor is employed by the host. However, I do meet with them and if I don't think that they're good for that activity, or good for that role, I'll tell the host.

Provider

⁶⁵ 2018 WfD qualitative research.

7.2.6 Work for the Dole fees

Effectively, providers operate as intermediaries between the department and host organisations and are responsible for ensuring timely payment of WfD fees to help hosts offset the costs of running an activity. Providers must ensure that host organisations understand that WfD fees do not constitute a guarantee of recurrent funding and are not a form of ongoing support for operations.

Providers interviewed for the 2018 WfD research clearly understood these requirements and, to circumvent any difficulties, used the host agreement to ensure that host organisations were aware of the WfD fee structure as well as their responsibilities in delivering WfD activities, particularly in relation to acquittals for group-based activities.

We also add things into it [host agreement] like our own table on what payments they're going to get when the activity is pro-rated so there's no surprises ...

Provider

Research indicates that activities that change little over time require little renegotiation.

In most cases, providers described their commitment to WfD fees as a 'policy' designed to ensure that host organisations will get the full amount that they can possibly get: 'We don't hold anything'.⁶⁶ However, representatives from some of the host organisations interviewed indicated that providers typically remained in control not only of the way in which payment time frames were structured, but also of the amounts available to hosts from the WfD. Conversely, there were reports of host organisations that had a set fee to deliver their particular activity. Some hosts called for 'fixing' of payments for hosts.

I kind of wish the Department may say [sic], 'Look, you've got a paid supervisor ... regardless you're going to get \$500, or you're going to get \$700,' because I'm sick of fighting with providers over that fee.

Host organisation

The implementation of a more rigid approach to provider payments comes with limitations, such as an inability of providers to negotiate 'best price' WfD places. However, it would give hosts a better idea of what WfD places might be worth for them.

7.2.7 Stronger Participation Requirements measure

The Stronger Participation Requirements measure was introduced as part of the Working Age Reforms in the 2017–18 Federal Budget. Under this measure, from 20 September 2018, AARs were changed for some participant groups. The Stronger Participation Requirement measure increased the AARs for some participants, and, introduced AARs for people between 60 and pension age (who had not previously been subject to them). [Appendix A, Section A3.4](#) provides more detail about this measure.

⁶⁶ Provider qualitative fieldwork.

At the time of the fieldwork, in June 2018, some providers and hosts raised concerns regarding the upcoming changes – first, that some host organisations might be unable to support the increased levels of AARs for some participants, which might result in some disengaging from delivering WfD activities, or that it would place the host organisation under excessive financial strain.

I've just had some information this week that going forward a lot of the smaller community activities, they won't be able to afford 25 hour places. They'll be struggling. So, we're going to lose a lot of potential hosts as a result of that because there's no room for 15 hours ... the hourly requirements is problematic for everyone to meet their requirements.

Provider

And I believe that's changing and they're all going to 25 hours ... which takes the shine off the scheme ... 25 hours a week is four days so we're still getting the same amount per person, but our supervisor has got to be engaged for another two days a week. So, what is going to happen is that we're going to run out of funds to do jobs ...

Host organisation

7.2.8 Participant engagement in the Work for the Dole activities

This section examines a range of factors that affect engagement in WfD activities. These factors can include issues around the policy and who it targets, the types of available activities and participant barriers to participation.

7.2.8.1 Completions of WfD activities

During 1 July 2015 to 31 December 2018, the completion rate of WfD activities was 28.2%. Participants may not complete their WfD activity for a variety of reasons. Table 7.2.4 uses administrative data exit codes for WfD activities from 1 July 2015 to 31 December 2018.

Table 7.2.4 Completion and exit reasons for WfD activity commencements (per cent)

Exit code	Females	Males	Total
Successful completion of activity/Met AAR	28.3	28.1	28.2
Moving to more suitable activity	21.6	20.4	20.8
System close 28 days/Closed by system	19.9	20.3	20.2
Did not finish/Found employment	17.3	19.4	18.6
Exempt from participation in activity	7.8	6.4	6.9
Other	5.0	5.4	5.3
Total	100.0	100.0	100.0

Source: Departmental administrative data.

Notes:

1. For exits between 1 July 2015 and 31 December 2018.
2. 'System close 28 days' indicates the placement was closed using a system update due to it being 28 days past the specified end date of the activity. This usually occurs when the employment service referral ends, which may be due to the participant being exited from service or transferring providers. Some of these may also represent completions that have not been updated in the system. The degree to which this is the case has not been established.

The fact that 'moving participants to a more suitable activity' is the most common reason for exiting before completion (Table 7.2.4) may indicate that there is scope to improve the matching of participants to activities. As well as helping to manage participant expectations in relation to WfD activities, this could also encourage more positive engagement.

7.2.8.2 Personal barriers to participation

A considerable body of research about the barriers to participation as identified by providers, host organisations and participants has been gathered over the life of WfD in jobactive (and in previous iterations of the policy). The factors explored here draw on the 2018 WfD qualitative research. The research highlights the personal barriers that some participants experience which affect their engagement in WfD activities.

The stigma associated with the concept of WfD was a significant barrier for some participants. For some participants, the perceived stigma of WfD activities not only impacts on their participation but also has a negative impact on employer attitudes, which can limit employment outcomes.

... the name itself is ... awful ... got a real connotation of the useless, unemployable ... it makes it harder [to find work].

WfD participant

The view that WfD is a punitive program is prevalent among some participants. Some participants also resented the fact that some organisations appeared to be benefiting unnecessarily from WfD.

It was repair and I thought this about the [...] Club ... even though it's Council land and community sort of thing, the [...] Club ... they're rich people ... this is not

really helping a community who needs help ... I think they could raise the money
by other ways ...

WfD participant

Broader societal factors reported by providers and hosts as a barrier to participation include the difficult life circumstances of some participants (e.g. homelessness, drug and alcohol use, domestic violence, family breakdown, mental health issues, or physical limitations). Some hosts said that providers should make more effort to ensure that these barriers are considered when referring participants to a WfD activity.

... I've seen people referred to us and they've been homeless ... How can a homeless person possibly do Work for the Dole ...? I've had people with a mental illness ... They're freaking out and they don't want to come back ... Things like family bereavement and things like that have also affected them ... Their life circumstance was not up to coming in here for 15 or 25 hours a week.

WfD host organisation

Providers and hosts acknowledged that there are some difficulties associated with participants' ability to balance meeting their AARs and MORs, particularly for participants with family or other caring responsibilities. Some participants also reported that this can be challenging. Some providers and hosts reported that attending a WfD activity actually prevents some participants from looking for work. This is particularly the case for those with an AAR of 25 hours per week.

The most significant issue raised by participants is that when the AAR requirement is 25 hours a week for attending a WfD activity this means it is more than three full days but less than four full days. More challenge is involved when attendance at a WfD activity cannot be undertaken in complete days – i.e. rather than attending an activity for three full days and several hours on a fourth day in order to meet their AARs. This creates frustration for participants because it limits the time available for other MORs, such as job searches and results in additional cost. This is particularly the case where participants are reliant on public transport or in areas where public transport is limited or costly. Many participants noted that the Approved Program of Work Supplement (APWS) of \$20.80⁶⁷ per fortnight was completely insufficient to cover transport costs, particularly in regional areas where there are limited public transport options. The APWS has not been increased, even in nominal terms since its introduction in 1998. Hosts and providers also noted that access to, and cost of, transport can be a barrier to participation and that the fortnightly APWS was not sufficient to cover transport costs.

The what, \$20 we get extra? That doesn't even cover my bus ... Sometimes I walk
it just to save, it's 7.7km one way ...

⁶⁷ Eligible participants receive an Approved Program of Work Supplement of \$20.80 per fortnight while they are undertaking Work for the Dole Activities to assist with the costs of participating in the activity, such as travel. (Work for the Dole Guideline, p. 5, https://docs.employment.gov.au/system/files/doc/other/work_for_the_dole_5.pdf.)

7.2.8.3 Activity matches are central for positive engagement

Data from a range of sources indicates that a central factor associated with positive participant engagement is the extent to which they are in activities that align with their interests or their capabilities.

Capabilities

The 2017 JSEES research reported participant concerns that providers sometimes failed to match them to activities that suited their interests or that took into account any physical limitations.⁶⁸ The 2018 WfD Community Benefit research similarly found that provider staff are not always ‘on the front foot’ when assessing a participant’s capabilities or interests. The same research noted that participants tend to be less motivated to engage in an activity that they feel does not align with their interests or that they do not like, or if they are poorly informed before starting the activity.

Some participants with tertiary qualifications reported that the tasks associated with the WfD activity they had undertaken were ‘dumbed down’ and, as a result, provided little benefit in terms of skill development or any employment pathway.

Seeing benefit for the community

Hosts and providers have also pointed out that participants can hold negative attitudes towards attendance and completion if they do not see the activity as providing community benefit or as meaningful work that develops new skills.

... sometimes it’s about that they really don’t like the Activity ... they can’t see the community benefit for it ... they’ll think it’s a waste of their time.

Provider

7.2.8.4 Perceptions about Work for the Dole and non-compliance

There was evidence of resistance to WfD as a concept. This negative perception, combined with MORs and AARs, and the time commitment of WfD, could have consequences for engagement, and ultimately compliance. This can be exacerbated with vulnerable clients.

So, I think that’s what our consultants really wrestle with is that, you know, I was just getting so close and then they’ve got to put them into 25 hours of activity.

Then they disappear for a few months. Or it starts that non-compliance cycle again ... that’s for some of the caseload.

Provider

⁶⁸ 2017 Job Seeker Experiences of Employment Services – Qualitative Research, p. 62.

Overcoming stigma associated with Work for the Dole

Most providers described the preparatory interactions with participants as an opportunity to overcome resistance or negative views of WfD and promote the benefits of participation, noting that this could be a difficult conversation. Strategies to get participants on board included reframing WfD participation as ‘work experience’ or as a ‘work placement’ and emphasising the participant and community benefits of the activity.

I think our [participant] CVs may have been changed to say work experience or work placement. I’m sure some of our [consultants] ... have probably got a bit creative in how they tackle CVs and resumes ... The conversation, when you have it with a job seeker, about you’re now required to do Work for the Dole, it can be challenging. And only our very best work coaches are able to explain that it will help.

Provider

7.3 Benefits of Work for the Dole activities

Two key, interlinked objectives underpin WfD activities. These are to benefit participants by providing work-like experiences that help to build their skills and confidence, and to realise a benefit to the community. This section considers data from the PPM surveys, the JSEES surveys and the 2018 WfD Community Benefit research and presents the views of participants, providers and host organisations about the perceived benefits of WfD activities to those who participate in these activities.

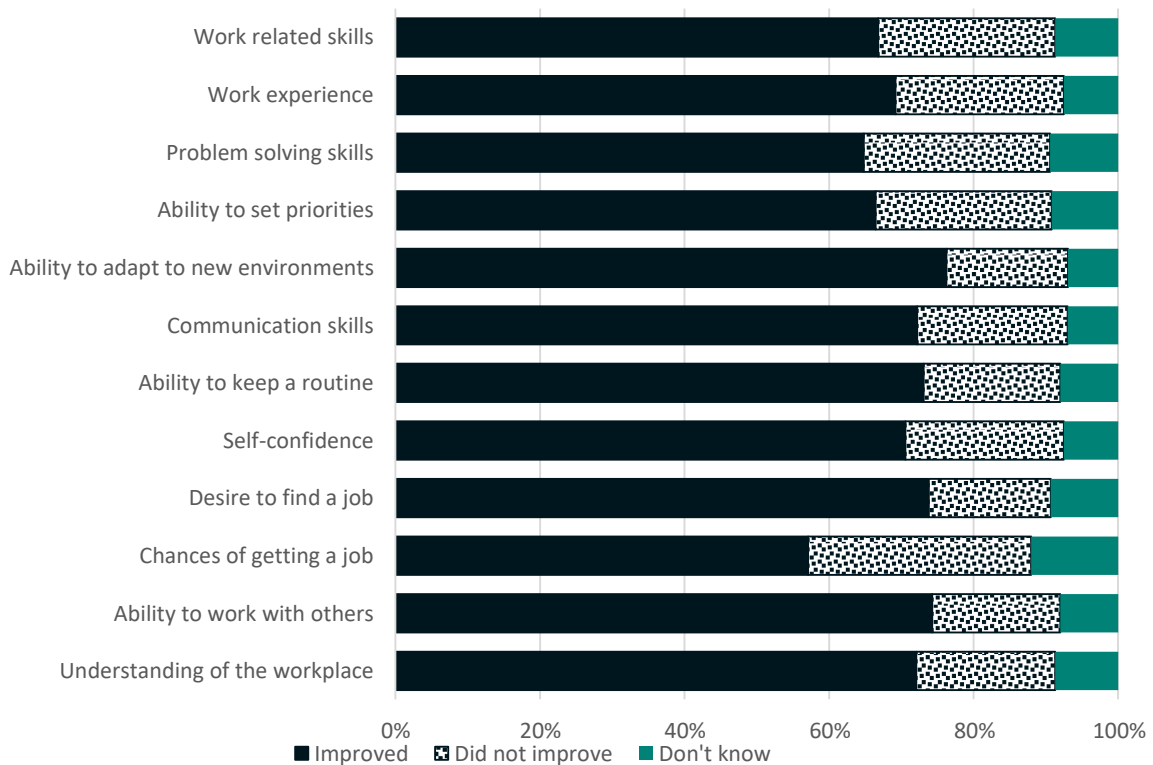
7.3.1 Improving skills

According to the 2016–17 PPM WfD Skills and Satisfaction Survey data, the majority of respondents who undertook a WfD activity reported that many aspects of their skills had improved as a consequence. The extent of improvement varied, with around four out of every five participants noting improvement in their ability to:

- work with others (78.0%)
- keep a routine (76.0%)
- adapt to a new environment (80.5%).

Respondents reported that other skills had improved to a slightly lesser extent, but fewer still felt that the experience had improved their chances of getting a job (60.8%) (Figure 7.3.1). Respondents aged under 25 years were more likely to report that their skills improved in most aspects (e.g. work skills, work experience, problem solving, setting priorities, ability to adapt to new environments, and communication) than those who were older.

Figure 7.3.1 Respondents' views about skills improvement from WfD activities



Source: Department of Education, Skills and Employment, 2016–17 PPM WfD Skills and Satisfaction Survey.

7.3.2 Work-like experiences

The WfD guidelines state that a WfD activity must focus on providing participants with work-like experiences and with skills that are in demand in the local labour market, including training relevant to, or a prerequisite for, the activity.⁶⁹

The 2018 WfD qualitative research found that participants held predominantly positive views about the work-like nature of WfD activities they had undertaken.

... I haven't used tools for so long, since high school really, and it just gave me a little bit more confidence with tools ... and, if they [potential employers] say any experience with tools, I can say yes.

WfD participant

One of the most significant benefits participants described is that WfD activities help them understand the expectations associated with work and establishing a routine.

... all right, this is work life. We can't be late for meetings; we can't be late for Work for the Dole. We've got to show up.

⁶⁹ Work for the Dole Guideline, Version 2.3, effective 2 July 2018, p. 13.

WfD participant

7.3.3 Pathway to employment

People who participated in the 2018 WfD Community Benefit research expressed mixed views regarding the extent to which participation in WfD activities acted as a pathway to employment or provided opportunities for employer interactions.

7.3.3.1 Some thought Work for the Dole could provide a pathway

For some, the work-like experience and skills gained through a WfD activity helped them connect with the community and linked them to employment opportunities. Others indicated that the WfD activity helped them address barriers, and contributed to increased employer interest.

... when I added this Work for the Dole ... they [employers] started asking about it
... It's pretty nice.

WfD participant

An important benefit from the WfD activity for some participants was awareness of occupations that they otherwise would not have known of or considered.

I had no idea about like the blacksmithing ... I never knew that you could actually
do that as a career.

WfD participant

Although hosts and providers noted that employment and study outcomes are varied, they all supplied 'good news stories'. Some hosts reported that their WfD activities had led directly to employment and study outcomes.

... they come to our programs and suddenly feel they've achieved something ...
then they move into study or they get enough confidence and get work.

WfD host organisation

7.3.3.2 Some felt it was rarely a pathway to employment

Providers and hosts believed that WfD activities could provide a pathway to employment, but many noted there are challenges in making this a reality.

For some participants, the networks developed through a WfD activity were primarily with other participants and not potential employers.

But making a network of unemployed people is not really a network to get a job,
sorry.

WfD participant

Other participants felt that, because there is no evidence documenting the skills or competencies gained that they can show employers, WfD activities are not a pathway to employment.

And I think it would be a lot better if you actually had a certificate at the end of it so it would actually go towards finding a job, whereas this structure ...

WfD participant

Some participants felt that evidence of the skills gained during the activity, as well as more effective links to the labour market, would also improve attitudes towards participation.

... at the end of it, I thought, all right, I've made some good friends, had fun doing the program, but now, back to square one, no job. No certificate to try and get me into a job.

WfD participant

These types of comments sometimes came from participants who were generally supportive of WfD, suggesting that this could be structural gap in the WfD framework.

Some providers also indicated that for some participants, WfD activities provided limited benefit. In particular, some providers did not perceive the initiative as successfully linking participants with sustainable employment, despite other benefits.

As far as the whole program, it depends what we're looking for as far as government policy ... if the expectation is to find jobs then it's a failure of a program.

Provider

There was concern from some participants about the limited ability of some host organisations to equip participants with skills to engage effectively with the local labour market.

... even if these people [participants] get skills, it doesn't mean they'll get a job they don't have the time to train up to the level where these people might become employable ...

WfD host organisation

7.3.4 Non-vocational benefits

All stakeholder groups interviewed for the 2018 WfD qualitative research indicated that, in many cases, participation in WfD activities provides important non-vocational benefits, such as increased confidence and motivation. This helped some participants deal with barriers to employment such as anxiety, depression, and alcohol and substance use. For some participants the experience included learning important basic social skills.

... the mental health benefits have been great ... all about connectedness, feeling valued ...

WfD participant

For most of the participants interviewed, increased social interaction was a significant benefit of their WfD activity.

Providers and hosts also mentioned the benefit of increased opportunities for social interaction.

... it helps me to be more social because with my Asperger's it's a lot harder for me to be social ... doing what I love at this [activity] ... gives me a choice of either doing things by myself or doing things with the group.

WfD participant

For participants with significant barriers to employment, providers identified the community connection that some participants experience through their WfD activity as a particularly important outcome.

The fellow ... has got a lot of barriers to work ... he was a very isolated man ... he's very alone ... He's found family in these people ... Work for the Dole scheme actually does give them a benefit as well, and they find somewhere in the world to do something, be a part of something.

Provider

There were reports that WfD activities helped some Indigenous participants not only to preserve a cultural connection or learn more about their community but also to understand their place in that community.

Well, this is sort of our history ... you're restoring these old boats, you're working around boats, but they're all from up in the Islands, I used to know these boats when I was younger.

WfD participant

7.3.5 Community benefits

The 2016–17 PPM survey data found that respondents generally indicated that their WfD activity had helped the community. The 2017 JSEES Survey also found that respondents were more likely to report positively about their WfD experience when they felt that the activity offered something of value to the community or the host organisation.⁷⁰ Similarly, the 2018 WfD qualitative research found that participants recognised the valuable work undertaken by community organisations and the contribution that they made to support those organisations.

⁷⁰ 2017 Job Seeker Experiences of Employment Services – Qualitative Research, p. 61.

So really, this whole [HOST] which is quite a hub for the community wouldn't be able to run without volunteers, and Work for the Dole probably gives them ... people who have to volunteer ... without that I think this [host] would struggle to be here ...

WfD participant

Providers predominantly described the community benefit of WfD activities as enabling not-for-profit community organisations to continue their work supporting disadvantaged sections of the community or addressing issues of concern in their local communities. These issues include supporting people in need, campaigning against domestic violence, raising awareness of mental health issues, reducing waste to landfill, and preserving Indigenous history and cultural connections.

Some participants and providers noted that the benefits from a WfD activity were isolated to an organisation or group rather than the community more broadly.

I think it's got to be an activity that not only a very small proportion of the community will benefit from, but could benefit anyone.

Provider

There were also comments that the benefits of WfD activities to some not-for-profit organisations, such as charity retail outlets, did not necessarily translate into community wide benefits.

I don't think it's necessarily a direct response to community needs ... I don't think anyone would've noticed if it wasn't done, you know, how do you test that?

Provider

7.4 Participant satisfaction with Work for the Dole activities

This section presents participant views and satisfaction with WfD activities using data from:

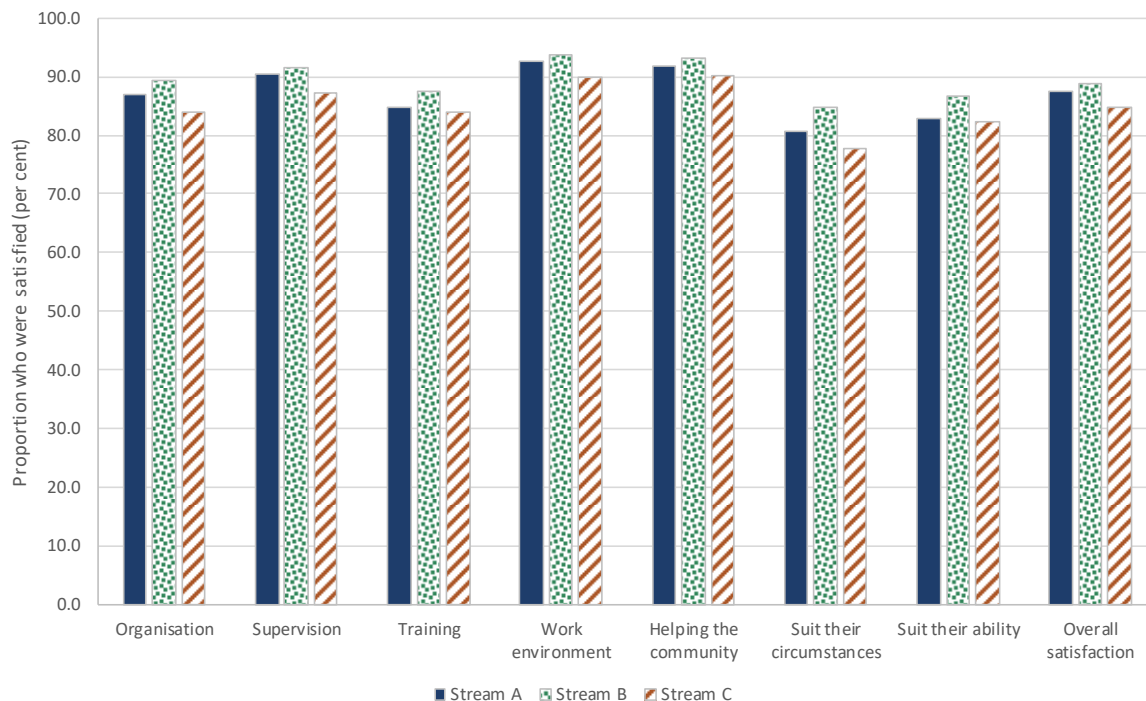
- the 2016–17 PPM WfD Skills and Satisfaction Survey
- qualitative data from the JSEES project (in 2015–16 and July 2017)⁷¹ and
- the 2018 WfD qualitative research project.

7.4.1 Overall satisfaction

Findings from the 2016–17 PPM survey suggest that, overall, participants are satisfied with the WfD activities they undertook. The survey data also shows that Stream B participants were generally more satisfied against all eight criteria measured than those in Stream A or Stream C (Figure 7.4.1). Females reported higher levels of satisfaction with their activity than males. People with university-level education were generally less satisfied than others.

⁷¹ The 2017 JSEES qualitative research considered participant experiences in the WfD activity – whether the activity increased their skills or knowledge or was enjoyable because it was productive, with meaningful work that offered something positive to the community or the host organisation.

Figure 7.4.1 Satisfaction with aspects of WfD activities, by stream (per cent)



Source: Department of Education, Skills and Employment, 2016–17 PPM WfD Skills and Satisfaction Survey.

Note: There was no statistically significant difference between the three streams in terms of satisfaction for ‘Helping the community’, ‘Training’ and ‘Overall satisfaction’.

7.4.2 Work for the Dole activities associated with satisfaction and development

Further insights into what makes a WfD activity beneficial for participants is gleaned by analysing the PPM survey data in terms of WfD activity details (e.g. type of host, number of places and industry codes). This enables examination of specific aspects, independently of other factors, using a regression model to control for varying demographic and activity characteristics.

1 Industry

Manufacturing is the only industry where respondents were significantly more likely to report that the placement affected their desire to find work (7.7 percentage points higher for those who were placed in a WfD placement with an industry code related to manufacturing).

Respondents who undertook placements in op shops were more likely than others to state that their chances of finding work had improved (by 5.9 percentage points). This analysis controlled for respondent demographics (such as age, gender, education and previous work experience).

2 Individual and group activities

There is no statistical difference in views about skills improvement between respondents who participated in individual activities and those in group-based activities. Respondents who attended activities with 20 or more places were 6.7 percentage points less likely to state that the activity had

improved their chances of getting a job than those who attended small activities (four or fewer places). These findings suggest that activities with fewer places may be more beneficial in terms of improving respondent confidence or respondents taking away positive behavioural change from their participation.

7.5 Conclusion

The objectives of WfD activities include helping participants build skills, experience and confidence to move from welfare to work, as well as having them contribute to the community that supports them while they are looking for work.

Participants, providers and host organisations identified a range of benefits associated with participation in WfD activities (such as skills development, gaining work-like experience and increased motivation to find employment), and community benefits of supporting not-for-profit organisations.

Retail (op shop stores) represented the highest proportion of WfD activities, followed by building and construction, warehousing and manufacturing. Stream B participants were in WfD activities at higher rates than other jobactive participants. About one-fifth of participants exited before completing a WfD activity. Many of these people were moved to a more suitable activity, indicating that there may be scope to improve the matching of participants to activities. Barriers that affected ability or willingness to participate in a WfD activity include stigma associated with being in WfD, personal circumstance (e.g. mental health, drug and alcohol issues) and the cost or availability of transport.

Overall, participants interviewed were satisfied with the WfD activities they undertook, and the majority suggested that appropriate levels of supervision were in place and that host organisation supervisors had the necessary skills relevant to the WfD activity tasks. Some participants raised concerns around the number of required hours (up to 25 hours a week) combined with undertaking job search activities, especially for those who had other obligations or caring responsibilities. The research also found that activities with fewer WfD places may be more beneficial in terms of improving participant confidence or participants taking away positive behavioural change from their participation.

8 Employer servicing

Engaging with employers in a meaningful way and supporting work ready participants into employment is central to the jobactive program. This chapter covers two key features of the way jobactive interacts with employers – wage subsidies and employer servicing more generally.

8.1 Wage subsidies

This section incorporates the key findings from two separate research projects (wage subsidy fieldwork with providers and the Survey of Employer Use of Wage Subsidies) that explored users' experience and motivations relating to wage subsidies.

Wage subsidies, often referred to internationally as 'hiring subsidies', are a longstanding type of labour market intervention. They have been used in Australia since 1976 for youth and since 1985 for the general unemployed population.^{72, 73}

The intention of wage subsidies in jobactive is to encourage employers to provide ongoing employment for eligible participants by offering a financial incentive that contributes to the initial costs of hiring new workers. It is hoped that by using wage subsidies providers can:

- broker employment placements for participants who might not otherwise be employed
- negotiate secondary benefits (such as a buddy system for the new employee or increased hours of work)
- sustain an ongoing employment position that might not otherwise be sustained.

The five participant groups eligible to benefit from wage subsidies in jobactive are:

- mature age
- long-term unemployed
- Indigenous
- youth
- Principal Carers.

Wage subsidies of up to \$10,000 or up to \$6,500 (GST inclusive) are available to eligible employers for jobs that are ongoing and offer at least 520 hours over the six-month period (averaging at least 20 hours per week).⁷⁴

From 2 January 2019, all wage subsidies (except the Youth Bonus) are funded from the EF General Account. Prior to this they were funded from the separate Capped Wage Subsidy pool.

There have been a number of changes to wage subsidy policy under jobactive. These changes are outlined in [Appendix A, Section A3.3, Table A3.3](#).

⁷² The Special Youth Employment and Training Program (SYETP), introduced in 1976, paid a fixed wage subsidy for four months to an employer who provided a job to a youth who had been unemployed for at least four of the last eight months.

⁷³ The first broad-based wage subsidy scheme integral to an employment services program was the JobStart wage subsidy under the Commonwealth Employment Service in 1985.

⁷⁴ For a full list of eligibility criteria, please refer to Guideline: Managing Wage Subsidies, Version 3.1, March 2019.

8.1.1 Awareness and use

8.1.1.1 Provider awareness and use

Awareness of wage subsidies is high

All of the provider organisations involved in the wage subsidies fieldwork were aware of the available wage subsidies.

The Provider Portal was a direct source of information through access to guidelines and updates. Many providers also produce their own information sheets for both internal use and use with employers. Other sources of information included advice from the department, providers' account managers and the department's CEO Letters. Around three-quarters (78%) of site-level representatives who responded to the 2017 Provider Survey agreed (60%) or strongly agreed (18%) that the Provider Portal was useful in providing frontline staff with clear, up-to-date communication on program and departmental information. Provider staff also used other information sources in the department, such as Question Manager or their account manager, when they needed to understand specific issues.

I think sometimes, as with all guidelines, they don't always cover all potential scenarios. So, when we have an issue that is not clear-cut, we always go to either the Question Manager or our Account Manager.

jobactive central management staff, New South Wales

Some providers, however, described departmental guidelines as cumbersome, overly technical or even contradictory.⁷⁵ Evidence indicates that access to information, and the range of information available, is evolving, with providers generally reporting that it has improved under jobactive.

Use of wage subsidies has increased under jobactive compared with JSA

Initially the use of wage subsidies was lower under jobactive, compared with JSA, which is not unusual at the commencement of a new program as providers adapt to new rules. Usage increased by December 2016 to be roughly the same as the average usage over the JSA contract – around 2,000 subsidies per month.

The value of wage subsidies, however, was higher at the start of jobactive as providers were no longer able to negotiate the subsidy amount. In jobactive, wage subsidies were either up to \$6,500 or up to \$10,000, whereas in JSA, providers could negotiate the levels of subsidies on a case-by-case basis and the amounts on average were lower. This change was made in order to reduce the red tape involved in wage subsidies which providers had reported in JSA, although has added significantly to wage subsidy expenditure ([Figure 8.1.1](#)).

From January 2017, there was a sharp and sustained increase in both wage subsidy use (around 197%) and wage subsidy value (around 63%), coinciding with the introduction of a new wage subsidy (Youth Bonus), several changes to wage subsidy policy (see Appendix A, Section A3.3), and communication from the department encouraging providers to make greater use of wage subsidies. This encouragement from the Department to use subsidies was based on early fears that subsidies were being underutilised at the expense of participant employment opportunities.

Job seekers supported by a wage subsidy are more likely to remain in a job for a 26 week outcome. Please encourage your staff to further promote wage subsidies to employers to take on new employees ...

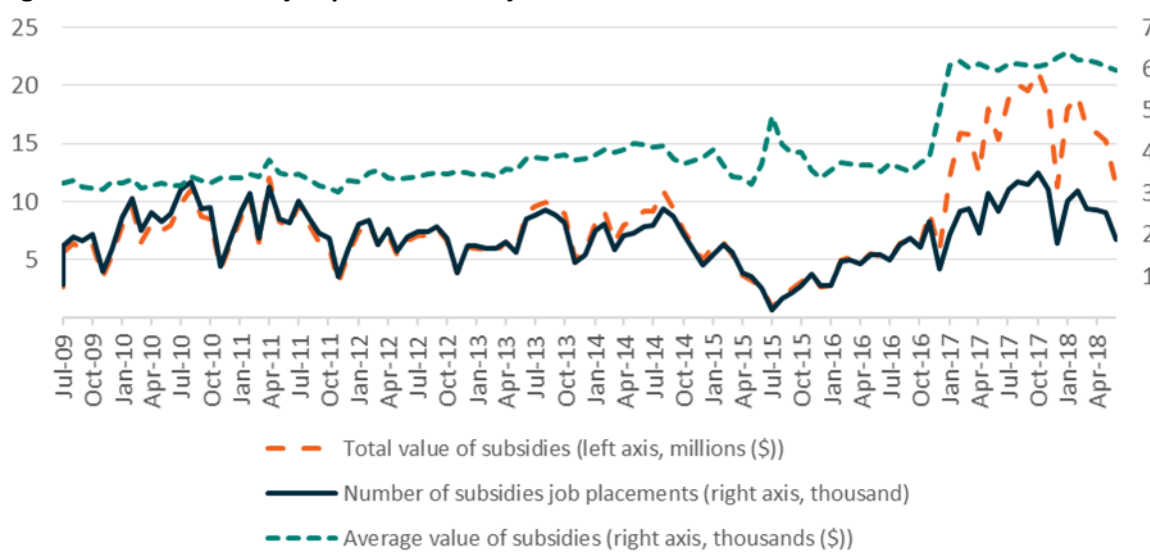
CEO Letter from the department, February 2017

The increase in average subsidy value observed in January 2017 is likely due to a combination of factors including:

- the removal of pro-rata subsidy payments for participants who worked fewer hours than were required to achieve a full subsidy payment

the reduction in duration over which some subsidies (such as Restart) were payable from 12 months to six months (Appendix A, Section A3.3, Table A3.3).

Figure 8.1.1 Subsidised job placements in jobactive and JSA



Source: Departmental administrative data, as at October 2018.

Note: Excludes wage subsidy agreements which have not had an associated payment.

Labour hire companies are over-represented in the use of wage subsidies. Departmental evaluators estimate that businesses in the Employment Services industry group,⁷⁶ which includes labour supply services as at 31 December 2018, accounted for around 24% of subsidised job placements since the commencement of jobactive (and 17% of unsubsidised placements). In addition, estimates by

⁷⁶ Australian Bureau of Statistics, Australian and New Zealand Standard Industry Classification, cat #1292.0, 2006.

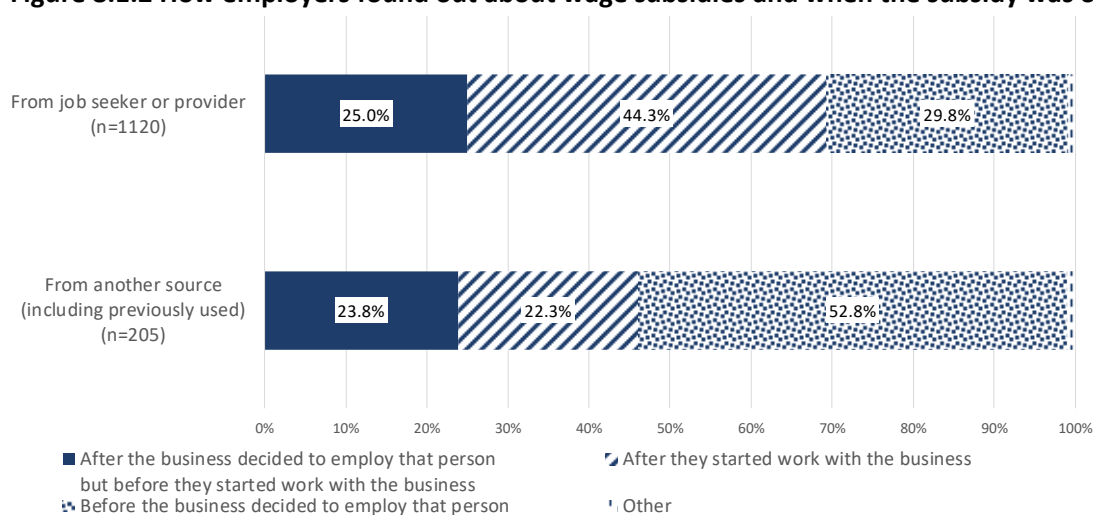
program management staff indicate that up to January 2018, labour hire companies comprised 38 of the top 50 largest wage subsidy employers.

8.1.1.2 Employer awareness and use

In the 2018 Wage Subsidy Survey, most employers said they found out about wage subsidies either through their provider (63%) or from the participant they recruited (16%), or because they had previously used a wage subsidy (14%).

Excluding employers who reported previously using wage subsidies, two-thirds of employers who found out about the wage subsidy from their provider or from the participant reported finding out either after the participant commenced work (44.3%) or after deciding to hire the participant but before the participant commenced work (25.0%). By comparison, most employers who did not report finding out about the wage subsidy from their provider or the participant they hired mainly found out about the wage subsidy before the participant started work (52.8%) (Figure 8.1.2).

Figure 8.1.2 How employers found out about wage subsidies and when the subsidy was offered



Source: 2018 Survey of Employer Use of Wage Subsidies, Q5.2.

Note: Excludes 'Don't know' responses (n=23).

In some cases, employers contact providers directly to ask about wage subsidies because they have seen them advertised or are considering employing a jobactive participant who has approached them and wants to know 'What's out there for me?'.⁷⁷ In other cases, providers leverage employers who have had positive experiences with wage subsidies to secure placements for other eligible participants.

... they've used it before, and they want it again. So, it's really important that we're aware of what each of our job seekers has got attached to them ... just to get our job seekers over the line and into employment.

⁷⁷ jobactive site staff, Queensland.

Why some employers do not use wage subsidies

During qualitative interviews, many employers discussed barriers to wage subsidies or reasons they were not interested in pursuing one, including:

- They did not want the administrative burden of claiming a wage subsidy.
- After previously believing they were eligible but not actually receiving the wage subsidy, they were unwilling to pursue a wage subsidy again.
- They were not offering an employee enough hours of work each week to qualify, or the employee was not attending employment for enough hours each week to remain eligible for a wage subsidy.⁷⁸

Some providers suggest that employers have reservations about hiring participants who are eligible for a wage subsidy, and some noted that some employers had had negative experiences with unreliable participants in the past, which made them unlikely to employ another participant supported by a wage subsidy.

I was offered a wage subsidy, but the staff member didn't turn up enough hours a week to get it. They just kept not turning up, so I didn't get anything.

Employer focus group, 2017

Why subsidised employment ends

In the Survey of Employer Use of Wage Subsidies, three-quarters (76%) of employers who hired staff with a wage subsidy stated the subsidised employee was still employed at the time of the survey.

Of those who were no longer employed, the main reason (34%) was due to the employee's attitude, performance or attendance. Other reasons included that the employee decided to leave or found another job (22%); the employee did not pass probation or was unable to continue work (10%); or there was insufficient work to sustain the position (8%). A few also reported that their business was downsized or restructured; the position was a fixed-term one; there were skill and/or language issues; the employee wanted different hours or conditions; or the wage subsidy ran out.⁷⁹

8.1.2 Targeting

8.1.2.1 Influencing the hiring decision

Most providers secure placements for participants as their first priority, with wage subsidies offered either after the placement is confirmed or after the participant has commenced in the job. Providers sometimes talked about the wage subsidy as the 'icing on the cake' after matching the 'right job

⁷⁸ Department of Jobs and Small Business 2017, employer qualitative project.

⁷⁹ Department of Jobs and Small Business 2018, Survey of Employer Use of Wage Subsidies.

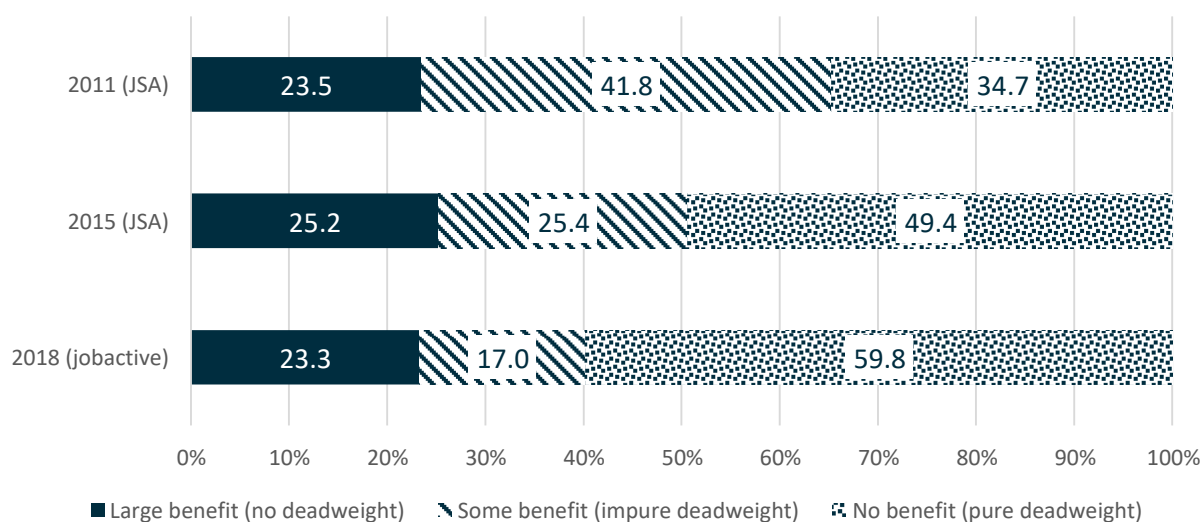
seeker' with the 'right employer'⁸⁰ or as a 'complementary service' after they have placed 'the right person'.⁸¹

Under jobactive, some providers implemented policies and procedures which mean a wage subsidy is offered to every employer who is eligible to receive one, rather than being used in select circumstances as a negotiating tool, suggesting that they may be placing less emphasis on whether a subsidy is required than in the past.

Decreased influence in the hiring decision over time

The 2018 Wage Subsidy Survey shows that most employers (59.8%) would have recruited the same jobactive participant with the same employment conditions even if the wage subsidy had not been available (up from 34.7% in 2011). Subsidies that were used but did not have any impact on the employer's decision to recruit an eligible participant or provide other benefits are referred to in this analysis 'pure deadweight'. Where the subsidy was not essential to the recruitment decision but was used to provide other benefits to the employee, the subsidy is still considered to have had some benefit, hence the term 'impure deadweight' is applied. Estimated deadweight has increased notably since 2011, particularly with respect to the impact of a subsidy on the decision to recruit (Figure 8.1.3).

Figure 8.1.3 Estimated deadweight loss in the hiring decision



Source: 2018 Wage Subsidy Survey, Q6.3; 2015 Wage Subsidy Survey, Q20; and 2011 Wage Subsidy Survey, Q13.

Employers consistently report being primarily concerned with finding the right person for the job – the right fit for their organisation – and often state that wage subsidies do not impact on their decision to hire.⁸² Despite this, research commissioned by the department suggests that wage subsidies can have a positive impact on an employer's decision to recruit a candidate from the target

⁸⁰ jobactive site staff, Queensland.

⁸¹ jobactive site staff, Queensland.

⁸² Wage subsidy employer research.

demographic.⁸³ This is also supported by some providers, who note that if a wage subsidy eligible participant makes the employer's short list, the subsidy can be the difference between them or another applicant getting the job.

So, the wage subsidies really get spoken, like in depth, once they've picked or maybe they've narrowed it down to two or three clients ... then it's like, 'Okay well this one is actually comes with a wage subsidy whereas this one doesn't,' and we go through it that way.

jobactive site staff, New South Wales

A majority of providers interviewed felt that offering a wage subsidy in the first instance detracts from the goal of getting the right participant in the position. Others felt that offering a wage subsidy in the first instance, rather than promoting the candidate's skills, was unfair to both employers and candidates.

... you have to turn it and say I've got this wonderful applicant ... he's better suited to this job, but by the way also I don't know if you're aware, but you could get this funding if you choose to and we can talk to you further about it.

jobactive site staff, Queensland

Of employers who would not have recruited the same person had the subsidy not been available, almost two-thirds (60%) reported that they would have recruited someone else instead. This suggests some substitution effect in the hiring decision – that is, that some employers are recruiting applicants from the target group (those eligible for a wage subsidy) instead of other participants.

The large observed increase in deadweight in the hiring decision (Figure 8.1.3) is likely a result of a combination of factors including:

- Under JSA, wage subsidies were paid from the general EPF. This resulted in a direct opportunity cost for providers of any wage subsidy expenditure, as the same funding pool was used for training and for work-related clothing etc. In jobactive, this was initially not the case, meaning it was unnecessary for providers to assess the opportunity cost of wage subsidies.
- Encouragement from the department for providers to be using wage subsidies, to which providers responded.

Providers pay wage subsidies directly to employers and then have the funds reimbursed from the EF (either the EF Wage Subsidy Account prior to January 2019, or predominantly from the EF General Account from January 2019 onwards). If the wage subsidy does not continue, or if the required hours are not met or the required documentary evidence cannot be gained from the employer, these funds may not be reimbursed by the department, resulting in a financial risk for providers. The

⁸³ Ibid.

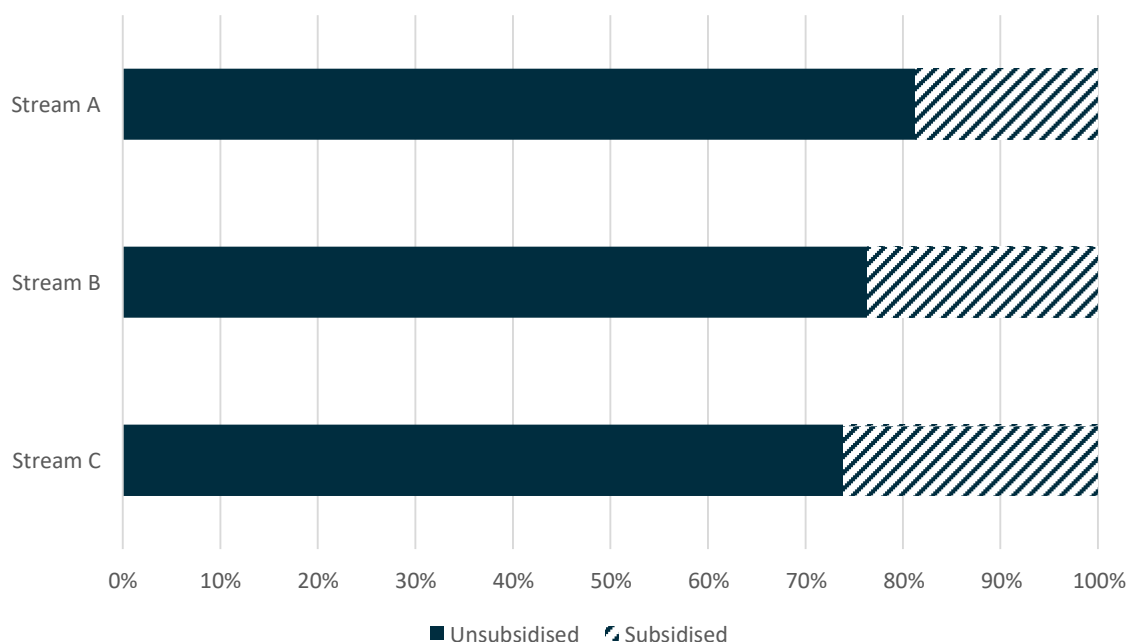
increase in volume and value of wage subsidies is seen as a financial risk to providers and is another reason they may not offer a wage subsidy *before* the hiring decision is made.

From 1 January 2019, wage subsidies are paid from a provider’s EF General Account, which is allocated to each provider based on caseload. It is likely that providers will place more emphasis on targeting of wage subsidies due to the opportunity cost of using the EF allocation. Any money spent on wage subsidies is not then available for purchasing work-related training or equipment for a participant, for example.

8.1.2.2 Targeting disadvantaged cohorts

Looking at wage subsidy use by stream for the population analysed in Section 8.1.7 shows some evidence that both policy settings (by prioritising certain groups) and provider behaviour at the time combine to lead to slightly higher subsidy use for more disadvantaged participants. This is a positive outcome in light of the higher impact subsidies are shown to have for these participants (Figure 8.1.4).

Figure 8.1.4 Prevalence of wage subsidised and unsubsidised job placements by Stream.



Source: Departmental administrative data.

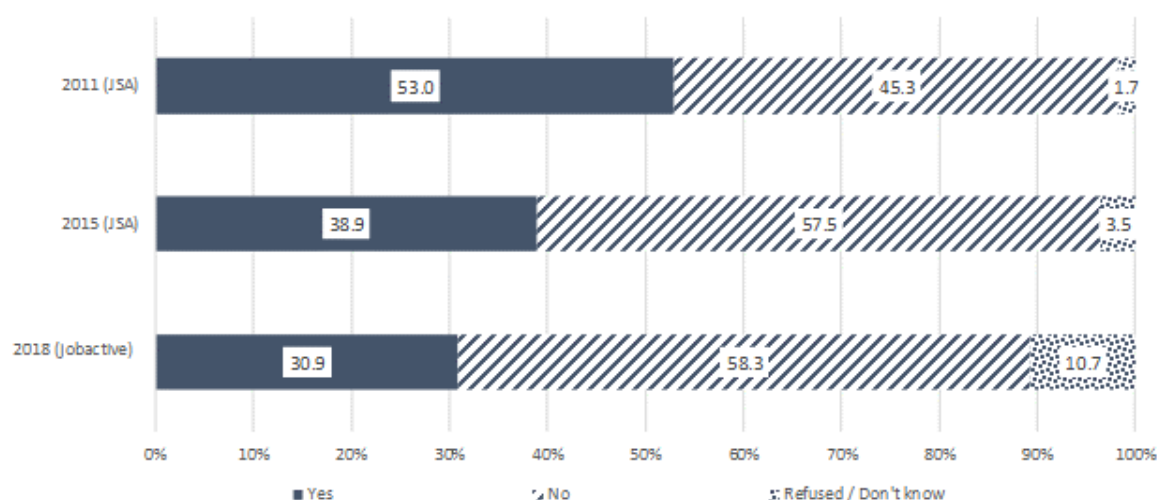
8.1.3 Secondary benefits of wage subsidies

Some providers reported using the wage subsidy to negotiate an increase in the working hours, to engage the employee on a permanent basis instead of a casual basis, to provide training or to cover the costs of a ‘buddy’ while they learn the job. This is supported by the 2018 Wage Subsidy Survey, in which just under one-third (31%) of employers indicated that the wage subsidy enabled them to tailor employment conditions for the subsidised employee, including through increasing hours (14%) and providing ongoing instead of casual employment (11%).

Other secondary benefits include having the new employee start sooner than they otherwise might have or having the new employee work for more hours than they otherwise might have. Even if the wage subsidy did not directly influence an employer’s decision to create a new position or to recruit a wage-subsidised participant over another applicant, the subsidy is still seen to have had some benefit if it had an impact on the employment conditions for that person or other employees in the business.

The proportion of employers who reported using the wage subsidy to tailor employment conditions has reduced since 2011 (Figure 8.1.5).

Figure 8.1.5 Whether business used wage subsidy to tailor the employment conditions (per cent)



Source: 2018 Wage Subsidy Survey, Q6.1; 2015 Wage Subsidy Survey, Q22; 2011 Wage Subsidy Survey, Q16.

Note: Qn: Did your business use the wage subsidy to tailor the employment conditions to suit that person?

8.1.4 Attitudes to wage subsidies

Providers generally acknowledged that some stigma is attached to wage subsidies, both for participants and for employers. In some cases, participants who secure employment are reluctant for providers to contact employers because they do not want to disclose their attachment to Centrelink.

Some of the clients refuse us to contact the employer because they don't want to be known to be attached to Centrelink ... so that's one of the biggest problems we have ...

jobactive site staff, New South Wales

Providers indicated that some employers had a poor perception of the quality of jobactive candidates, especially those who were wage subsidy eligible. They also reported that some employers are reluctant to take on a wage subsidy because of a perceived lack of flexibility if the employee is not suitable or if their business circumstances change.

... [employers] feel that once they're locked in, they're locked in, and if they're not happy with that job seeker, they can't let that job seeker go because of all the other policies and things that they've got to do within their business ... even though you're letting them know, 'No, you're not locked in.'

jobactive site staff, Queensland

A few providers indicated that a lack of employer knowledge about subsidies meant that, at times, subsidies are confused with labour hire arrangements.

I've probably had three [potential employers] in the last month call thinking we're actually labour hire ... I don't know why they get mixed up ... I basically I just say to them, 'Look I'm not a labour hire company but I can help you in other ways,' and then go on with the wage subsidies.

jobactive site staff, New South Wales

There were some indications that a few employers repeatedly used wage subsidies on a short-term basis, including in relation to Kickstart payments.⁸⁴ The overall feedback, however, along with data analysis conducted by the departmental evaluators, does not indicate systematic misuse of wage subsidies by employers. Rather, this was mainly associated with the types of employment available in some regions, such as labouring or construction, and the fact that some employed participants left placements early.

... there will be some employers that will come back repeatedly ... some job seekers are not as motivated to stay through some development stages ... that may suit some employers sometimes as well, because if there's a Kickstart involved, again, we're back to minimal risk for the employers ... while that has its benefit, it gets us through the door and things like that, it also has the other side too it that can lend itself to being not used correctly, I think.

jobactive central processing staff, Queensland

Overall, providers indicated that that they would not offer a wage subsidy if they felt that the placement did not meet the eligibility criteria or was not likely to provide sustainable employment. In some cases, this has led providers to reduce their efforts to offer wage subsidies to some employers, particularly in relation to Kickstart and labour hire firms.

8.1.4.1 Labour Hire Companies

Many providers in the wage subsidies fieldwork stated that labour hire companies had come to them requesting subsidised jobactive participants. While some providers considered this to be a

⁸⁴ Kickstart was a policy under which up to 40% of the value of any wage subsidy could be paid after four weeks. Refer to Section 8.1.4.2.

warning that employment was unlikely to be sustainable and ongoing, others felt that labour hire was a pathway to positive employment outcomes for some participants.

Some providers expressed the view that labour hire jobs changed quickly and/or that employees were usually limited to working for the labour hire company rather than graduating to the host employer. The large volume of work from these companies affected providers' ability to engage directly with host employers. In areas with high levels of employment through labour hire companies, this leaves the labour hire company in a dominant position. Added to that, the indirect nature of employment when using labour hire companies means that providers are unable to develop a direct relationship with a host, which also affects their ability to negotiate extra hours or other measures that would support more sustainable employment outcomes for the employee.

[If we approached the host employer directly] We could potentially lose the labour hire company ... And we've got so many placements from our labour hire companies that we don't want to risk stepping on toes.

jobactive site staff, New South Wales

So, the labour hire is technically our employer. We have nothing to do with the host... So yeah, we've had so many fall through going through labour hires ... you can ring the employer and say, 'Oh this person just needs this many more hours, if you can scrape it up,' whereas we, most of the time we don't even know who the host is.

jobactive site staff, New South Wales

Despite acknowledging that labour hire companies may not always focus on long-term employment outcomes for jobactive participants, providers generally did not see this as precluding labour hire companies from using wage subsidies.

8.1.4.2 Kickstart

The Kickstart payment was introduced in response to concerns from some employers about the length of time it took to receive a wage subsidy payment once a participant had been engaged. Kickstart was available to employers at the four-week mark and designed to assist with the upfront costs of hiring a subsidised participant earlier than the typical 13-week and 26-week payments.

Providers had mixed views about the use and value of Kickstart. Qualitative feedback indicated that providers were becoming more receptive to Kickstart as they determined its benefits and how to most effectively use it. There were pros and cons to the use of Kickstart. On one hand, it was useful for encouraging employers to recruit jobactive participants and to finalise wage subsidy paperwork earlier. On the other hand, providers were aware that there were a few employers who took advantage of early payment and churned employees through. Providers largely felt able to mitigate these risks through caution when offering Kickstart and by requiring Kickstart employers to provide documentary evidence to support their position.

Data from the 2018 Wage Subsidy Survey shows that over half of the employers were unaware of the Kickstart payment option before completing the survey. This may in part be explained through qualitative feedback from providers, which found that some providers were hesitant to use Kickstart due to perceived financial risk to them if the job did not last, despite assurances from the Department that it would not seek to recover Kickstart payments for wage subsidies which ended after the Kickstart payment had been made.

Some providers indicated that the ‘vast majority’ of Kickstart requests came from labour hire companies. Additionally, some thought it problematic to offer wage subsidies to labour hire companies, because these job placements were not always expected to lead to sustainable employment outcomes. As a result, there were indications that providers adopted a selective use of Kickstart.

We don't put Kickstart on unless they request ...

Provider interview, 2018

Employer research found that over half of the survey respondents who knew about Kickstart actually received the payment. Comments suggested, however, that Kickstart did not necessarily influence their decision to employ the participant. Of those businesses that did receive Kickstart, just under half said that it played an important role in their decision to employ the participant, with a third indicating a neutral response to the survey. However, employers did indicate that the Kickstart payment was used for wages and training. Employers also reported that there was room for some improvement in processes for the Kickstart payment, including providers offering the option upfront; increased communication and support from providers; and the ability to access the payment on commencement of employment.⁸⁵

8.1.5 Administration

8.1.5.1 Providers note the administration process as improved

Although changes made to the administration of wage subsidies under jobactive have led to some streamlining of processes, there was some consensus among providers that the administrative burden associated with wage subsidies is still of concern, and the burden associated with administering wage subsidies was often perceived as excessive.

Overall, feedback from providers relating to administration of wage subsidies recognised improvements made to date, and focused on the need to continue refining these processes to minimise administrative burden and potential risks for providers.

If we could have better use for wage subsidy or fine-tune it ... It has improved, and that's a big thank you, but we're still – the cost to jobactive providers ... So, it's all about us working together and making sure that we can get that outcome and all parties are remunerated and supported effectively. And that's whether

⁸⁵ Department of Jobs and Small Business 2018, Survey of Employer Use of Wage Subsidies.

you're Commonwealth Government or a private provider or jobactive and not a community provider.

jobactive site staff, Queensland

When discussing overall views on administrative burden, one provider noted that reducing administrative burden on employers was the most important factor to consider.

Anything to make it simpler for the employers is really what we're after ... we're used to red tape, we're contracted, we're used to it. Employers aren't. So, they do frequently think that things that we impose are because we're imposing them.

So, anything to make, I think, it simpler for employers.

jobactive central processing staff, Queensland

8.1.5.2 Providers have centralised roles to administer wage subsidies

Providers almost universally have centralised processing systems for wage subsidies in order to achieve efficiencies and ensure compliance with rules in order to reduce possible financial risks. As wage subsidies are reimbursed by the department after being disbursed by the provider, any risk of not being able to prove a claim is perceived as a financial risk by providers.

Most providers in the study have implemented centralised administration units that handle the bulk, or in some cases all, of their wage subsidy administration. While this decision was ultimately made because providers see increased efficiency and reduced risk from establishing a central body of 'wage subsidy experts'⁸⁶ with 'specialised knowledge',⁸⁷ it has largely been driven by the perceived complexity and resource intensiveness of wage subsidy administration, as well as the increased volume. Centralised administration is seen as enabling frontline staff to focus on their core roles of finding employment for participants. Some providers have also implemented business practices whereby wage subsidies are not dealt with by frontline staff at all. Instead they are offered to employers by a centralised team or even an automated email from a centralised database after the job placement is confirmed and entered into the IT system.

... we've removed that option for the sites to manually send in templates and emails to us advising that an employer would like a wage subsidy ... our internal database system can automatically pick up the employer's email and ... utilising our IT databases, that auto-generates that [an email offer of a wage subsidy] for us.

jobactive central processing staff, Queensland

⁸⁶ jobactive site staff, South Australia.

⁸⁷ jobactive central processing staff, Queensland.

Among the key expected benefits to providers of this approach is reduced error rates and resultant reduced financial risk to providers. This is particularly important in light of the increased value and availability of wage subsidies under jobactive.

I think from an organisational point of view ... they're large amounts of money.
So, if we can minimise the risk by making sure that we've got one central way of
doing things, it just makes it a lot more effective ...

jobactive central processing staff, Queensland

8.1.5.3 Wage subsidy head agreement simpler under jobactive

The first time an employer enters into a wage subsidy with a provider, they complete a wage subsidy head agreement, along with a wage subsidy schedule. For subsequent wage subsidies, additional schedules are created under the existing head agreement.

Head agreements provide information about the two parties, along with general information on wage subsidies. Schedules provide more specific information pertaining to individual subsidies – employee details, start dates etc. Compared with the arrangements under JSA, this arrangement greatly reduces the amount of information employers are required to read and sign for the second and subsequent subsidies. Providers generally consider these to be positive changes for wage subsidy administration.

8.1.5.4 Providers still report issues around wage subsidy administration

Some issues were, however, reported regarding discrepancies in start and end dates, Australian Business Numbers (ABNs) or averaged hours. Often providers were not aware of these issues until employers provided pay slips prior to receiving the first wage subsidy instalment.

Incorrect start dates have varying levels of impact. Other small discrepancies relating to things like employer pay periods or average hours worked not aligning with the requirements of the wage subsidy were, in some cases, reported to have invalidated an entire subsidy. While this is not the intent of the policy, evidence indicates that providers are concerned about these issues and may be making assumptions based on previous experience (or getting conflicting advice) about how the policy works. In an attempt to overcome these issues, some providers have developed specific protocols or additional terms and conditions for employers.

Evidentiary requirements when claiming for reimbursement are an area of concern

When a wage subsidy payment falls due, providers must first pay the wage subsidy amount to the employer, then seek reimbursement from the department. There is a 56-day time limit to claim, from the end of the agreement. Providers must retain documentary evidence for each claim, as stipulated in the guidelines. Provision of evidence can be problematic on several fronts. Obtaining the correct evidence could be a time- and resource-intensive exercise and could be problematic if there were discrepancies with, for example, ABNs and start dates. While evidentiary requirements for claims have moved to accepting earnings declared to DHS, requirements for wage subsidies have not and this was an issue identified by several providers — participants may declare earnings to SA,

which serves as evidence for outcome payments, but providers still have to separately chase documentation from providers for WS

Qualitative evidence suggests there is a perception among some providers that the department is very strict with regard to evidentiary requirements and has a tendency to deal harshly with claims that are not correct to the letter (rather than the spirit) of the agreement. These may include claims that are out of date or those that fall slightly short of the 20 hours per week average. Consequently, providers are extremely risk averse, as rejected claims ultimately affect their business revenue.

It'd be nice if the department didn't have such a brutal view of claims out of time because you are dealing with the complexities of employers and their ABNs and evidence and all sorts of stuff.

jobactive site and central processing staff, South Australia

We want to make sure we are meeting all the contract requirements, all the guidelines because it's not as easy as we would like things to be in the wage subsidy world, so we've got a lot of checks and balances to make sure that it's accurate.

jobactive central processing staff, Victoria

Providers reported often finding it simpler to gather evidence for wage subsidies and outcome claims at one time.

Obviously, we need it for the wage subsidies, they're audited, and we wouldn't pay a wage subsidy without sufficient evidence, and if we need it for outcomes it's used for that as well.

jobactive site and central processing staff, South Australia

8.1.5.5 Employers generally do not find the administration overly burdensome

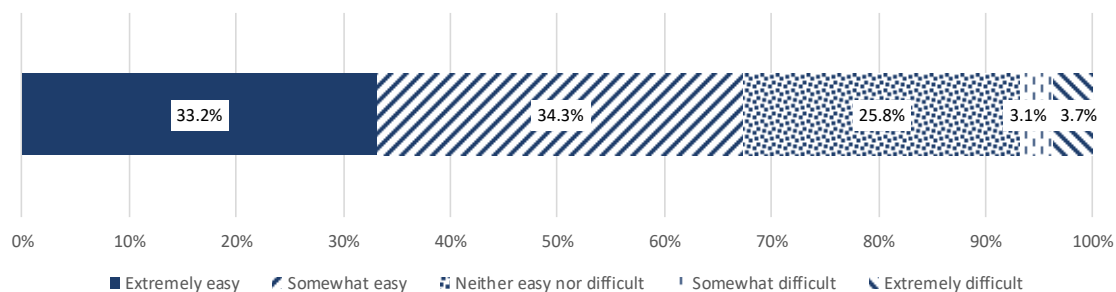
During the course of the jobactive program, the department has made changes to wage subsidy procedures in an attempt to streamline the process for both employers and providers.

More than three-quarters of employers who had received a wage subsidy and responded to the 2018 Wage Subsidy Survey agreed (60%) or strongly agreed (17%) that the amount of wage subsidy related paperwork expected of the business was reasonable. They also reported that the amount of time and effort required to apply for a wage subsidy was worth it. Around three-quarters of employers agreed (53%) or strongly agreed (24%) that the process of applying for a wage subsidy was straightforward.

Overall two-thirds of employers reported that they found the process of hiring a participant with a wage subsidy extremely easy (33.2%) or somewhat easy (34.3%) (Figure 8.1.6). Less than 7% of

employers found the process difficult or extremely difficult. A few employers reported difficulties with documentation, mainly in relation to providing pay slips and hours of work.⁸⁸

Figure 8.1.6 Ease or difficult in employing through a provider?



Source: 2018 Wage Subsidy Survey, Q8.1 (n=1,465).

Notes:

1. Excludes 'Don't know' responses (n=87).
2. Qn. Overall, how easy or difficult was the process for your business to employ that person through the provider?

Employers who reported the process of hiring a jobactive participant with a wage subsidy to be difficult or extremely difficult frequently cited communication with their provider (41%) and administration (21%) as key areas of concern. A few employers reported not receiving a subsidy in the end as a result of these difficulties.

[We] Never [received the subsidy. The] paperwork take [sic] too much time.

Employer, 2018 Wage Subsidy Survey

Employers who responded to the 2018 Wage Subsidy Survey reported:

- spending an average of 11 hours establishing the head agreement
- spending an average of 4.6 hours receiving and signing the head agreement and negotiating payment schedules
- spending an average of 4.7 hours gathering documentary evidence
- spending more time (7.4 hours on average) if they submitted documentary evidence in person rather than using email or online submission.

Difficulties in providing evidence were mainly associated with pay slips (38%).⁸⁹ Delays in receiving payment of the wage subsidy were reported by around one-fifth (22%) of surveyed employers. These delays were mainly due to the employee not accruing the required hours or the employer not providing the required evidence.⁹⁰

Service quality

The 2017 Employer Survey revealed that eight in 10 employers thought providers were good (47%) or very good (33%) at helping them to access wage subsidies. Likewise, more than eight in 10 employers who were receiving a wage subsidy at the time of the survey agreed (53%) or strongly

⁸⁸ Department of Jobs and Small Business 2018, Survey of Employer Use of Wage Subsidies.

⁸⁹ Department of Jobs and Small Business 2018, Survey of Employer Use of Wage Subsidies.

⁹⁰ Department of Jobs and Small Business 2018, Survey of Employer Use of Wage Subsidies.

agreed (32%) that the provider was supportive and helpful throughout the wage subsidy application process.⁹¹

This is supported by findings from the 2018 Wage Subsidy Survey in which around three-quarters of employers who had accessed a wage subsidy were very satisfied (38%) or satisfied (36%) with the support they received from the employment services provider in setting up the wage subsidy agreement. About one in 10, however, were dissatisfied (4%) or very dissatisfied (5%), while 14% were neither satisfied or dissatisfied.⁹²

8.1.5.6 Online systems and tools

Online systems and tools include ESS Web and the Employment Services Reporting portal, and online employer declaration.

Online agreements

Responses to the 2018 Wage Subsidy Survey indicate that the majority of employers (70%) were sent a link to sign the wage subsidy head agreement or schedule online. Of the employers who reported not receiving a link, around two-thirds (63%) reported approving and returning the signed wage subsidy head agreement by scanning it and returning it by email, while only around one in seven (15%) reported providing paper copies.

Providers reported a mix of positive and negative feedback relating to use of the online systems. While some providers preferred the online approach, praising it for being 'quick and easy',⁹³ others preferred a paper-based approach. Most providers recognised pros and cons of each and tried to sign and manage wage subsidies and receive documentary evidence online, with paper as a fallback.

Providers reported that they would revert to paper-based versions or a mix of paper, scanning and emails when they encountered issues with the online system, including:

- where the employer did not have the necessary IT infrastructure, technical ability or network coverage
- where it was more convenient, or they felt it was in the best interests of the employer, to execute the agreement on paper.

For some providers, completing paperwork on site when visiting for other reasons, such as providing post-placement support or conducting risk assessments, was a timely solution and presented important opportunities to build and maintain relationships with employers.

Tracking subsidies and provider notifications via ESS Web

The online systems (ESS Web and the Employment Services Reporting portal) were introduced with the expectation that they would streamline the interactions between the provider and the employer.

⁹¹ Department of Jobs and Small Business, 2017 Employer Survey.

⁹² Department of Jobs and Small Business, 2018, Survey of Employer Use of Wage Subsidies.

⁹³ jobactive central processing staff, Queensland.

However, the move towards centralised processing may have introduced some unanticipated processing issues, especially in relation to notifications of wage subsidy milestones across multiple sites or regions. The key complaint was usually that ESS Web did not adequately notify providers when wage subsidies reached or were about to reach milestones. For providers that used centralised teams to monitor subsidies, this could still be problematic, as these reports were site specific rather than being available at employment region or even national level. Other providers used third-party or in-house systems, Excel spreadsheets or even paper-based systems to provide appropriate visibility of wage subsidy milestones.

... when you're running a centralised team and you're a company as big as [provider] with [large number] offices, that means we've got to go through and check [same large number number] dashboards.

jobactive central processing staff, Queensland

Providers universally brought up the lack of notifications when an employer completed the online employer declaration form as an issue that required additional administration. This is because they were required to check the system to see which subsidies were due and if an employer had completed the declaration. The lack of notifications potentially delayed payments to employers, as providers were unaware of when they had sufficient documentary evidence.

Some providers used third-party software, internal management documents and tools such as databases and payment calculators to provide functionality that ESS Web lacks. These third-party systems often, but not always, interacted with ESS Web. They were perceived as enabling greater flexibility for providers than ESS Web in tracking and organising wage subsidy administration, and often provided wider access to information across an organisation.

The speed and reliability of ESS Web was reported as an issue by some providers, even in the absence of any concerns about functionality.

So, a couple of things. The jobactive website, probably we would get a dozen emails nearly a day ... from employers saying the link is not working, or they get in and they can't see their job seekers in there.

jobactive central processing staff, Queensland

Most providers used systems or processes outside ESS Web to better manage the process. The timing of notifications from the department to employers informing them that a payment was due did not always align with provider records, resulting in ongoing effects for providers. Some providers also expressed frustration with ESS Web, reporting it as unstable.

Difficulties experienced with the online system were among the reasons why some providers resorted or defaulted to offline management of wage subsidies. This indicates an opportunity for the department to better communicate its intended process for assisting providers and to make this process more readily available to employers.

Online employer declarations

Providers were permitted (from 1 January 2017 to 31 December 2017) to use online declarations in lieu of obtaining documentary evidence such as pay slips from employers at the time of the claim. Providers embraced online employer declarations which simplified evidentiary requirements significantly.

Online. It's so quick and easy. So quick and easy for the employer and for us. And obviously, there are cases where we still need to go and get further evidence. But the ones that do it online, we can have it knocked over so quickly.

jobactive central processing staff, Queensland

Introduction of online employer declarations caused confusion for some providers as they felt that the accompanying guidelines were not explicit about whether typical documentary evidence would still be required for program assurance purposes. Some providers maintained that the online employer declaration, being a statement from the employer, satisfied evidentiary requirements and was sufficient for reimbursement. This was accepted by the department until clarified guidelines were issued on 1 January 2018.⁹⁴

Troubleshooting and technical assistance for employers

Assisting employers in using the online system was an area of frustration reported by some providers. The department expects providers to be the first point of contact for employers who require assistance when managing wage subsidies using online systems. This is generally supported by providers, many of whom saw it as a way of fostering their relationship with employers.

Many providers reported that they were the first line of contact if an employer had a problem with the online system. While some providers reported that having to devote additional staff time to guiding an employer through the system was frustrating, most expressed a desire to help employers, not only to facilitate a likely outcome but also as a method of building their relationship with that employer.

For simple matters, such as resetting an expired link, providers have learnt how to solve issues for employers. However, providers did not have a comprehensive awareness of the material published by the department to assist employers and did not demonstrate an understanding of the support process. More complex issues reported by providers include:

- that they could not access the system and see what employers see, so they could not guide them through the process
- wage subsidies apparently not being linked correctly to an employer
- changing employer access and registered users

⁹⁴ The 2018 wage subsidy fieldwork was conducted shortly after the change from online employer declarations being an accepted form of evidence on their own to further documentary evidence being required, and prior to the first Rolling Random Sample (RRS) being conducted after this change. Because almost all of the providers interviewed in the fieldwork were unaware of this change, feedback received should be taken to reflect the pre-2018 policy setting.

- poor system performance or availability.

Providers expressed frustration that they were unable to help the employer. Elevating these issues to the department did not always seem to lead to the desired outcome. These issues have potential impacts on the reputation of wage subsidies, and on the provider's relationship with the employer and cause more administration for providers.

Use of online tools by employers

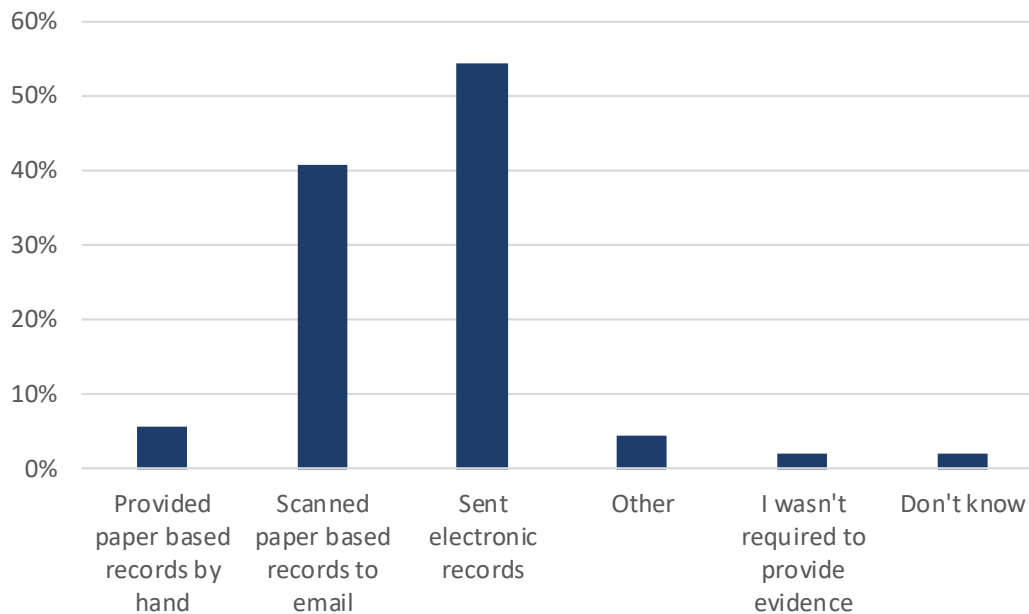
The online systems consisted of access to an employer portal through the departmental internet webpage and, later, access to an employer app for Apple and Android smartphones.

A majority of employers (70%) managed the wage subsidy process electronically. Around two-thirds of these (62%) did not experience technical difficulties. Less than 1% of all employers surveyed contacted the helpline for assistance. Of these, none were extremely satisfied but almost half (42%) were somewhat satisfied with their experience; about the same number were somewhat dissatisfied (33%) or extremely dissatisfied (8%); and 7% had mixed experiences. The remainder (17%) were neutral (being neither satisfied nor dissatisfied).⁹⁵

Most employers reported submitting documentary evidence either exclusively electronically or by a combination of electronic and physical or scanned paper records (48%). Around one-third of employers (35%) did not submit electronic records but did submit other records (e.g. photographs or scans of paper-based records) by electronic means. Only around 3% of employers reported only submitting documentary evidence in a physical form (Figure 8.1.7).

⁹⁵ Department of Jobs and Small Business, 2018, Survey of Employer Use of Wage Subsidies.

Figure 8.1.7 How business provided evidence for the wage subsidy payment



Source: 2018 Wage Subsidy Survey, Q11.1 (n=1,552).

Notes:

1. Respondents were able to select more than one response. As a result, totals may not add to 100%.
2. Qn. How did your business provide the evidence (such as pay slips or invoices) to satisfy the requirements of receiving the wage subsidy payment?

While many did not report issues with or concerns about the online tools, some felt they could be made simpler, and some were unsure whether they had completed the required action.

Whilst I didn't have technical issues with the jobactive website in relation to providing evidence, etc, I don't find it very clear if I have done it correctly or not. Because of this I also email the [provider].

Employer, 2018 Wage Subsidy Survey

8.1.6 Wage subsidy alignment with other policies

While acknowledging that the wage subsidy policy settings under jobactive made administration and comprehension simpler (compared to JSA), providers frequently reported that wage subsidies lacked the flexibility required to meet the intent of the policy. These concerns highlight a disconnect between wage subsidy program guidelines and broader jobactive policy intent.

8.1.6.1 Minimum hours requirement

The minimum average of 20 hours per week across the period of the subsidy was often seen as problematic as it does not accord with typical full-time AAR (25 hours per week). This means a subsidised employee may have to supplement their job with other activities when in the WfD phase. They could, for example, be compelled to attend job interviews or provider appointments.

Depending on the wage rate of the job, the minimum average hours required for a wage subsidy may not align with the number of hours a participant must work in order to achieve a full outcome for a provider. At a minimum wage of \$18.93 per hour,⁹⁶ for example, a single participant who does not have a PCW, has no children and is receiving NewStart Allowance would be required to work 28.1 hours per week on average in order to reduce their income support rate to zero and have the provider paid a full outcome under jobactive.^{97, 98, 99} While it is not the sole intention of wage subsidies to fully reduce income support reliance, there is a strong impetus under the jobactive program for providers to do so, and subsidies are a tool intended to help them achieve this. To 31 December 2018, approximately one-third (34%) of wage subsidy agreements created under jobactive were for jobs that were expected to be for less than 26 hours per week.

... if I had to say anything about the wage subsidies, I'd say ... the fact that they just don't work together with what our requirements need to be to get someone completely off benefits. If this is a tool to be used to assist in getting as many people off benefits as we can, which I'm assuming is why we're doing these subsidies, so that we can assist in reducing the unemployment rate, they just don't work together. That's just my opinion.

jobactive site staff, Queensland

Ultimately it is the provider's decision to offer a subsidy or not. In cases where a participant is in or enters the WfD phase while working in a subsidised job for fewer hours than their AAR, the provider will be required to assist that participant to meet their AAR. This may involve encouraging the employer to increase the participant's hours, but may also involve requiring the participant to continue their job search activity and finding an alternative approved activity or employment that will completely meet their AAR. Providers noted that this scenario caused concern for some employers, who were frustrated that their employee was having to balance an additional activity or was being encouraged to look for additional or alternative employment by the same provider that they had negotiated a wage subsidy with, and did not understand why this was required.

... the 25 hours they need to meet their requirements, but the wage subsidy is only 20 hours, so when we're asking the employer to add on the extra hours, we're getting a little bit of, 'Why should I? I'm getting my wage subsidy 20 hours.'

jobactive site and central processing staff, South Australia

Additionally, in instances where the employee found alternative employment, providers reported that employers were frustrated that they missed out on the remainder of the wage subsidy through no fault of their own. While these employers will not have paid six months worth of salary to the

⁹⁶ This was the national minimum adult wage as at 1 July, 2020.

⁹⁷ Fair Work Commission, Minimum Wages, <https://www.fairwork.gov.au/how-we-will-help/templates-and-guides/fact-sheets/minimum-workplace-entitlements/minimum-wages>.

⁹⁸ Department of Human Services, NewStart Allowance: Income Limits, <https://www.humanservices.gov.au/individuals/services/centrelink/newstart-allowance/how-much-you-can-get/income-and-asset-limits#a1>.

⁹⁹ Guideline: Vacancies and Outcomes Guideline, Version 5.0, effective 23 March 2018.

participant, the department could consider that they may have had significant upfront costs associated with employing this participant, such as training, and that, depending on when the employment terminates, they may not be reimbursed for these costs.

... certainly, we've had employers get quite upset with us as an organisation when we've had to get the [subsidised] job seeker to apply for other jobs ... A job seeker's obligation to come off benefits is not an employer's concern.

jobactive site and central processing staff, South Australia

Many providers also reported significant concerns about subsidies for specific participant cohorts, for instance Principal Carer Parents and participants assessed as having a PCW. These participants are required to work for at least 30 hours per fortnight (15 hours per week) in order to achieve a full outcome.¹⁰⁰ Departmental administrative data indicates that around 20% of the jobactive caseload is assessed as having a PCW.¹⁰¹ Some providers reported that they felt unable to encourage participants in these cohorts to work for an average of 20 hours per week, meaning that they were unable to use a subsidy to assist these participants to achieve a full outcome. This was similarly the case when these participants were in the WfD phase. Again, many providers felt unable to persuade participants in these cohorts to work for 20 hours per week, when they are only required to satisfy a 15-hour per week AAR, meaning that they were similarly unable to use subsidies to assist these participants into paid work.

8.1.6.2 Poor attendance and confusion around leave provisions can jeopardise agreements

Added to concerns over the average hours required for the subsidy, providers consistently raised concerns about the impact of employee attendance at the job on whether the employee met this average hours figure.

Poor employee attendance was reported as an issue that cost employers money and affected productivity. Some providers reported that employers were making efforts to ensure that wage subsidy participants were offered enough work to achieve the 20 hours, only to have these participants routinely not show up for work. In these instances, employers were losing productivity, and potentially the wage subsidy as well. When asked how frequently they received wage subsidy payments for their most recent subsidised employee, several employers reported not receiving any wage subsidy payments because the employee did not work enough hours. It is unclear if these employers were eligible to receive wage subsidies for the period in which the job was maintained.

¹⁰⁰ Department of Jobs and Small Business, *jobactive Deed 2015–2020: General Deed of Variation No. 8*, effective 1 January 2019.

¹⁰¹ Department of Jobs and Small Business, *jobactive caseload*, 31 January 2019. This includes volunteer participants and participants with a temporary reduced work capacity. The evaluation team estimates that around 20% of participants with a PCW are likely to be suspended.

Further compounding the issue of employee attendance is that providers,¹⁰² as well as employers,¹⁰³ do not have an accurate understanding of what constitutes ‘approved leave’. This affects whether employees are able to achieve the required hours. While some employers were aware that sick leave was considered ‘approved leave’, feedback indicated that too much sick leave became viewed as unacceptable in terms of meeting wage subsidy hours.

8.1.7 The impact of wage subsidies on labour market outcomes

8.1.7.1 Wage subsidy effects on achieving various outcomes

The following analysis uses jobactive participants’ employment services and income support records to estimate the likelihood that they achieved the following outcomes:

- 26-week employment outcomes
- exiting income support within 12 months of commencing a job¹⁰⁴
- being off income support 12 months after commencing a job.

The participants included in the analysis were:

- in jobactive employment services between October 2015 and December 2017
- eligible for a wage subsidy at some stage during that period and
- placed in a job which was recorded in departmental administrative data.

The analysis compared participants who used a wage subsidy for their most recent job with those that did not, using logistic regression modelling to account for variation in demographics and labour market characteristics. This analysis was replicated for a range of cohorts within this population, including:

- Indigenous participants
- Youth Bonus Wage Subsidy eligible participants (aged 15–24 years)
- Youth Wage Subsidy eligible participants (aged 25–29 years)
- Restart Wage Subsidy eligible participants (aged 50 years and over)
- Parents (either in receipt of Parenting Payment or Principal Carer Parents)¹⁰⁵
- participants with different levels of disadvantage.

Results of these analyses are presented as mean marginal effects (MMEs). MMEs present the predicted percentage point change in the probability of an outcome being achieved, on average across the population of interest, if a certain event occurs — for example using a wage subsidy compared with not using a wage subsidy — while all other factors are held constant. Further detail on the methodology for this analysis is at [Appendix D, Section D5](#) and tables containing the full

¹⁰² 2018 wage subsidy fieldwork

¹⁰³ 2018 Survey of Employer Use of Wage Subsidies

¹⁰⁴ Participants who left income support within 12 months of commencing a job may also have returned to income support within the same 12 month period.

¹⁰⁵ A Principal Carer Parent is someone who is the main care provider of a dependent child under 16. They are responsible for the day-to-day care, welfare and development of the child. Only one person can be the Principal Carer Parent of a child.

outcomes from the main regression models are included at [Appendix C, Section C6](#), Tables C6.1 to C6.3.

A positive effect is seen for all participant groups

Overall, this analysis predicted that a wage subsidy increased the likelihood a participant achieved a 26-week employment outcome by 16.7 percentage points.¹⁰⁶ It also provides evidence that wage subsidies support longer-term outcomes, predicting that wage subsidy use will increase the likelihood a participant will leave income support within 12 months of the job placement by 7.9 percentage points and the likelihood that a participant will be off income support 12 months after starting the job by 5.8 percentage points (Table 8.1.1).¹⁰⁷

Indigenous participants

In the following analysis, Indigenous participants are identified based on indigenous status, rather than use of an Indigenous wage subsidy. As a result, they may have been eligible for and received any of the available wage subsidy types during the analysis period. This analysis path was chosen, in part, because it was not possible to differentiate Indigenous and long term unemployed subsidy types in the Departments Administrative data prior to 2018. While a new and separate Indigenous wage subsidy category was established in 2018, there was then not enough time for longer-term outcomes to be observed during the designated observation period.

Wage subsidies increased the probability that Indigenous participants achieved employment and income support outcomes, although by slightly less than for the overall population. Indigenous participants who started a job placement with a wage subsidy were overall 15.1 percentage points more likely to reach a 26-week employment outcome and 7.5 percentage points more likely to exit income support within 12 months than those without a wage subsidy. Indigenous participants who had a wage-subsidised job placement were also 5.1 percentage points more likely to be off income support 12 months after commencing their job (Table 8.1.1).

¹⁰⁶ It should be considered in the context that wage subsidy agreements apply for 26 weeks. So there is an incentive for an employer to retain this subsidised person for at least 26 weeks which does not exist for an unsubsidised person.

¹⁰⁷ The higher rates for achieving 26 week outcomes, is because jobactive outcome payments are available for both exiting income support completely, and reducing income support payments.

Table 8.1.1 Mean marginal effect of wage subsidies, by cohort (percentage points)

Analysis group	26-week employment outcomes	Exited income support within 12 months of commencing a job ¹	Off income support at 12 months after commencing a job ¹
All participants	16.7	7.9	5.8
Indigenous participants	15.1	7.5	5.1
Parent cohort	17.2	4.7	3.7
Youth Wage Subsidy eligible participants (aged 25–29)	15.2	7.4	5.4
Youth Bonus Wage Subsidy eligible participants (aged 15–24)	16.9	7.6	4.9
Youth Bonus Wage Subsidy eligible participants (aged 15–24)²	23.8	12.6	8.8
Mature-aged participants (aged 50 and over)³	17.4	8.5	6.7
Stream A participants	15.6	6.3	5.0
Stream B participants	17.6	8.9	6.2
Stream C participants	16.0	9.1	6.3

Source: Departmental administrative data.

Notes:

1. Income support recipients only.
2. Used Youth Bonus wage subsidy without using other elements of Youth Jobs PaTH.
3. Mature aged participants only with a Restart Wage Subsidy.

Youth

Use of a Youth wage subsidy, available to participants aged between 25 and 29, increased the likelihood these participants would achieve a 26 week outcome, leave income support within a year of the job placement and be off-income support one year after the job placement (by around 15.2, 7.4 and 5.4 percentage points respectively).

Use of the Youth Bonus wage subsidy, which was available from 1 January 2017 as part of the Youth Jobs PaTH program, was available to slightly younger participants (aged 15 to 24 years) and offered a higher subsidy amount during the analysis period than the Youth wage subsidy for Stream B and C participants (\$10,000 compared with \$6,500). It had a slightly larger impact on whether participants achieved a 26 week outcome, but a slightly lower impact on whether participants left income support within a year of the job placement and whether they were off income support one year after the job placement (16.9, 7.6 and 4.9 percentage points respectively) (Table 8.1.1).

A more detailed examination of the three core components of the Youth Jobs PaTH program (Employability Skills Training, Internships and the Youth Jobs PaTH wage subsidy) showed no clear evidence that the intended ‘pathway’ of the program lead to increased participant outcomes for the group analysed here. Results of this analysis suggest using a Youth Bonus wage subsidy, while not using the other two components, would increase the likelihood of a Youth Bonus eligible participant

achieving a 26 week outcome by around 23.8 (Table 8.1.1) percentage points, while most other combinations would actually decrease the likelihood. The story is similar for the two income support outcome measures, although some combinations have a positive impact. Ultimately, these findings probably reflect differences in the types of participants recommended for EST and Internships when compared to those who only received a Youth Bonus wage subsidy. For example young people with high levels of work readiness and soft skills (which are not able to be measured in our data, and cannot therefore be accounted for in regression analysis) are unlikely to be referred to EST or an internship, and are also most likely to achieve higher outcomes.

These findings are not inconsistent with those detailed in the Youth Jobs PaTH Evaluation Report, which identifies that as little as one per cent of PaTH participants completed the three components in the intended order. This report identified that in some instances, barriers existed to participants using the intended pathway and, significantly, that some participants may benefit more from some components than others, and therefore did not require each (Department of Education, Skills and Employment 2020). Ultimately the results of this impact analysis do raise a question around whether the Youth Bonus Wage Subsidy should be reserved for the relatively more disadvantaged Youth Jobs PaTH participants.

Parents

While parents who used a wage subsidy had an increased likelihood of reaching a 26-week employment outcome similar to the overall increase, the requirements for this cohort to achieve a 26 week outcome are less stringent, taking into account their part-time requirements (Australian Government 2015). Wage subsidies also increased the probability that participants in the parent cohort left income support within 12 months (around 4.7 percentage points higher) and were off income support after 12 months (around 3.7 percentage points higher) (Table 8.1.1). While the off income support findings for parents are positive, they are slightly lower than for income support recipients overall. This is likely related to principal carer parents having reduced Annual Activity Requirements and being able to earn more before reducing their income support payment to zero.

Additional analysis was undertaken for this cohort into whether a wage subsidy helped to reduce their reliance on income support, even if it did not reduce their entitlement to zero. For participants who were receiving the same income support payment type 12 months after starting in the job as they were when they started in the job, the impact of a wage subsidy on whether participants had reduced income support entitlements 12 months after the job placement for parents was amongst the highest of the cohorts identified in this section.

Despite the slightly lower impact of subsidies on whether parents were off income support 12 months after a job placement, recent work experience is an important factor in determining longer-term employment outcomes (beyond what is measured in this analysis). The relatively strong impact of wage subsidies on achievement of 26 week outcomes, combined with the evidence above which shows they have a relatively strong impact on parents having reduced income support entitlements 12 months after a job placement, demonstrates that wage subsidies play a role in helping this cohort reconnect with and remain attached to the labour market.

Mature-aged participants (Restart wage subsidies)

Participants who were eligible for and used a Restart wage subsidy for a job placement had a higher likelihood of achieving 26-week employment outcomes (17.4 percentage points higher) and income support outcomes (8.5 percentage points higher on being off income support within 12 months of commencing a job) than participants eligible for that subsidy who did not use one. Wage subsidies for this cohort appear to have had a slightly higher impact than for the wage subsidy eligible population overall, although in part this will be due to the higher wage subsidy value available to this population (\$10,000 compared with \$6,500 available to most other recipients over time) (Table 8.1.1).

Participants with different levels of disadvantage

The observed impact of a wage subsidy is larger for Stream B and C participants than for Stream A for all measures. This is particularly the case for the income support outcomes. The impact of a wage subsidy on whether a participant left income support within one year of a job placement is almost double that for Stream B and C participants than it is for Stream A participants (10.8 ppt for Stream B compared with 5.9 ppt for Stream A). The difference in impact on whether a participant is off-income support one year after a job placement for these higher streams is slightly less at around 25 per cent (7.2 ppt for Stream B compared with 5.7 ppt for Stream A) higher than for Stream A (Table 8.1.2).

Table 8.1.2 Subsidised and non-subsidised outcome rates (observed), by Stream

Analysis group	26 week outcome	Off income support within 12 months of commencing a job	Off income support at 12 months after commencing a job
Stream A			
Un-subsidised job	54.4	78.4	67.0
Subsidised job	68.3	84.3	70.8
Difference (ppt)	14.0	5.9	3.8
Difference (%)	25.7	7.5	5.7
Stream B			
Un-subsidised job	38.4	50.5	41.4
Subsidised job	56.2	61.3	48.6
Difference (ppt)	17.9	10.8	7.2
Difference (%)	46.6	21.3	17.4
Stream C			
Un-subsidised job	32.5	47.9	37.3
Subsidised job	50.3	58.8	44.6
Difference (ppt)	17.8	10.9	7.4
Difference (%)	54.9	22.8	19.8

Source: Departmental administrative data.

Note: This data is not regressed and therefore does not account for differences in participant and job characteristics between subsidised and unsubsidised job placements.

Regression results support the position that subsidies have a larger impact for participants with higher levels of disadvantage (Table 8.1.1).

At the end of the analysis period used for the jobactive evaluation, around 80 per cent of the jobactive caseload was eligible for a wage subsidy of some kind.¹⁰⁸ In the context of increased reported deadweight loss (Figure 8.1.3) and increased costs involved (Table 10.2.1) under the jobactive contract, there is a need to continue to more effectively target wage subsidies.

8.1.7.2 Effect of different subsidy amounts on paid employment outcomes

The effects of different subsidy amounts (up to \$6,500 or up to \$10,000) on outcomes was also investigated to assess whether larger wage subsidies had greater effects – that is, whether

¹⁰⁸ Departmental administrative data

participants who received a higher subsidy amount had a higher likelihood of achieving an outcome compared to participants who were eligible for the higher amount but used a lower value subsidy.

Table 8.1.3 Mean marginal effect of wage subsidies, by subsidy amount (percentage points)

Analysis group	26-week employment outcomes	Off income support within 12 months of commencing a job	Off income support at 12 months after commencing a job
Wage subsidy up to \$6,500	14.4	4.9	2.7
Wage subsidy up to \$10,000	18.1	9.0	6.9

Source: Departmental administrative data.

Note: Data is for participants who were eligible for a subsidy of up to \$10,000.

As shown in Table 8.1.3, for participants who were eligible for a \$10,000 wage subsidy, use of a \$6,500 subsidy had a lower smaller mean marginal effect on achieving outcomes (14.4, 4.9 and 2.7 ppts) than for all participants (16.7, 7.9 and 5.8 ppts) (Table 8.1.1). While use of a \$10,000 subsidy for this population, compared with a \$6,500 subsidy, results in a higher mean marginal effect of a subsidy (by around four percentage points for each outcome), the cost of the higher subsidy amount is around 54 per cent more.

Change in Restart wage subsidy policy resulted in better outcomes

During jobactive, there were several wage subsidy policy changes relating to mature-aged participants (i.e. Restart program). While not perfect, because subsidy recipients could be engaged across multiple policy settings, this presented a natural experiment with regard to Restart subsidies.

Table 8.1.4 Changes to Restart policy, 2015 to 2019

Policy Implementation	Subsidy duration	Payment amounts
July 2015	24 months	\$10,000 – fixed payments of \$3,000, \$3,000, \$2,000 and \$2,000 at the end of each six months.
November 2015	12 months	\$10,000 – up to \$6,500 during the 12 months (intervals to be negotiated and up to \$3,500 at 12 months).
January 2017	6 months	\$10,000 – payment schedule to be negotiated.

The analysis of the Restart wage subsidy (Table 8.1.1) demonstrated a positive effect on whether participants achieved a 26-week employment outcome (17.4 percentage points higher than no subsidy), left income support within 12 months of starting the job (8.5 percentage points higher), and remained off income support 12 months after starting the job (6.7 percentage points higher).

This positive effect was slightly stronger for Restart subsidised job placements which occurred during 2017, after the relevant policy changes, than it was for Restart subsidised job placements which occurred during 2016. Looking at the relative change for Restart compared with all subsidies, we can see that the increase appears to be slightly larger for Restart than for all subsidies. For example the difference in MME for job placement in 2016 and 2017 for 26-week outcomes is 1.7 ppts for all wage subsidies, but 2.2 ppts for Restart (Table 8.1.5). This suggests that the increase in the impact of the

Restart subsidy from 2016 to 2017 may be partly due to policy changes relating to that subsidy and partly due to changes to wage subsidies more broadly.

Table 8.1.5 Mean marginal effects of a wage subsidy, by subsidy type and calendar year

	2016 wage subsidies MME (1)	2017 wage subsidies MME (2)	MME differences A=(2)-(1)
All wage subsidies			
26-week outcome	15.4	17.1	1.7
Off income support within 12 months of job placement	7.3	8.3	1.0
Off income support at 12 months from job placement	5.7	5.8	0.1
Restart wage subsidies			
26-week outcome	15.9	18.1	2.2
Off income support within 12 months of job placement	7.7	9.1	1.7
Off income support at 12 months from job placement	6.6	6.7	0.1

Source: Departmental administrative data.

Longer term effects on income support status

In the first 18 months after commencing job placements a higher proportion of participants who used wage subsidies were off income support, compared to participants who did not use a wage subsidy (Figure 8.1.8). From 18 months to two years after commencing a job placement, the likelihood of remaining off income support was similar for participants regardless of whether they had used a wage subsidy, suggesting the positive effect of wage subsidy may not have been sustained beyond 18 months.

Figure 8.1.8 Off income support within two years of job placement (per cent)



Source: Departmental administrative data.

8.2 Meeting employer needs

The design of jobactive is intended to encourage providers to work more closely with employers than was the case under Job Services Australia and to understand their recruitment needs. Key areas in which providers can assist employers include:

- referring potential employees who are ready for a real work environment
- providing support, including pre-employment training and work-related equipment, as the new employee settles into the job
- administering wage subsidies for eligible employees who are mature age, long-term unemployed, Indigenous, parents or under 30 years old (Department of Jobs and Small Business 2017c).¹⁰⁹

8.2.1 Employer recruitment practices and needs

8.2.1.1 Employer recruitment practices

Research conducted by the department found that employers use a range of formal and informal recruitment methods to fill vacancies and usually use more than one method. Two-thirds (65%) of all vacancies are advertised online (excluding via social media), while almost half (46%) are advertised

¹⁰⁹ Data and analysis in this chapter is taken from the 2017 Employer Survey and associated qualitative fieldwork.

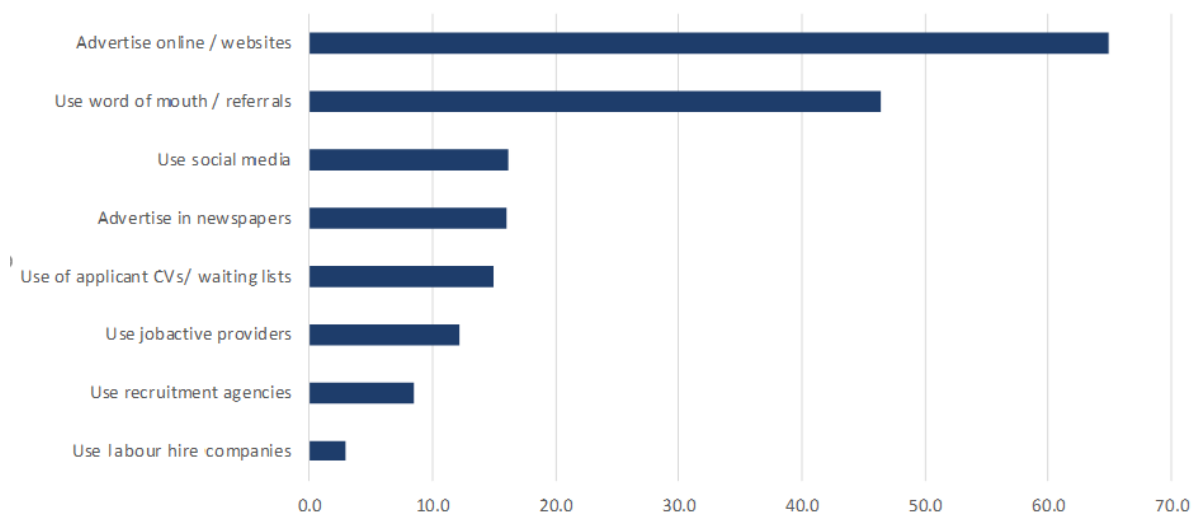
via word of mouth or referrals. Only around one in eight (12%) of employers reported knowingly using jobactive providers to recruit staff.¹¹⁰

Employers filling lower skilled vacancies and employers in regional areas more commonly used informal methods of recruitment. The most common of these were:

- word of mouth (common in agriculture, construction, retail, manufacturing, and automotive repair)
- direct approach by a job seeker (common in bars, cafés, restaurants, supermarkets and department stores)
- putting a sign in the window (common when recruiting for sales assistants, checkout operators, café workers and waiters) (Department of Jobs and Small Business 2017).

Almost two-thirds of employers also relied on informal recruitment methods such as word of mouth and/or referrals from employees, friends and family (47%) or use of CVs that had been dropped in by participants who had cold-called (15%). Fewer reported that they used providers (12%), recruitment agencies (9%) or LHCs (3%) to assist them to recruit (Figure 8.2.1).

Figure 8.2.1 Preferred methods of recruitment – jobactive employers (per cent)



Source: Department of Jobs and Small Business, 2017 Employer Survey, Question F1a: Thinking about your recruitment processes in general, what strategies and/or methods do you use to recruit new staff?

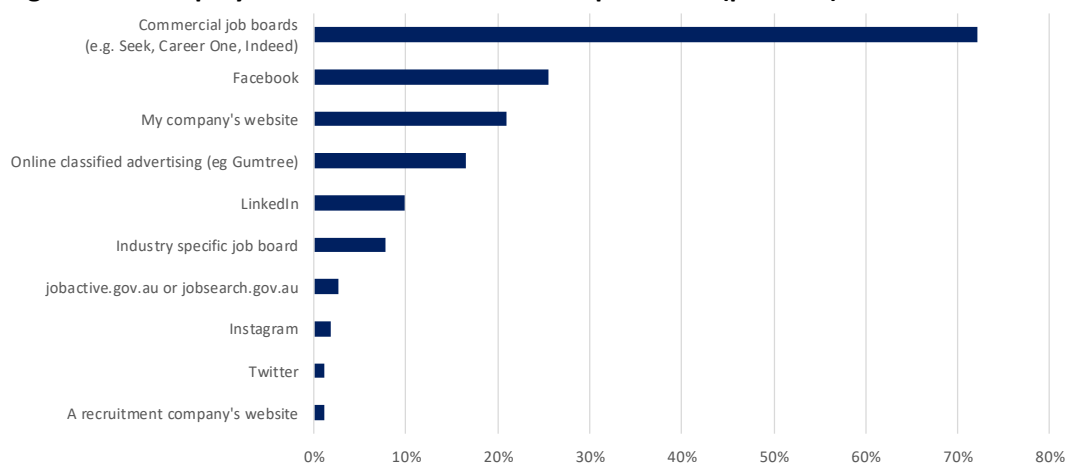
Note: Excludes 'Don't know', 'Refused' and 'Other (Specify)' responses.

Employers who indicated that they advertised online when recruiting were asked what online platform(s) they used. Almost three-quarters of these employers (72%) reported that they used commercial job boards – for example Career One, Seek and Indeed. Just over a quarter used social media such as Facebook (26%), Instagram (2%) and Twitter (1%) as a method of recruitment. Only

¹¹⁰ Department of Jobs and Small Business, 2017 Employer Survey.

3% of employers used jobactive.gov.au or jobsearch.gov.au to assist with recruitment (Figure 8.2.2).¹¹¹

Figure 8.2.2 Employer use of online recruitment platforms (per cent)



Source: Department of Jobs and Small Business, 2017 Employer Survey.

8.2.1.2 Employer needs

Employers are looking for a mix of skills

According to the 2017 Employer Survey, employers look for job seekers who possess both vocational and non-vocational skills. However, the desired vocational/non-vocational skill mix is dependent on business size and business industry type. While employers value candidates with relevant work skills and qualifications, many are willing to train the right person, provided they have a good non-vocational skill set and work ethic. Many employers believe that candidates without a driver's licence and reliable transport are not suitable to hire. Employers are often concerned that the non-vocational skill set of jobactive participants is less than that of people who have not had periods of unemployment.

Employers value job seekers with good personal skills and qualities

Employers want candidates with good technical skills, and well-developed employability skills (sometimes called work readiness skills, people skills or soft skills). According to the Survey of Employers' Recruitment Experiences, some 72% of all employers consider employability skills to be at least as important as, if not more important than, technical or vocational skills. Furthermore, while employers value experience, many are willing to compromise on candidates' technical skills, and seek to employ job seekers who are reliable, are well presented and display a good work ethic.¹¹²

¹¹¹ The wording of the 2017 Employer Survey questions around awareness and use of the jobactive website referred to both www.jobactive.gov.au and www.jobsearch.gov.au. The www.jobactive.gov.au site transparently redirected users to the www.jobsearch.gov.au site.

¹¹² Department of Jobs and Small Business, 2018, Survey of Employers' Recruitment Experiences.

According to the 2017 Employer Survey, employers known to have employed a participant from the jobactive caseload identified relevant skills and experience as the most important characteristic that potential employees must have. However, non-vocational attributes such as reliability, willingness to work, interpersonal skills and readiness and ability to take on a job were also highly valued by respondents. The most important candidate characteristics identified by employers varied according to industry sector. Employers in the Construction and Administration and Support Services sectors considered vocational skills and experience more desirable than non-vocational skills, whereas employers in the Retail Trade and Accommodation and Food Services sectors rated reliability and interpersonal skills as the most desirable characteristics.

Small business employers (those with fewer than 20 employees) selected non-vocational attributes such as willingness to work and reliability with greater frequency than vocational skills and experience. Conversely, medium and large employers selected relevant work skills and experience more frequently than non-vocational skill sets.

Employers value work ethic and relevant skills above qualifications

Employers value candidates with relevant work skills and experience and to a lesser extent relevant qualifications, certificates and licences. They are willing to provide training and support to new employees, particularly into low-skill and entry-level jobs if required, as long as candidates are willing and motivated to work.¹¹³

We are looking for somebody who really wants to work. Maybe they aren't qualified, but that guy we can train, [it] takes some time, we can cover, we are patient, that's fine, as long as he's stable and motivated. But if he's missing that part, that's nothing we can do. And we don't really have the time.

Employer interview, 2016

8.2.2 Employer engagement with jobactive

8.2.2.1 Awareness of jobactive is relatively low

Most employers are aware that the Australian Government supports unemployed Australians with a suite of employment services. Awareness of specific branding relating to these services, however, is very low. While there is evidence to suggest that marketing campaigns have a positive effect on brand recognition, this effect appears to be short-lived. A marketing campaign was used during the first year of the jobactive model with the aim of increasing brand awareness. Research surrounding the campaign found that unprompted awareness of the jobactive brand among the small and medium business which made up the study population remained low over the one year study period. Prompted awareness of the jobactive brand did increase, peaking at 30 per cent towards the end of the marketing campaign, but reduced again when the campaign was paused.

¹¹³ Department of Jobs and Small Business, 2017 Employer Survey.

Lower levels of reported awareness among employers are not unusual, however. Previous employment services programs had levels of awareness among employers that were similar, or lower, at various points in time. For example, research conducted in 2001, around three years after Job Network started, into the effectiveness of the Job Network communications campaign showed that almost half of employers surveyed had no or little awareness of Job Network (23% had never heard of Job Network and a further 36% knew the name but little else) (DEWR 2002). Similarly, reported awareness levels for JSA varied between 30% and 40% during the life of that program.¹¹⁴

This lack of awareness may be attributable to the iterative branding of employment services programs and an emphasis among jobactive providers on developing their own brand. It might also reflect the fact that the analysis period is the first three years of jobactive, which means employers had little time to develop brand awareness.

Results of the 2017 Employer Survey showed that awareness of jobactive was not universal among employers surveyed, even though the department's administrative records indicated that in the six months prior to the survey all of these employers had employed a participant who had been on the jobactive caseload. Just over two-fifths of employers surveyed had heard of the jobactive program, while a further 17% were aware of predecessor programs such as JSA and Job Network. Awareness of jobactive (and predecessor programs) by name was highest among large employers and LHCs.^{115, 116}

Higher awareness among large employers and LHCs might be expected as they often have dedicated human resources functions and have greater capacity to engage with government programs. When designing and implementing employment services programs, the government engages with stakeholders such as chambers of commerce, peak bodies, industry bodies and other associations, and these stakeholders often represent, and are highly engaged with, large employers.

While jobactive is the government's major employment services program, it is delivered by providers, and their best business interests are served by promoting their own branding. The 2017 employer qualitative project found that while some employers were aware of the jobactive program by name, most were aware of their local providers' own branding – for example, they were aware of jobactive providers in their locality by the provider name rather than as a jobactive provider.

Additionally, in the 2017 Employer Survey (which sampled employers who had recently employed a participant from the jobactive caseload), around one-third (31%) did not recognise the current jobactive program name, but recalled previous program names, for example Job Network (1998–2009) or Job Services Australia (2009–2015). The renaming of flagship employment services programs may contribute to the low awareness of the current program. Feedback from the 2017 employer qualitative project also suggested that employers could not differentiate between the

¹¹⁴ Department of Jobs and Small Business, Employer Surveys, 2010, 2012, 2015.

¹¹⁵ Australian employers with more than 200 employees.

¹¹⁶ Department of Jobs and Small Business, 2017 Employer Survey.

service offerings of previous programs and tended to call all providers ‘the Job Networks’ even though they understood that providers were now delivering the jobactive program.

I’m not really familiar with [jobactive]. Is it a program? Is it a program of getting people back to work? Is it like the old – ... I think it was called Job Networks?

Employer focus group, 2016

8.2.2.2 Awareness of the services jobactive provides is mixed

Employers who were aware of government-funded employment services in the 2017 Employer Survey were also aware that providers offer end-to-end recruitment services at no cost (63%) and are available to screen job candidates (62%). Around half of employers surveyed, all of whom had employed a participant from the jobactive caseload in the previous six months, were aware that providers could support new employees while they settle in and provide pre-employment training and work-related equipment for new employees (Table 8.2.1).

Table 8.2.1 Employer awareness of jobactive provider service offering by business size (per cent)

Type of service	Overall	Small (0–19 employees)	Medium (20–199 employees)	Large (200+ employees)
End-to-end recruitment services at no cost	63	56	63	76
Screening of job ready candidates	62	56	63	75
Support while new employees settle in	55	46	59	67
Pre-employment training and work-related equipment for new employees	48	40	50	66

Source: Department of Jobs and Small Business, 2017 Employer Survey.

Mixed levels of awareness of jobactive is not entirely unexpected, since, especially for Stream A who make up the bulk of the jobactive participants, providers play a key role in preparing and facilitating participants applying for their own jobs, not just in brokering opportunities.

Because the employers surveyed as part of the 2017 Employer Survey had hired a participant from the jobactive caseload in the six months preceding the survey, it was expected that these employers would have an awareness of the service offered by providers. However, many of them had limited awareness of the services available to them. Compared with its predecessor, JSA, the jobactive employment service model is intended to more strongly incentivise providers to help participants achieve sustainable employment outcomes. There is some opportunity, therefore, for providers to increase their engagement with employers, in order to offer services to these employers that will help create and sustain employment outcomes.

8.2.2.3 Minimal change in provider methods of employer engagement

While the jobactive program has an enhanced focus on employer servicing, there is little evidence to suggest that employer engagement significantly changed with the introduction of jobactive. Some providers reported that their organisations engaged with employers no differently than in past

models of employment services. Frontline staff warm-calling and cold-calling employers to reverse-market participants was the method of engagement most commonly reported by providers in the 2017 Provider Survey, which is similar to previous iterations of the Provider Survey (Figure 8.2.3).

Figure 8.2.3 How jobactive provider site staff engage with employers (number of sites)



Source: 2017 Provider Survey.

Note: Each site may select more than one response.

Employers did not report increased engagement with providers since the introduction of jobactive, and the 2017 Employer Survey revealed that most employers who had employed a jobactive participant did not attribute the recruitment event to a provider. In fact, many claimed to have never engaged with a provider.

8.2.2.4 Employer contact with jobactive provider

While small businesses reported low awareness of the jobactive brand, the 2017 Employer Survey shows small businesses more frequently reported approaching jobactive providers in the six months prior to the survey than medium and large businesses. Large businesses were more likely to report being approached by providers than small businesses ([Table 8.2.2](#)), and large employers were more aware of the jobactive services than small employers.

Table 8.2.2 Employer contact with jobactive providers, by business size (per cent)

Type of contact	Overall	Small (0–19 employees)	Medium (20–199 employees)	Large (200+ employees)
Provider approached employer	30	23	34	42
Employer approached provider	13	18	10	7
Both employer and provider approached	10	10	9	11
No employer contact with provider	44	46	45	38
Don't know	2	2	2	2

Source: Department of Jobs and Small Business, 2017 Employer Survey.

Notes:

1. The reference period for this data is the six months preceding the survey.
2. The data represents the percentage of employers who had employed a jobactive participant, whether they knew they had or not.

8.2.2.5 Provider interaction affects the type of participant employed

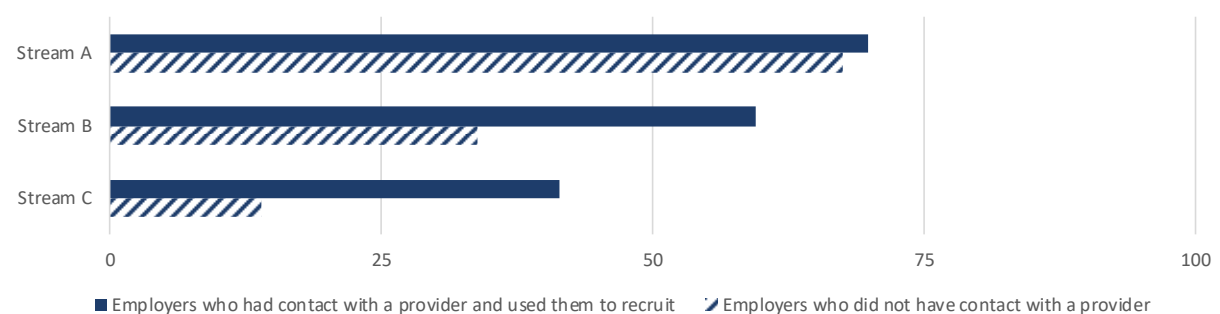
Stream A

Employer awareness of the jobactive program and employer interaction with a provider does not appear to influence the likelihood that an employer will employ a Stream A participant. That is, they appear to be employed at a similar rate, irrespective of whether an employer reported being aware or unaware that they had recruited a jobactive participant (70% compared with 67% respectively).

Streams B and C

The story for Stream B and C participants is a little different. Employers who recruited a Stream B or C participant were twice as likely to report having had contact with a provider and having used them to recruit (60% compared with 34% for Stream B and 41% compared with 14% for Stream C) (Figure 8.2.4).

Figure 8.2.4 Providers influence placement of Stream B and Stream C participants (per cent)



Source: Department of Jobs and Small Business, 2017 Employer Survey.

These findings are very much in line with the expectations of the jobactive program. At the time of the 2017 Employer Survey, two out of every five Stream A participants, excluding volunteers, were in the Self-Service and Job Activity phase, meaning they were assessed to be more job ready and were

expected to require less intervention from their jobactive provider than other participants.¹¹⁷ A key expectation of participants in this phase, as well as other phases, is that they will meet their job search requirement. It is quite likely, then, that these more 'job ready' participants (i.e. Stream A), who are primarily expected to look for work, would frequently find employment without their jobactive provider having to negotiate, or broker, a job on their behalf.

Participants in higher streams are assessed to have greater barriers to employment and can generally be considered less likely to obtain employment without the assistance of their provider. Consequently, these participants are expected to have a stronger association with their provider in terms of assistance to address barriers, prepare for work, approach employers to reverse-market participants and negotiate employment opportunities on their behalf.

8.2.2.6 Why employers use jobactive

The 2017 Employer Survey identified reasons that employers employed jobactive participants. These included:

- access to a large pool of potential employees (28%)
- providers or participants engaged with the employer had initiated contact (12%)
- convenience or ease of use (9%)
- access to wage subsidies and incentive payments (5%)
- jobactive was a free service (4%)
- business had an altruistic desire to assist a disadvantaged job seeker (4%).

8.2.2.7 Reasons for not using jobactive

The 2017 Employer Survey also identified the main reasons that potential employers did not use jobactive providers to help with their recruitment needs, which were a lack of awareness of the jobactive program and a perception that unemployed people were not suitable for their organisation.

Employers that had hired a jobactive participant but did not attribute that recruitment to assistance from a provider were asked why they did not use a provider. The reasons included:

- their organisation had its own recruitment processes or policy (23%)
- they were not aware that they could use a provider to assist with recruitment (23%).¹¹⁸

Unsuitability of participants (32%) was cited often as a reason for not using jobactive. These employers felt that jobactive participants:

- were not work ready or did not have the soft skills to work (12%)
- skills and qualifications of participants did not match the jobs on offer (12%)
- are unproductive or do not want to work (5%).¹¹⁹

¹¹⁷ Department of Jobs and Small Business 2017, jobactive Caseload Report, 31 March 2017.

¹¹⁸ Department of Jobs and Small Business, 2017 Employer Survey.

¹¹⁹ Department of Jobs and Small Business, 2017 Employer Survey.

It must be noted that these employers had all recruited a jobactive participant who had received servicing from a provider in the months prior to the survey, but did not necessarily attribute the hiring event to a provider or were not aware that a recent recruit had been a jobactive participant.

The question of the suitability of participants associated with government-funded employment services is a longstanding issue. The evaluation of *Working Nation* indicated that many employers had concerns about the level of skills and motivation of the long-term unemployed and were unwilling to take them on, regardless of government incentives (DEETYA 1996). Similarly, the Job Network evaluation found that a key factor affecting employers' usage of a government-funded service is their attitude towards the unemployed, and in particular the long-term unemployed. In a qualitative study carried out in 2001, employers were generally negative towards long-term unemployed people. Most acknowledged that there was a 'stigma' attached to unemployment that influenced their hiring decisions (DEWR 2002). Both JSA evaluations had similar findings. For example, the JSA 2012–2015 evaluation found that about half of employers who were aware of JSA but did not use it stated that their main reasons for not using it was that JSA participants lacked suitable work-related and soft skills (Department of Employment, Skills, Small and Family Business 2020a). So for over two decades now, through various iterations, government-funded services have reportedly not met the expectations of employers. This raises the question as to whether services designed for unemployed benefit recipients would reasonably be expected to meet the needs of employers.

There was also evidence from the 2017 employer qualitative project that some employers preferred interacting with private recruitment agencies or LHCs over jobactive. This was particularly seen to be the case when vacancies needed to be filled quickly or were short term. Representatives of LHCs that participated in this research also suggested that LHCs were a more flexible option for employers than jobactive. They believed that employers perceived LHC candidates (some of whom may have participated in jobactive and been already employed by the LHC or had specialised skills) to be of superior quality. Other things which LHC representatives felt made them more flexible included quick replacement of unsuitable participants.

Caution should be used about drawing too many comparisons between private recruitment agencies, LHCs and jobactive, as jobactive has different goals and restrictions from the other organisations – chief among which is that the private agencies and LHCs can *choose* which candidates they take on. There is also a strong impetus for jobactive providers to seek sustainable employment for more disadvantaged participants in order to achieve employment outcomes. This likely deters them from seeking employment opportunities that can be reasonably expected to be short term.

While a significant component of this preference is likely to be due to variations in the service offerings from private recruitment companies and LHCs, as compared with jobactive, there may be an element of scarcity theory at play also. Scarcity theory contends that we inherently value things that are scarce and that scarcity is reflected in attribution of dollar values. The corollary of this is that things to which no economic or dollar value are attached are not valued (Cialdini 2008). This suggests that some of this preference may also stem from a perception that a free service, such as

that offered by jobactive, must be offering an inferior product to a paid service, such as that offered by a private recruitment company or LHC.

The negative perceptions that surround both unemployed participants and government-funded employment services ultimately impact on provider ability to place participants into employment and to service employers who recruit jobactive participants. Further efforts from the department to advertise employment services might go some way to negating this perception; however, this needs to be supported by appropriate targeting and support from providers to ensure employers get value from using government employment services.

As noted above, there are indications that government-funded employment services might never be in a position to entirely meet the needs of employers.

8.2.2.8 Employers are not always aware they have recruited a jobactive participant
Around a third (30%) of respondents in the 2017 Employer Survey (respondents had all employed a jobactive participant) indicated they had been approached and offered services by a jobactive provider. Around one in 7 (14%) employers had initiated contact with a provider. A further 10% indicated that they had both been approached by, and initiated contact with, a provider in the six months prior to the survey.

Almost half (44%) of the employers surveyed said that they had not had contact with a jobactive provider, despite having recruited a jobactive participant. Less than a quarter (22%) credited an employment placement to service or support received from a jobactive provider.

The provision of services to an employer, just like the provision of services to a participant, is intended to be on an as-needed basis in jobactive. A large proportion (87%)¹²⁰ of participants report conducting their own job search in addition to any done with the assistance of their providers. Of these, about half indicate finding paid work. In these instances, the participant may not require additional assistance from their provider. It may also be that the provider has helped the participant to gain employment by preparing them but not actually brokering the job placement. It is also possible that, due to the stigma that some employers associate with people receiving unemployment benefits, the participant did not want their participation in jobactive disclosed to their new employer.¹²¹ In these instances, a provider may not have the opportunity, or the need, to directly deal with an employer, even though they may have assisted the participant into, and even be supporting the participant to retain, that job.

During the 2017 employer qualitative project, some employers reported that they would have benefited from services offered by a provider but that no such offer was made. That some employers are not aware of a participant's interaction with jobactive and the services that may be available to them largely means that providers are unable to provide services to those employers.

¹²⁰ JSEES Survey, 2017.

¹²¹ Department of Jobs and Small Business employer qualitative project, 2017.

8.2.3 Employer satisfaction with jobactive

Employers who were aware that they had employed a participant from the jobactive caseload and had used a provider to assist them with recruitment were satisfied with the service and support that they received from providers. When providers took a proactive and engaged role in the placement of participants, employers generally reported high satisfaction with services and support delivered.

8.2.3.1 Provider referral processes

Employers are generally positive about the participant referral processes used by providers; however, they are less positive about the quality of candidates referred to them and rate their skill levels accordingly. They also raise concerns about the non-vocational skill set of these participants. These skills, sometimes called employability skills, interpersonal skills or soft skills, are becoming increasingly important as the labour market shifts to a services-based economy. They include good communication skills, teamwork, reliability, initiative, and good personal presentation.

Employers who have used a provider to assist in the recruitment process are more likely to report that these employees have left employment than employers who report they did not directly use a provider to assist in the recruitment process. Similarly, employers who use a provider to assist with recruitment report that employees leave employment due to performance-related reasons, whereas employers who report no contact with a provider report that employees leave employment of their own accord, usually to move to another employment opportunity. This may be related to the fact that employers who have an interaction with providers are more likely to employ a Stream B or C participant¹²² (and may otherwise be less able to sustain the placement). It may also reflect some choice-supportive bias among employers. Choice-supportive bias is an established cognitive bias by which people think more positively of things they have chosen (Mather, Shafir and Johnson 2000). This may mean that employers are more likely to report positively about a recruit who they independently chose, rather than one who was recommended by a provider.

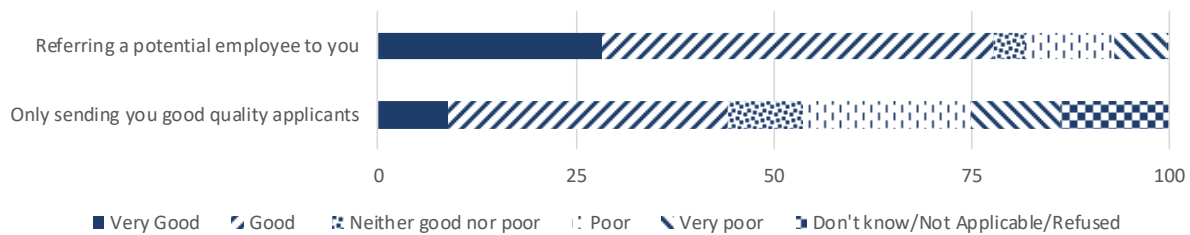
8.2.3.2 Employer perception of quality of referred participants

In the 2017 Employer Survey, over three-quarters of employers (77%) who had contact with a provider and employed a participant from the jobactive caseload rated the referral of participants by a provider as very good (28%) or good (49%). However, when asked to rate whether providers only sent them good-quality applicants, less than half of employers (44%) felt that all participants referred to them were very good (9%) or good (35%) (Figure 8.2.5).¹²³

¹²² Department of Jobs and Small Business, 2017 Employer Survey.

¹²³ Department of Jobs and Small Business, 2017 Employer Survey.

Figure 8.2.5 Employer perceptions of quality of participant referrals (per cent)



Source: 2017 Provider Survey.

These findings are further supported by research conducted in 2016 where employers who had been referred a jobactive participant were asked to what extent the participant met their business needs. More than four-fifths (82%) of these employers reported that participants referred to them by their local provider met their needs either fully (15%) or to some extent (67%), while 15% stated they did not meet their needs at all.¹²⁴ Again, it should be noted that employers who reported that they had not used a provider to directly assist with recruitment were more likely to recruit Stream A participants.

8.2.3.3 Employers are generally satisfied with their jobactive employees

Employers generally felt that recently hired employees were a good fit for their workplace. In the 2017 Employer Survey, employers who had hired a participant from the jobactive caseload in the six months prior to the survey were asked whether their recently hired employees were a good fit for their workplace. Eight in 10 (80%) agreed (49%) or strongly agreed (31%) that the person or people hired in the last six months were a good fit.

Employers were generally cautious about hiring people with known periods of unemployment, or those who were 'on the books' of jobactive providers. However, most were amenable to hiring an unemployed person, providing there was a valid reason to explain the period of unemployment – for example, if they were subject to challenging labour market conditions or had caring responsibilities.¹²⁵

People fall over in life and they – it doesn't matter what their background was. They could have been up there with the stars and suddenly they fall over in life due to certain circumstances in life. And suddenly they're on the books at [provider].

Employer focus group, 2016

8.2.3.4 Employer perception of suitability of jobactive participant vocational skills

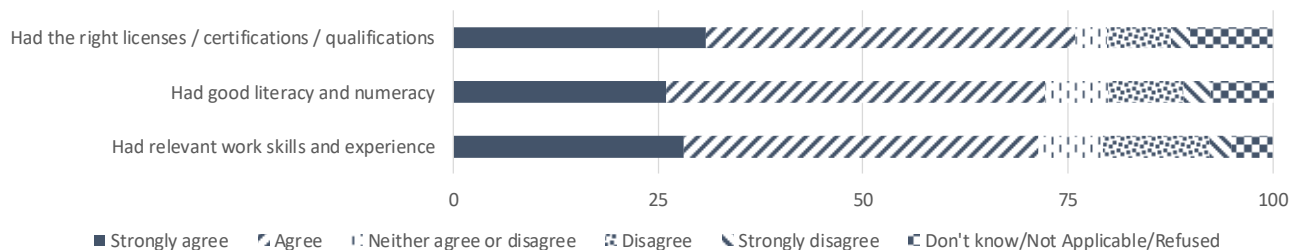
Most employers agreed that jobactive participants had appropriate vocational skills. Employers who had recruited a participant from the jobactive caseload in the six months prior to the 2017 Employer Survey were asked to what extent they agreed that their recruits had the right mix of vocational

¹²⁴ Department of Employment, 2016 Employer KPI Development Survey.

¹²⁵ Department of Jobs and Small Business, 2017 Employer Survey.

skills. Over three-quarters (76%) strongly agreed (31%) or agreed (45%) that participants had the right licences, certifications and qualifications. Just under three-quarters (72%) strongly agreed (26%) or agreed (46%) that participants had good literacy and numeracy, and just over seven in 10 (71%) strongly agreed (28%) or agreed (43%) that participants had relevant work skills and experience (Figure 8.2.6).¹²⁶

Figure 8.2.6 Employer perceptions of jobactive participant vocational skills (per cent)



Source: Department of Jobs and Small Business, 2017 Employer Survey.

Employers who had employed a participant from the jobactive caseload but had not used a provider to assist in their recruitment reported higher agreement to all three statements about the vocational skill levels of participants. Large businesses and employers in major cities also reported higher agreement to statements about vocational skill levels than smaller employers and employers in regional Australia.

Again, it should be noted that employers who reported that they had not used a provider to directly assist with recruitment were more likely to recruit Stream A participants.¹²⁷ As these participants had found their own employment, they may have been more motivated to seek out employment opportunities and may have had better non-vocational skills than participants who relied on providers to match them to a job.

8.2.3.5 Employer perceptions of suitability of participant non-vocational skills

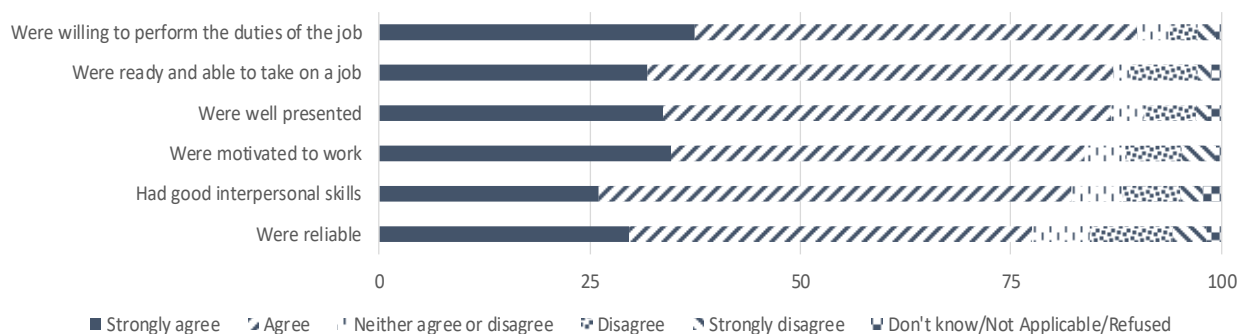
Most employers agreed that jobactive participants had appropriate non-vocational skills. Employers who had recruited a participant from the jobactive caseload in the six months prior to the 2017 Employer Survey were asked to what extent they agreed that their recent recruits had the right mix of non-vocational skills. Over three-quarters of employers agreed or strongly agreed on every non-vocational skill measure (Figure 8.2.7).¹²⁸

¹²⁶ Department of Jobs and Small Business, 2017 Employer Survey.

¹²⁷ Department of Jobs and Small Business, 2017 Employer Survey.

¹²⁸ Department of Jobs and Small Business, 2017 Employer Survey.

Figure 8.2.7 Employer perceptions of suitability of job seeker non-vocational skills (per cent)



Source: 2017 Employer Survey.

Employers who had employed a participant from the jobactive caseload but reported not using a provider to assist in their recruitment perceived the non-vocational skills of job seekers to be higher than employers who reported using a provider to assist with recruitment. These employers perceive that participants referred by providers may be less committed to work and less suited to employment opportunities than participants who have not been referred by providers. Again, it is possible that a degree of choice-supportive bias may have led some employers to recall independently recruited participants more positively.

In qualitative interviews some employers voiced frustration at the non-vocational skill set of some participants referred to them by providers. Many employers gave examples of participants referred by providers who did not want to work, or gave the impression at interviews that they did not actually want a job or were unwilling to work consistently or sustain employment over time.

... the big thing is to identify those people who want to work, from those people who don't, and those people who don't want to work, they have to be handled in a different way. Trying to push them into a world that is obviously foreign to them, is a waste of everybody's time.

Employer interview, 2016

Some employers were also frustrated with jobactive participant unreliability, and gave examples where newly placed participants had poor time management and attendance – for example, where participants were consistently late for work, regularly called in sick or did not turn up or did not turn up to work and failed to notify the employer.

... and nearly everyone we've had from a job centre has had a sickie within the first week, and I'm nearly just about at my end with job providers. I find the ones that walk in off the street I'm getting a better deal from, because they seem keener.

Employer focus group, 2016

Several employers were concerned that participants who were referred to them had health issues, both physical and mental, often related to drugs and alcohol, although these were not disclosed at the time of the interview by either the participant or the provider. This real cost to the business of

providing support to participants was often mentioned by employers. While most employers were willing to work with the employees to help them through their issues, some were concerned about additional risks to the employee if they exacerbated an existing condition, or were concerned that the employee might make a workers' compensation claim against them, or that the employee's condition might impact upon other staff or customers.

Some [job seekers] do try really, really hard, but once again it is that resilience. It is not there; the demons that they're fighting – whether it is drugs, or alcohol or mental health issues – just makes it so hard for them.

Employer focus group, 2016

Employers often voiced frustration at the time they spent dealing with participants who were disruptive to their recruitment processes. Employers gave examples of participants not turning up to interviews, requesting employment conditions that an employer would not agree to in interviews, or simply going through the motions of applying for positions that they did not actually want but were obliged to apply for to satisfy MORs.

My biggest problem with all of them is that in many cases people don't turn up for interviews.

Employer focus group, 2016

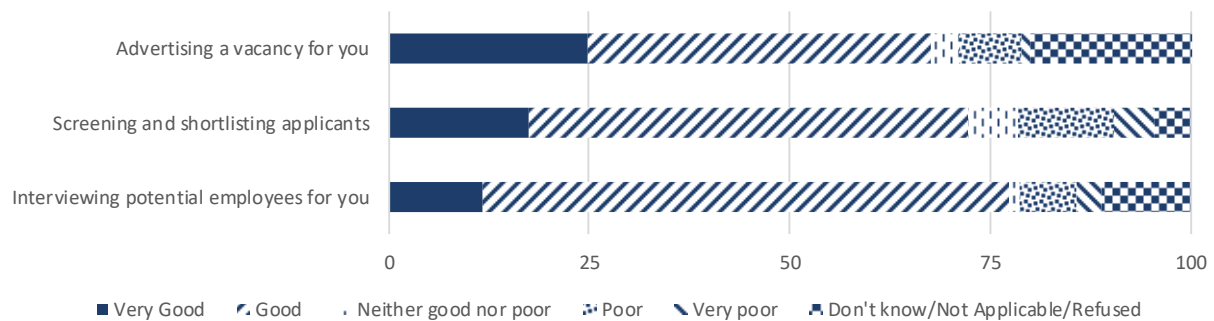
8.2.3.6 Employer satisfaction with provider interactions varies

The same survey indicates that employers who were aware that they had employed a participant from the jobactive caseload and had used a provider to assist them with recruitment were satisfied with the service and support that they received from providers. When providers took a proactive and engaged role in the placement of participants, employers reported high satisfaction with services and support delivered.

8.2.3.7 Employers are generally happy with the quality of screening, but there is room for improvement

Employers were positive about the quality of recruitment support they received from providers. According to the 2017 Employer Survey, more than three-quarters (78%) of employers who reported having contact with providers rated the provider good (66%) or very good (12%) at interviewing potential employees. Just under three-quarters (73%) of employers reported that providers were good (55%) or very good (18%) at screening and shortlisting applicants, and over two-thirds (69%) reported that providers were good (43%) or very good (25%) at advertising a vacancy for them ([Figure 8.2.8](#)).

Figure 8.2.8 Employer perceptions of quality recruitment support (per cent)



Source: Department of Jobs and Small Business, 2017 Employer Survey.

In qualitative fieldwork, employers were also positive about the quality of recruitment services they received from providers, with several mentioning that using a provider to assist with recruitment meant savings and benefits to their business.

The big seller to me was that they [the jobactive provider] said that they could do all the looking and the advertising and the filtering of all the people that they feel wouldn't be a fit for us. It all came down to the amount of time that they could actually save me.

Employer interview, 2016

While employers surveyed were generally happy with the quality of recruitment services, one in 10 suggested that better screening of applicants would improve the overall recruitment experience. This theme was also explored during qualitative fieldwork and employers were able to give specific examples where providers had not screened applicants for vacancies thoroughly.

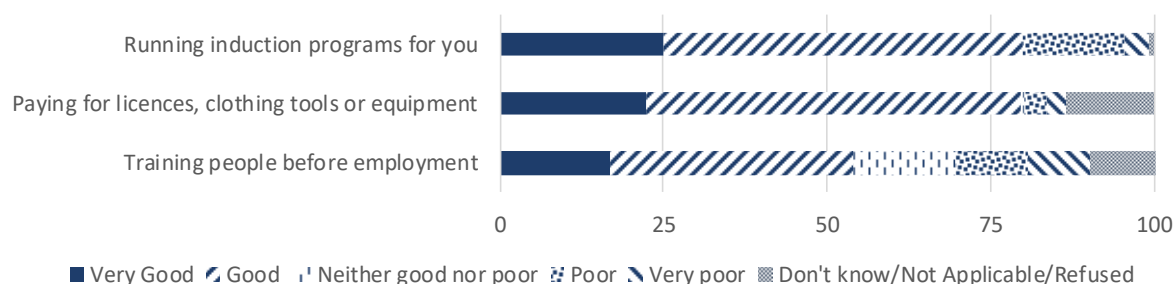
They sent me a lawnmower guy without a licence, so he couldn't even drive the ute to go to work.

Employer focus group, 2016

8.2.3.8 Employers are generally happy with pre-employment support

Employers were also largely positive about the quality of pre-employment support that they received from providers. According to the 2017 Employer Survey, more than three-quarters (80%) of employers who reported having contact with providers rated the provider as good (55%) or very good (25%) at running induction programs, and good (57%) or very good (23%) at paying for licences, clothing, tools or workplace equipment prior to the new hire starting employment. Just over half (54%) of employers surveyed reported that providers were good (37%) or very good (17%) at training participants prior to employment ([Figure 8.2.9](#)).

Figure 8.2.9 Employer perceptions of quality of pre-employment support (per cent)



Source: Department of Jobs and Small Business, 2017 Employer Survey.

Qualitative fieldwork revealed that employers felt providers delivered useful pre-employment support to participants and were positive about the quality of pre-employment support they received.

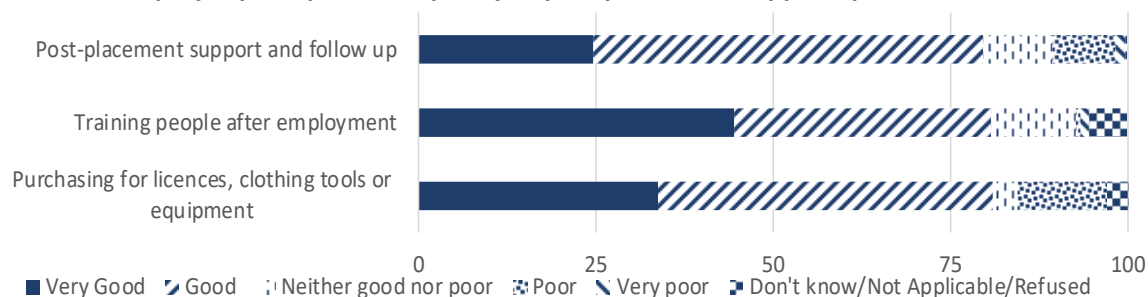
Then, it was really fantastic, they actually went with him and organised all his chef uniforms; because they can be quite expensive, and they gave him an allowance for that. So when he rocked up on his first day, he was actually completely set and ready to go.

Employer interview, 2016

8.2.3.9 Employers are generally happy with post-placement support

Employers who were aware that they had contact with providers highly rated the post-placement support they received from providers. Eight in 10 employers rated the provider as good (55%) or very good (25%) at post-placement support and follow-up; good (36%) or very good (45%) at providing training for participants after employment began; and good (47%) or very good (34%) at paying for licences, clothing, tools and workplace equipment after participants started work (Figure 8.2.10).¹²⁹

Figure 8.2.10 Employer perceptions of quality of post placement support (per cent)



Source: Department of Jobs and Small Business, 2017 Employer Survey.

Qualitative fieldwork supported survey findings that employers were positive about the quality of post-placement support received from providers for recently employed participants.

¹²⁹ Department of Jobs and Small Business, 2017 Employer Survey.

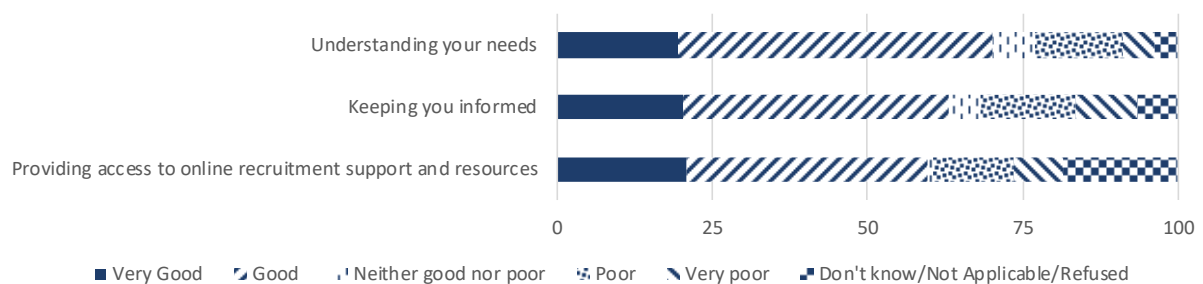
In the first week the [jobactive provider] will always come out and actually see the employee. Then within the first month they will ask me for their attendance records and timesheets and then they'll actually come out and see the person in the workshop again ... So they do both, they do a very good after service support, let's call it.

Employer interview, 2016

8.2.3.10 Quality of business relationships with jobactive providers

Most employers who were aware they had interacted with a provider were positive about the quality of the relationship their business has with the provider. Around two-thirds of employers who were aware of contact with a provider reported that the provider was good (51%) or very good (20%) at understanding their needs and was good (43%) or very good (20%) at keeping them informed. Six in 10 employers considered providers were good (39%) or very good (21%) at providing access to online recruitment support and resources (Figure 8.2.11).

Figure 8.2.11 Quality of employer and jobactive provider business relationships (per cent)



Source: Department of Jobs and Small Business, 2017 Employer Survey.

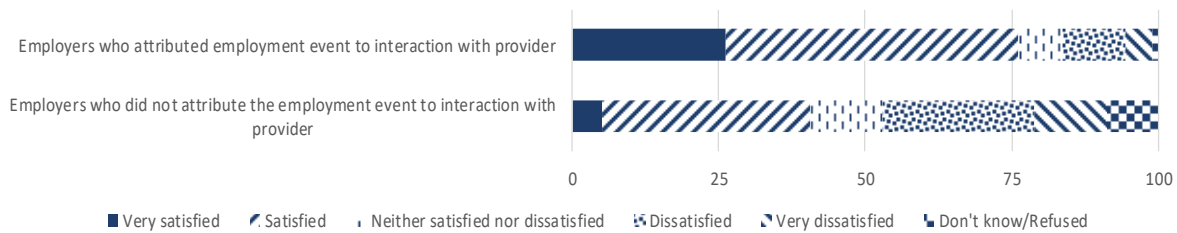
8.2.3.11 Overall satisfaction with service and support

Employers who interacted with the jobactive program and used providers to assist them with recruitment were satisfied with the service and support that they received from providers. When providers took a proactive and engaged role in the placement of participants, employers reported high satisfaction with the services and support delivered.

Over three-quarters of employers who were aware they had used a provider to assist with recruitment reported they were satisfied (50%) or very satisfied (26%) with the overall service and support they received from the provider. A further 7% were neither satisfied nor dissatisfied, while less than a sixth reported being dissatisfied (10%) or very dissatisfied (4%).

Overall satisfaction with the service and support delivered by jobactive was lower where employers did not attribute the hiring event to the jobactive provider, but were aware of having contact with a provider and had employed a participant from the jobactive caseload. That is, the employer indicated they had recruited a jobactive participant independently of the provider (Figure 8.2.12).

Figure 8.2.12 Employer satisfaction with jobactive provider service and support (per cent)



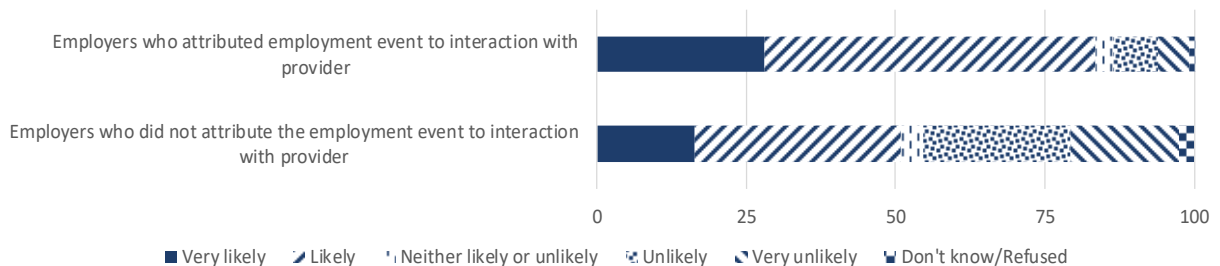
Source: Department of Jobs and Small Business, 2017 Employer Survey.

8.2.3.12 Intention to use a jobactive provider in the future

More than eight in 10 employers who interacted with the jobactive program and used a provider to assist with recruitment reported they were likely (55%) or very likely (28%) to use a provider as part of their recruitment process in future. Employers that were aware of their interaction with the jobactive program were more likely to report an intention to use a provider to assist with recruitment in the future.

Just over half of employers who hired a participant from the jobactive caseload but were not aware that the participant was serviced by a provider and did not attribute the employment event to interaction with a provider reported that they intended to use a provider as part of their recruitment process in the future (Figure 8.2.13).

Figure 8.2.13 Intention to use jobactive provider in the future (per cent)



Source: Department of Jobs and Small Business, 2017 Employer Survey.

8.2.3.13 Reasons for recent recruits leaving employment

As part of the 2017 Employer Survey, employers who had recently employed a jobactive participant were asked whether the person or people they had hired were still employed. Four in 10 employers (41%) reported that all recent recruits were still employed; almost half of employers (48%) reported that some of their recent recruits were still employed; and one in 10 (10%) reported that none of their recent recruits were still employed.

There were significant differences in retention rates between employers who had recruited with the assistance of a provider and those who reported no contact. Of those employers who had assistance from a provider, 78% reported that at least some of the recent recruits were still employed. Of those employers who had only one-off or no contact, 94% reported that at least some of the recent recruits were still employed. This is despite administrative data indicating that on average employers

who had recruited with the assistance of a provider had recruited more jobactive participants (four compared with two) in the four months prior to the survey.¹³⁰

Large employers were more likely to report that staff left employment for another job or because they wanted to work different hours to those offered. Small business employers were more likely to report performance or skill-related reasons for staff leaving employment – for example, the employee had a poor work attitude or insufficient work experience or skills to do the job. LHCs were twice as likely to report that employees left due to low productivity than employers who were not LHCs.

The reasons employers gave for former participants leaving employment varied considerably by industry. For example, leaving a job because it was for a fixed term was given as the most common reason (20%) for leaving the education industry (although this industry made up only 2% of respondents to the question in the 2017 Employer Survey). Among industries which made up more than 10% of respondents, fixed-term jobs were a reason for more than 10% of exits in the mining (14%), construction (13%), and retail industries (13%). For the two largest industries represented in the survey, the most common reason was that the employee decided to leave or didn't like it: in 'accommodation and food' (37%) and for the retail trade (22%) this was indicated to be the main reason by employers. For the next largest industry represented, the construction industry, the most common reason given for the employee leaving was poor performance or poor attitude (19%).

8.2.3.14 Department strategies, programs and services

The department has introduced a range of strategies, programs and services to facilitate engagement with employers and assist providers to better interact with employers and deliver employer-centric programs. Employer Liaison Officers (ELOs) are central to this. Fourteen ELOs operate across Australia working proactively with providers, employers and peak bodies. Although the ELOs work to connect employers with other government programs, such as the PaTH Internships program, they regularly interact with employers who use or have used government funded employment services. Feedback to ELOs from some employers on their perceptions and experiences of interacting with providers is broadly consistent with the feedback received during the 2017 employer qualitative project conducted by the department and includes issues around poor servicing and screening of candidates.

8.3 Conclusion

Engaging with employers in a meaningful way and supporting work ready participants into employment is central to the jobactive program.

Wage subsidies are one of a suite of measures available to providers to engage employers.

Wage subsidies in jobactive were successful in helping participants remain in work, with a higher proportion of wage-subsidised placements achieving 26-week outcomes and more participants moving off income support within 52 weeks of starting in the job. Participants employed with a wage

¹³⁰ Department of Jobs and Small Business, 2017 Employer Survey.

subsidy were also more likely to be off income support 52 weeks than similar participants employed without a subsidy.

Analysis of the relative impacts of different subsidy amounts (up to \$6,500 or up to \$10,000) on outcomes supports the approach of targeting higher value subsidies to some participants. Changes in the Restart wage subsidy, which resulted in increased payments and shorter duration, resulted in better outcomes for the mature age cohort who were employed with this subsidy.

The value of wage subsidies increased in January 2017, after the Department removed the ability for a provider to negotiate a lower wage subsidy value (largely to reduce red tape associated with managing subsidies of differing values). At the same time, the Department introduced several other changes (including the introduction of the Youth Bonus Wage subsidy) and actively encouraged providers to use wage subsidies, where available.

While employers consistently state that wage subsidies do not impact on their decision to hire, evidence suggests they can have a positive impact on an employer's decision to recruit a candidate from the target demographic.

The percentage of employers responding that they would have employed the same job seeker with or without the wage subsidy was higher in jobactive than in JSA, suggesting targeting of wage subsidies in jobactive was not as strong.

Both providers and employers report using the wage subsidy to improve the employment conditions of wage subsidy recipients, including by:

- increasing work hours
- engaging the employee on a permanent instead of casual basis
- providing training
- covering the costs of a 'buddy' while they learn the job.

Providers also noted a disconnect between wage subsidy settings (such as a minimum 20 hours per week) and broader jobactive policy settings, including not aligning with:

- typical full-time AAR (25 hours per week)
- minimum hours to leave income support (28 hours per week)
- typical part-time AAR for PCP and PCW participants (15 hours per week).

Under the jobactive program, providers help employers by referring potential employees; providing support, including pre-employment training and work-related equipment; and administering wage subsidies.

Employers use a range, and often multiple types, of formal and informal recruitment methods to fill vacancies. Almost two-thirds of employers also relied on informal recruitment methods such as word-of-mouth referrals from employees, friends and family.

Employers look for job seekers who possess both vocational and non-vocational skills. According to the Survey of Employers' Recruitment Experiences, some 72% of all employers consider employability (or non-vocational) skills to be at least as important as technical or vocational skills.

Most employers are aware that the Australian Government supports unemployed Australians with a suite of employment services. Awareness of the jobactive program among employers remains low, but this is also the case for previous iterations of publicly funded employment services. Awareness of jobactive (and predecessor programs) by name was highest among large employers and LHCs.

While the jobactive program has an enhanced focus on employer servicing, there is little evidence to suggest that employer engagement significantly changed with the introduction of jobactive. Some providers reported that their organisations engaged with employers no differently than in past models of employment services. Frontline staff warm-calling and cold-calling employers to reverse-market participants was the method of engagement most commonly reported by providers. The most commonly reported reasons for employers (who had employed a jobactive participant) using jobactive included:

- access to a large pool of potential employees (28%)
- providers or participants engaged with the employer had initiated contact (12%)
- convenience or ease of use (9%).

Unsuitability of job seekers (32%) was cited often as a reason for not using jobactive. These employers felt that jobactive participants:

- were not work ready or did not have the soft skills to work (12%)
- did not have skills and qualifications to match the jobs on offer (12%)
- were unproductive or did not want to work (5%).

The question of the suitability of job seekers associated with government-funded employment services is a longstanding issue.

Employers who were aware that they had employed a jobactive participant and had used a provider to assist them with recruitment were generally satisfied with the service and support that they received from providers. When providers took a proactive and engaged role in the placement of participants, employers generally reported high satisfaction with services and support delivered. They also generally felt that recently hired employees were a good fit for their workplace.

When it comes to provider services, employers were generally satisfied with:

- pre-employment support
- post-placement support
- quality of the business relationship
- service and support.

Satisfaction with participant screening was less strong, but overall eight in 10 employers (who had recently used a provider) would do so again.

9 Providers in jobactive

The department monitors jobactive provider performance to ensure providers are delivering a quality service and adhering to jobactive Deed and legislative requirements. Designed to be a less prescriptive employment services model, jobactive is also focused on reducing regulatory and administrative burden for providers.

This chapter examines the role and characteristics of jobactive providers, including the performance framework under which providers operate. It also examines best practice, administrative burden and participant satisfaction with services.

9.1 Role of providers

Providers deliver services across the 51 employment regions in Australia and are expected to (Department of Employment 2014a):

- understand the labour market and the needs of employers and work with them to identify job opportunities for participants
- ensure that participants are equipped to meet the needs of employers
- ensure that participants meet their MORs and monitor participant compliance
- support participants to participate in suitable approved activities
- manage wage subsidies
- meet targets for job outcomes for Indigenous participants
- work collaboratively with other organisations which play a role in supporting participants into work, including other employment services providers; local community and health services; and state, territory and local government.

9.2 Characteristics of providers

At December 2018 there were 202 jobactive contracts delivering services to participants at 1,690 sites. Under each contract, providers can operate sites on a full-time, part-time or outreach basis (where outreach means a regular presence other than part-time or full-time but on a monthly, seasonal or 'as the need arises' basis). A mix of for-profit and not-for-profit entities are delivering jobactive.

9.3 Performance framework

The department uses a range of measures to monitor providers' performance and ensure they are delivering a quality service and adhering to Deed and legislative requirements.

9.3.1 Key performance indicators for jobactive providers

The jobactive Employment Services Provider KPIs, as defined in the Deed, are:

- KPI 1: The time the Provider takes to assist relevant Stream Participants, as specified in any Guidelines, into Employment, and commence them in an Activity in the WfD phase.
- KPI 2: The proportions of relevant Stream Participants, as specified in any Guidelines, for whom Employment Outcomes are achieved, and that meet their AAR in accordance with this Deed.
- KPI 3: The department's assessment of quality and assurance including:
 - a) certification against the Quality Assurance Framework;
 - b) a Compliance Indicator; and
 - c) the department's assessment of service delivery against the Service Guarantees and the Provider's Service Delivery Plans).

KPIs 1 and 2 are reflected in the Star Ratings measure. The quality aspect of KPI 3, however, is measured through the QAF.¹³¹

9.3.2 The Quality Assurance Framework

The QAF for jobactive providers took effect from 1 July 2015 in recognition of the government's commitment to the delivery of quality services for participants and employers. The QAF sets the minimum standard of quality for jobactive providers. Certification under the QAF provides the department with assurances that jobactive providers have in place quality policies and procedures to support the management, monitoring and improvement of service delivery.¹³²

9.3.2.1 What the quality assurance audit process can and cannot tell us

The 2017–18 second-round QAF audit reports were examined as part of the evaluation to see if they could be used to identify successful servicing strategies. However, the audit process is largely focused on establishing that minimum standards exist (that is, as formalised practices rather than what is actually done). Also, the QAF is not a suitable tool for assessing high-quality performance per se, as it does not measure provider performance either overall or in specific circumstances, other than to determine whether certain minimum standards are met or not met. As information on strategies used by providers is not systematically gathered, the absence of mentioning a strategy cannot be used to conclude that the strategy does not exist. The extent to which practices exceed the minimum standard is also not systemically measured. Therefore, it is difficult to draw conclusions about what constitutes a high-quality provider using the QAF process – only that they meet a standard set by the department.

¹³¹ jobactive Deed, section 99.1, at <https://docs.employment.gov.au/documents/final-jobactive-deed-2015-2020>.

¹³² Jobactive Performance Framework Guideline, p.16, <https://www.dese.gov.au/jobactive/resources/performance-framework-guideline>.

9.3.3 Star Ratings

Star Ratings assess the performance of jobactive providers for participants, taking account of differences in participant and labour market characteristics. They are calculated quarterly at both employment region (contract), and site level, and use a two-year rolling assessment period. Detail about how Star Ratings are calculated is at [Appendix A, Section A5](#). Because the Star Ratings are standardised, (i.e. ratings are relative to each other), there is no meaningful comparison to be made of Star Ratings over time or in comparison to JSA.

9.3.3.1 Summary of jobactive site Star Ratings

Of the 1,690 sites operating across the country as at December 2018, 28 did not have sufficient data and were not rated. Table 9.3.1 shows the distribution of Star Ratings for assessed sites as at December 2018.

Table 9.3.1 jobactive site Star Ratings distributions at December 2018

Star Rating	Number of sites	Description of rating
5 stars	350 (29)	30% or more above the national average
4 stars	216 (23)	Between 15% and 29% above the national average
3 stars	480 (103)	Between 14% above and 14%below the national average
2 stars	365 (80)	Between 15% and 39% below the national average
1 star	251 (38)	40% or more below the national average
Not rated	28	

Source: Departmental administrative data.

Note: Numbers of imputed sites are included in brackets.

The following section looks at the characteristics of sites and providers in relation to their Star Rating achieved for the December quarter 2018.

9.3.3.2 Characteristics of sites and providers and their Star Rating

Overall, sites operating full time in the December quarter 2018 were found to achieve higher Star Ratings than part-time and outreach sites. Table 9.3.2 presents a summary of service types by Star Rating.

Table 9.3.2 jobactive sites by service type and Star Rating at December 2018

Star Rating	Full-time (No.)	Full-time (%)	Part-time (No.)	Part-time (%)	Outreach (No.)	Outreach (%)	Number of sites
5 stars	267	76.2	46	13.1	37	10.6	350
4 stars	157	72.6	28	12.9	31	14.3	216
3 stars	302	62.9	58	12.1	120	25.0	480
2 stars	196	53.7	43	11.8	126	34.5	365
1 star	126	50.2	40	16.0	85	33.9	251
Not rated	22	78.5	1	3.6	5	17.9	28
Total	1,070	63.31	216	12.78	404	23.9	1,690

Source: Departmental administrative data.

9.3.3.3 Caseloads

Case management, as a service delivery approach, has been extensively researched to establish whether there are optimum caseload sizes for delivery of different types of services which achieve the best outcomes for participants.

Examination of full-time sites with a Star Rating for December 2018 shows the higher achieving sites have both lower median and average caseloads than other sites with lower ratings. Table 9.3.3 shows full-time sites achieving a five-star rating have the lowest median caseload (410 participants), increasing generally as the Star Rating falls.

Table 9.3.3 Site rating by median and average caseload size for full-time sites only

Site rating	Median caseload size	Average caseload size
5 stars	410	501
4 stars	514	575
3 stars	564	632
2 stars	585	681
1 star	581	646

Source: Departmental administrative data.

9.3.3.4 Indigenous Outcomes Targets

Employment providers in jobactive were initially required to meet Indigenous Outcomes Targets in each employment region in which they operate. These targets were set such that for each Stream (A, B and C) the proportions of four, 12 and 26 week outcomes achieved for Indigenous participants were the same as the proportions of Indigenous participants on the caseload in each stream. The nine targets (four, 12 and 26 weeks for Streams A, B and C) were then weighted to a single target measure for ease of reporting.

Providers struggled to meet targets

In the period 1 January to 30 June 2016 (Performance Period Two for jobactive providers), none of the providers at the employment region level met all nine targets,¹³³ and 113 (56%) met two or fewer targets. While the targets were designed to be stretch targets and to encourage providers to work harder to place Indigenous participants, the fact that so many failed to meet them raised questions.

The analysis below shows that the likelihood of a provider meeting its Indigenous Outcomes Targets is determined to a large extent by factors outside the control of the provider.

Lower outcome rates for Indigenous participants relative to non-Indigenous participants with the same JSCI score

Table 9.3.4 shows that for Indigenous participants with an equivalent JSCI score, those in Stream B have an outcome rate 1.7 percentage points lower than non-Indigenous participants. This indicates that the JSCI factor score for Indigeneity is not accurately reflecting the disadvantage of these participants, resulting in some inappropriate streaming.

Table 9.3.4 Twelve-week outcomes for participants matched on JSCI score

	Indigenous (%)	Non-Indigenous (%)	Difference (ppt)
Stream A	12.7	12.7	0.0
Stream B	8.6	10.3	-1.7
Stream C	5.2	6.5	-1.3

Source: Departmental administrative data.

Note: A sample of non-Indigenous participants was selected based on one-to-one matching with Indigenous participants on the basis of JSCI scores. The outcome rates for these two groups were then compared within streams. Outcome rates are 12-week employment outcomes.

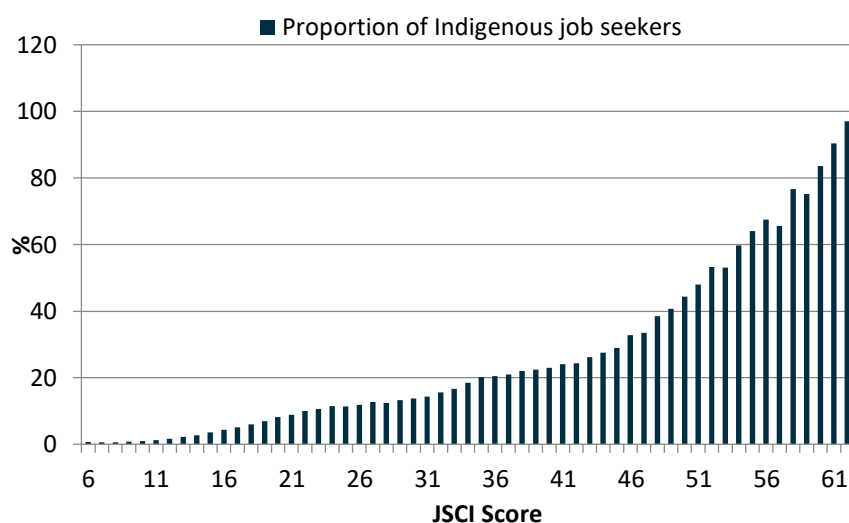
Indigenous participants are more likely to be more disadvantaged within each stream

Indigenous Outcomes Targets were set within each stream in an effort to account for the fact that Indigenous participants are, on average, more disadvantaged and therefore more likely to be in a higher stream.

Analysis also shows that Indigenous participants are more likely to be disadvantaged across a range of participant characteristics, relative to non-Indigenous participants within each stream. [Figure 9.3.1](#) shows the proportion of Indigenous participants by JSCI score. It shows that Indigenous participants represent an increasing proportion of participants as the JSCI score increases. This means that regardless of any JSCI cut-off, the proportion of Indigenous participants is higher at the top of the band.

¹³³ Providers will be the term used to refer to provider performance at the employment region level.

Figure 9.3.1 Accumulated proportion of all participants who are Indigenous, by JSCI score



Source: Departmental administrative data.

Note: This analysis is based on the caseload at 30 November 2015.

This made it difficult for providers to achieve targets, as the average outcome rate for Indigenous participants within a stream will be lower relative to non-Indigenous outcome rates in the same stream, as a result of their higher levels of labour force disadvantage. Though this helps to explain the difficulty providers had in meeting their targets, the idea was to encourage providers to focus on improving employment outcomes for this more disadvantaged cohort.

The above findings did not affect all providers equally

Some providers service Indigenous participants who are significantly more disadvantaged relative to their non-Indigenous participants in each stream, compared to those serviced by other providers. Table 9.3.5 shows the minimum and maximum difference in the average JSCI score for Indigenous and non-Indigenous participants across different providers.

Table 9.3.5 Average difference between Indigenous and non-Indigenous in JSCI scores, by provider

	Stream A Minimum	Stream A Maximum	Stream B Minimum	Stream B Maximum	Stream C Minimum	Stream C Maximum
Difference in JSCI score	1	9	-3	7	0	16

Source: Departmental administrative data.

Note: This analysis is based on the caseload at 30 November 2015.

The minimum difference of -3 for Stream B means that one provider has an Indigenous caseload whose average JSCI scores are three points lower relative to its non-Indigenous caseload.

To illustrate the impact of this, Table 9.3.6 shows the average difference in JSCI scores between Indigenous and non-Indigenous participants by performance against the 12-week outcome target. It shows that for Stream B and C, providers who have on average a higher difference in JSCI scores between Indigenous and non-Indigenous participants perform worse against the targets.

Table 9.3.6 Average difference in Indigenous and non-Indigenous JSCI scores and IOT outcomes

Performance	Stream A	Stream B	Stream C
Pass	3.5	2.3	5.1
Low breach: <10% below IOT	3.9	2.7	6.0
Substantial breach: 11–29% below IOT	3.9	2.7	6.6
Major breach: 30% or more below IOT	3.5	2.8	7.0

Source: Departmental administrative data.

Notes:

1. This analysis is based on the caseload at 30 November 2015.
2. Breach is a failure to meet Indigenous Outcomes Targets. A breach occurs when a providers' outcomes for Indigenous participants are below the targets set for the provider by given percentages.

This implies that a provider's performance against its Indigenous Outcomes Targets was not always a reflection of its capability to service its Indigenous caseloads. As a result, Indigenous Outcomes Targets were replaced by Indigenous Outcomes Incentives on 31 December 2017 in the Star Ratings.

9.3.4 Business reallocation

Business reallocation is the process of reallocating a provider's business share at the employment region or site level. It is designed to assist participants by moving them to higher performing providers and to drive continued improvements in provider performance. Two cycles of business reallocation are undertaken, at the 18 and 36 month points, in the 2015–2022 Deed arrangements.

While reallocation is undertaken at the 18 and 36 month points, if at any time the department considers the performance of a provider at the employment region level warrants it, the department may, with the agreement of the provider, increase the provider's business share for a period of time specified by the department. Conversely, at the completion of a performance assessment a provider may also have their business share reduced in that employment region and/or site, may receive reduced numbers of participant referrals, and may have stream participants on their caseload transferred to another provider.

18-month business reallocations

Western Australia was excluded from this process and subject to its own business reallocation process. The 18-month process resulted in reallocation of approximately 4.5% of jobactive business. In net terms, 19 jobactive providers increased their business share, 18 providers reduced their business share and seven providers had no overall change.

36-month business reallocations

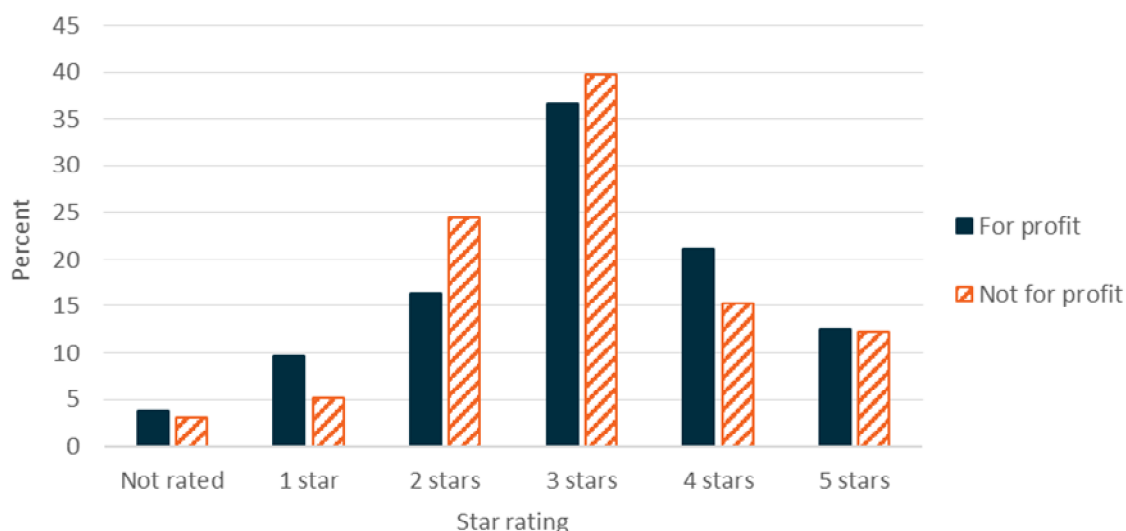
Of the 48 regions' business in scope for reallocation at the contract or site level, business was reallocated in most regions where providers had a one or two star performance rating. Business was not reallocated in 13 regions. In three of those, all providers were out of scope at site and region level. In the remaining regions, decisions took account of past performance, trajectory of future performance, extenuating circumstances, environmental conditions, alternative high-performing providers, risk to the Australian Government, and disruption to participants and employers. Reallocating on the basis of region and site performance (including for three-star

providers with one-star or two-star sites) emphasises that overall performance at region level and consistency of performance within a region are both important. From a state perspective, each state had a mix of business reallocation based on site and region performance. In locations where continuous poor performance was demonstrated, Performance Improvement Plans were put in place.

9.3.4.1 Provider type

Further analysis of the organisational status of jobactive providers contracted at December 2018 shows equal distribution between for-profit (51%) and not-for-profit providers. Figure 9.3.2 shows that the for-profit providers were more likely to be either high or low achievers, while the not-for-profit contracts were more clustered around the middle ratings. However, there was little difference in the proportion achieving a five-star rating.

Figure 9.3.2 Star Ratings for contracts by operating status (for-profit and not-for-profit)



Source: Departmental administrative data.

9.3.5 Participant perspectives

Departmental analysis of Job Seeker Experiences of Employment Services survey data found that participants who were ‘very dissatisfied’ with their providers tended to have providers who had slightly lower star scores than participants who were not ‘very dissatisfied’. However, even for characteristics which could be expected to be closely related to good performance, such as ‘The degree to which assistance from provider improved your chances of getting a job’ or ‘Have they done anything to help you overcome your barriers?’, had little or no association with providers’ star scores. There appears to be a tendency for the ‘very dissatisfied’ respondents to have lower scores than the others, but the relationship is weak and not statistically significant (with a relatively large number – approximately 2,700 – of valid responses for each question).

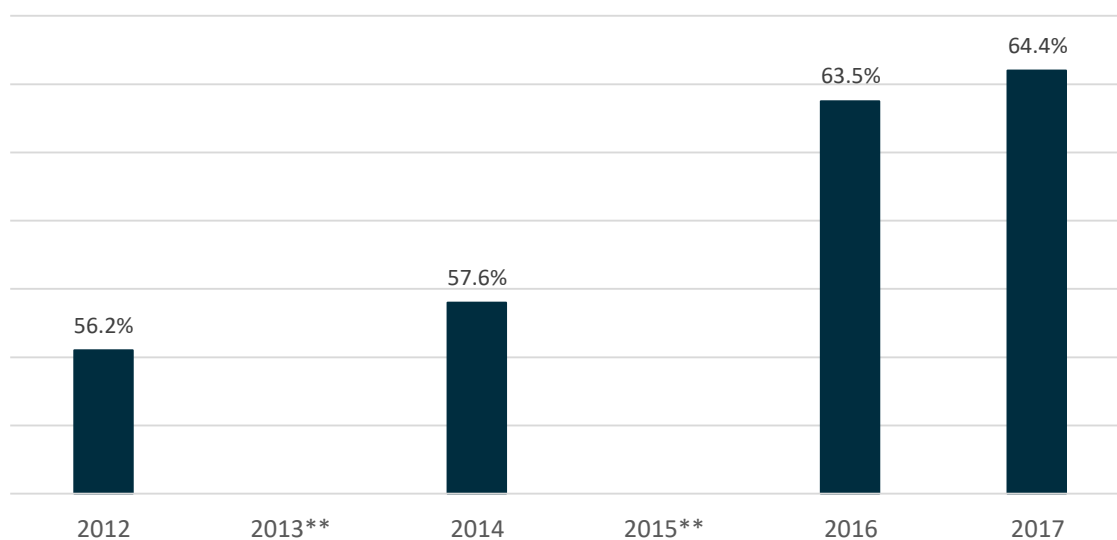
9.4 Administrative burden in jobactive

Stakeholders in jobactive, including providers, participants, employers and activity host organisations, incur regulatory costs to demonstrate compliance with regulations. This enables risk management and accountability for government expenditure. A balance is required to maintain the integrity of the jobactive program while enabling the employment services market to meet the program's objectives.

9.4.1 Time devoted to meeting departmental administrative requirements

Figure 9.4.1 presents survey results on the average proportion of staff time devoted to meeting departmental requirements. These results show a continued increase over the JSA contract to the commencement of jobactive, with providers indicating in the 2017 Provider Survey that they spent, on average, 64.4% of their time on administration.

Figure 9.4.1 Staff time devoted to meeting departmental administrative requirements (per cent)



Source: Provider Surveys, 2012–2017.

Note: **Estimates for 2009, 2010, 2013 and 2015 are not available as no equivalent question on percentage of time devoted to administration was asked.

Reasons for the perceived increase in time spent meeting departmental requirements are outlined in the next section.

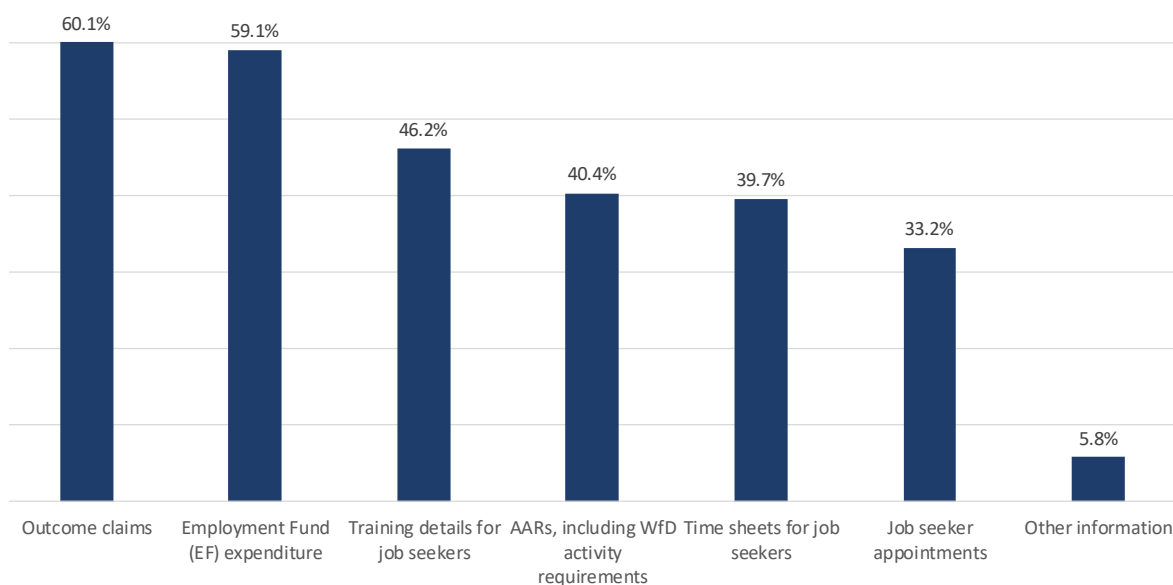
9.4.1.1 Self-imposed administrative burden

Some providers have business rules or practices that impose administrative burden over and above that required by the department, such as:

- using their own or a third-party IT system to record information in addition to ESS Web (this may be done in pursuit of greater efficiency but also risks double-handling information)
- complex internal processes used to comply with requirements
- undertaking tasks not required by the department.

The 2017 Provider Survey revealed that more than three-quarters (78.4%) of providers enter information into their own or third-party IT systems as well as ESS Web, an increase of 2.1 percentage points compared with 2016. Although use of third-party software is common and it is possible that links between these IT systems and ESS Web mitigate duplication to some extent, there may still be some duplication of administrative tasks. The proportions of provider sites that entered each type of information into their own systems as well as ESS Web are shown in Figure 9.4.2.

Figure 9.4.2 Information entered into providers’ own IT systems and ESS Web



Source: 2017 Provider Survey.

Analysis of QAF audit reports suggest that providers use a range of software to assist with information management, participant servicing and other business functions. The degree to which these systems are integrated with ESS Web is unclear.

9.4.2 Rolling Random Sample reviews

The Rolling Random Sample (RRS) review is a program assurance compliance measure conducted through reviews of samples of service payments drawn in a random manner. It provides assurance on payment integrity, documentary evidence, compliance and service delivery.

The RRS involves undertaking reviews of claims or activities to verify the service delivery and the appropriateness of the documentary evidence that supports the claim. During the RRS process, the department identifies claims, which may include wage subsidy claims, and activities for review, with consideration of priorities determined by the relevant program areas for each review cycle. Providers are then required to make information and documentary evidence pertaining to these claims or activities available to the department.

The RRS is a key component of the jobactive Program Assurance Strategy. Providers appear to accept the administrative burden associated with the RRS as part of managing their jobactive contract. Even though the department reduced the RRS frequency through the introduction of a

break period, at the time interviews were conducted most providers participating in the research were unaware of this change. Those who were aware considered that it would make little material difference to them as they already had processes in place to handle RRS requests. Some providers used the RRS as a check and balance to ensure they had the correct documentary evidence for both wage subsidies and outcome claims. Some had even gone to the lengths of creating their own internal version of the RRS to ensure their processes were and would continue to be appropriate.

The number of RRS reviews increased from 16,059 in 2016 to 18,738 in 2017 (16.7%).¹³⁴ This increase may affect providers' vigilance with administration and collection of documentary evidence, potentially increasing perceived administrative burden. Qualitative research with providers (2018) also indicated that providers collect evidence for multiple purposes. For example, providers will ensure that evidence gathered for a wage subsidy claim is also fit for purpose for the RRS, irrespective of any differences in requirements between policies.

9.4.2.1 Possible impact of staffing changes

Table 9.4.1 shows that estimated average full-time equivalent staffing levels per site have progressively decreased since the start of jobactive. It should be noted that the total number of sites from JSA to jobactive has also decreased but the caseload has not decreased to the same extent. This suggests an increasing administration pressure on staff.

Table 9.4.1 Average full-time equivalent (FTE) staffing per site and caseload

Survey year	Av. FTE per site (total)	Av. FTE per site (managers)	Av. FTE per site (case workers)	Av. FTE per site (administrative / clerical)	Av. FTE per site (other)
2012	7.8	1.0	4.7	1.1	0.9
2013*	n/a	n/a	n/a	n/a	n/a
2014	7.3	1.0	4.4	1.0	1.1
2015**	8.3	n/a	6.7	n/a	1.6
2016	6.1	n/a	n/a	n/a	n/a
2017	6.0	n/a	n/a	n/a	n/a

Source: Provider Surveys, 2009–2017.

Notes:

1. *No questions were asked on administration.
2. **Results for this year should be interpreted carefully. Responses varied and the question was not primarily answered by site managers. Response rates were also significantly lower, resulting in the standard deviation for this survey being significantly higher than in other years.
3. n/a = not available, as it was not collected.

There has also been a fall in the average proportion of administration done on site from JSA to jobactive, as shown in Table 9.4.2. Notably, the proportion of sites completing most or all administration on site is trending down under jobactive (around 41.5% in 2017).

¹³⁴ RRS administrative data.

Table 9.4.2 Proportion of sites which undertook most of their of administration on site

2012	2014	2015*	2016	2017
60.5%	63.1%	50.3%	44.4%	41.5%

Source: Provider Surveys, 2009–2017.

Note: Most is defined as more than 90 per cent of administration on site.

Qualitative research (2018) also indicated that administrative processing (for example, with regard to wage subsidy and outcome claims) is increasingly being undertaken off site. This may be enabling the higher site caseloads as central processing may be more efficient. These central staff may also not be reported directly in our survey (which is based on site-level reporting).

9.4.2.2 Employment Services System (ESS) Web

In the transition from ESS (JSA) to ESS Web (jobactive) the department made significant upgrades to its IT system. Providers recognised this, rating ESS Web in the 2016 Provider Survey as an improvement on ESS. System changes such as this are worth considering as a component of administrative burden, as design issues and technical faults can increase the time required to complete tasks.

Table 9.4.3 shows that, while the level of provider satisfaction with the use of ESS Web and its flexibility in managing administration increased from 2016 to 2017, there was a much lower level of net agreement in 2017 that ESS Web was working effectively, down 22.8 percentage points to -34.9%. This could be explained by service provider staff becoming more familiar with ESS Web and therefore finding it more usable, while also being able to identify aspects of the system that could be improved. It is possible that factors out of the department’s and even providers’ control affected the perceived effectiveness of ESS Web – for example, insufficient internet bandwidth to support the scale of providers’ operations, or internet outages restricting access to ESS Web.

Table 9.4.3 Provider satisfaction with ESS Web, net agreement (per cent)

ESS Web attributes	2016	2017
ESS Web provides flexibility in managing administration	22.7	31.5
ESS Web is easy to use	37.3	46.5
ESS Web presents information in a useful format	39.0	51.7
ESS Web is working effectively	-12.1	-34.9

Source: Provider Surveys, 2016 and 2017.

Notes:

1. Qn - Thinking about ESS Web, to what extent do you agree or disagree that.
2. Net agreement is calculated by subtracting the responses that disagree from the responses that agree and calculating a percentage of the total of these.

9.4.2.3 Provider communication

Provider Portal

The Provider Portal is the main method of communicating policy and procedural changes to providers. Provider feedback shows an overall improvement in the information on the portal in

2017, compared with 2016, with the exception of timeliness. Providers' net agreement that information on the portal is consistent increased the most between 2016 and 2017 (Table 9.4.4). However, compared to the feedback in 2014 when ESS was used, the aspects relating to accuracy, timeliness and consistency were rated higher (i.e. higher level of providers' net agreement) for ESS (in 2014) than for ESS Web (in 2017).

Table 9.4.4 Net agreement to statements relating to policy and procedural information (per cent)

Year	Accurate	Up to date	Easy to understand	Useful format	Relevant	Timely	Consistent
2014	81.1	77.9	51.1	54.2	81.9	73.7	73.9
2016	77.0	75.9	54.3	62.4	78.4	71.5	66.6
2017	79.1	77.5	55.7	64.6	81.1	69.4	71.2

Source: Provider Surveys, 2011–2017.

Notes:

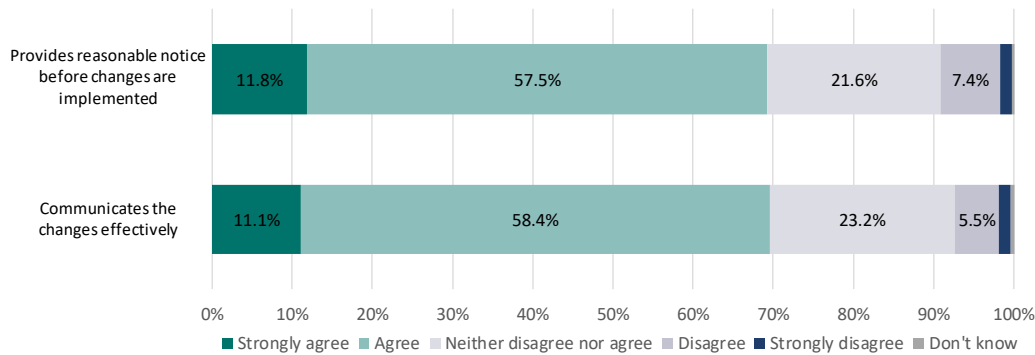
1. Qn – To what extent do you agree or disagree that information relating to policy and procedures provided in the departments systems, including the Provider Portal are:
2. Net agreement is calculated by subtracting the responses that disagree from the responses that agree and calculating a percentage of the total of these.

It is interesting to note that in 2017, ratings of the understandability of information and of the usefulness of format were the highest recorded since 2014.

Guidelines

Communication of changes to contractual requirements also affects the amount of time providers spend on administration. Responses to the 2017 Provider Survey indicate that the department's communication about new jobactive guidelines, or changes to existing guidelines, was both effective and punctual. The majority of respondents agreed that the department was providing reasonable notice before changes were implemented (69.3%) and communicating changes effectively (69.5%) (Figure 9.4.3).

Figure 9.4.3 Provider perceptions of the new and updated guidelines



Source: 2017 Provider Survey.

Notes:

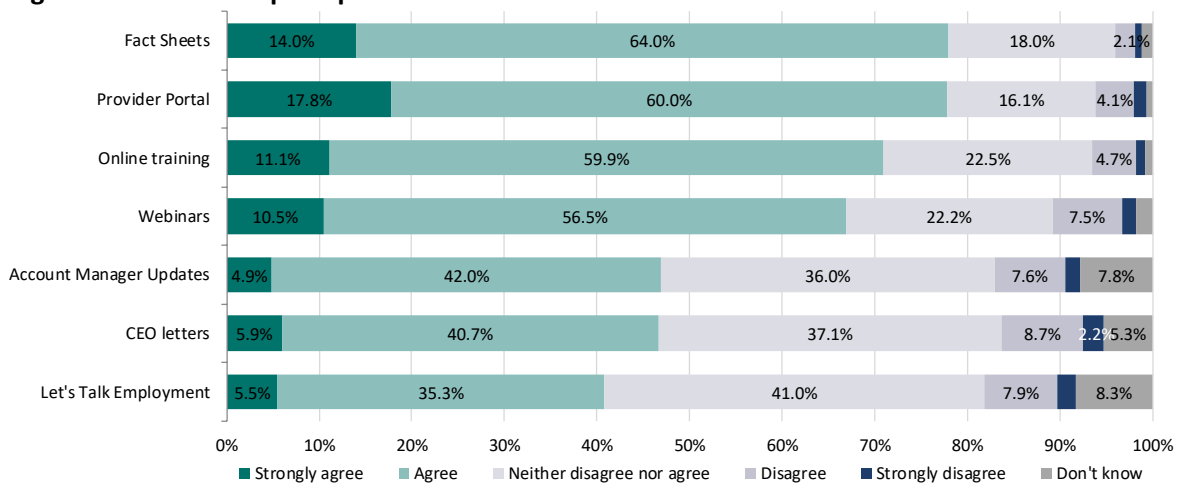
1. For readability, values less than 2% are not shown.
2. Question: Thinking about when the Department of Jobs and Small Business implements new guidelines or amends existing guidelines, to what extent do you agree or disagree that the department ...

Other information channels

Channels for communicating departmental and program information to providers' frontline staff vary in usefulness (Figure 9.4.4). While over 40% of providers agreed or strongly agreed that Let's Talk Employment was useful, it is worth considering that the Provider Portal and Fact Sheets were considered more useful (77.8% and 78.0% agreement, respectively).¹³⁵ Less useful channels may represent less value for the department in that they result in more administration for providers in collecting, interpreting, processing and disseminating information to staff to ensure compliance with the department's requirements. CEO Letters may have been perceived by site staff as less useful than other forms of communication due respondents to the Provider Survey not having been unaware when information they received originated from a CEO Letter.

¹³⁵ Let's Talk Employment is a website that the department uses to facilitate engagement and discussion about its decision-making processes, systems, policies and procedures.

Figure 9.4.4 Provider perceptions of the usefulness of various information channels



Source: 2017 Provider Survey.

Notes:

1. For readability, values less than 2% are not shown.
2. Question: To what extent do you agree or disagree that the following channels are useful to you in providing frontline provider staff with clear, up to date communication on program and departmental information?

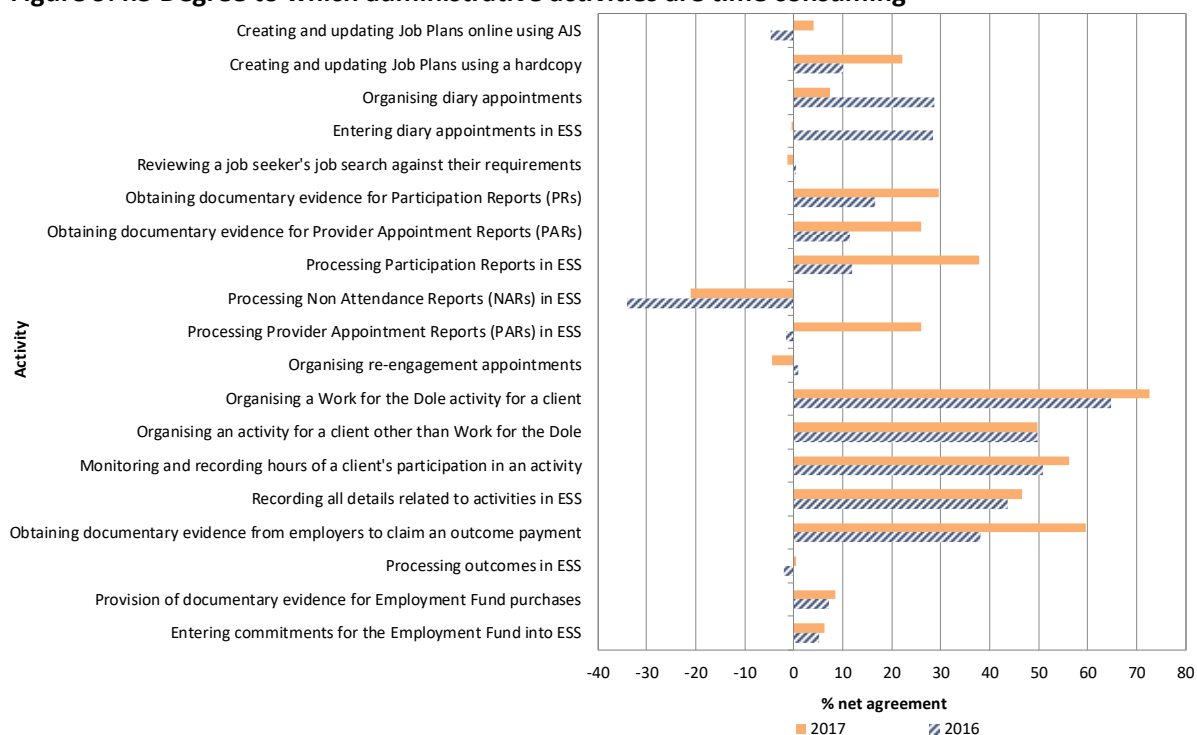
9.4.3 Provider perceptions of regulatory and administrative burden

The 2017 Provider Survey asked respondents to indicate the extent to which particular administrative tasks were time consuming, as a proxy for their level of administrative burden. Net agreement¹³⁶ was calculated to identify the following the most time-consuming tasks (Figure 9.4.5):

- organising activities (including WfD) for meeting AARs for a client
- monitoring and recording hours of a client’s participation in an activity
- recording all details related to activities in ESS Web
- obtaining documentary evidence from employers to claim an outcome payment.

¹³⁶ Net agreement for each statement relating to an administrative task was calculated by subtracting the percentage disagreement (disagree and strongly disagree) from the percentage agreement (agree and strongly agree). ‘Neither agree or disagree’ and ‘don’t know’ responses were excluded.

Figure 9.4.5 Degree to which administrative activities are time consuming



Source: Provider Surveys, 2016 and 2017.

Note: Net agreement is calculated by subtracting the responses that disagree from the responses that agree and calculating a percentage of the total of these.

9.4.3.1 Organising activities to meet Annual Activity Requirements

During the WfD phase, jobactive participants are required to participate in activities that meet their AAR (usually either 15 or 25 hours per week, depending on their circumstances). Table 9.4.5 shows that participants are more often (over 50% regardless of whether they had a 15-hour or 25-hour requirement) referred to two or more activities in order to meet their AAR. Additional activity placements create substantially more administration, given that providers regard AAR-related administration as among the most time consuming. It is also noted that around 10% of referrals (12.3% for 15-hour requirement and 9.9% for 25-hour requirement) did not lead to activities being undertaken.

Table 9.4.5 Number of activities to which participants are referred, by AAR (per cent)

AAR (hours per week)	0	1	2+
15	12.3	33.5	54.2
25	9.9	29.9	60.2

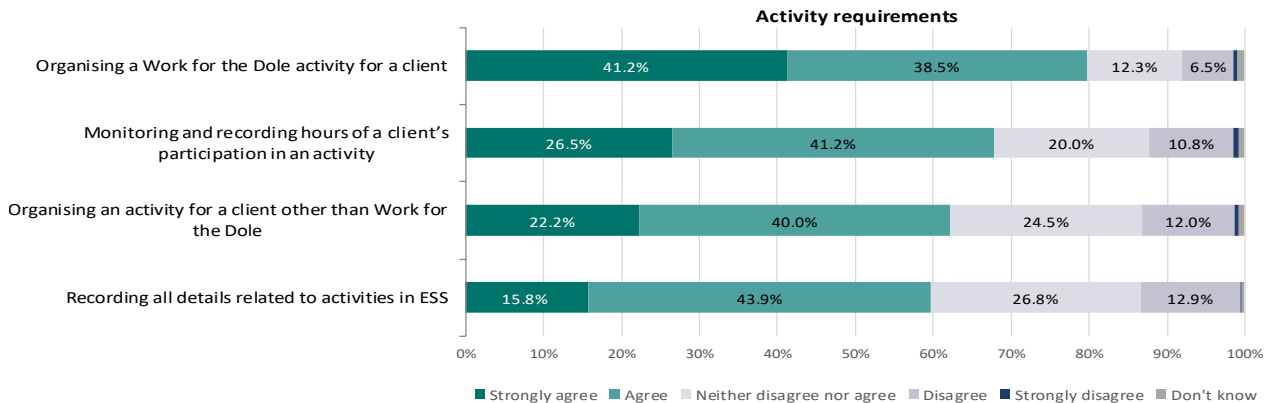
Source: Departmental administrative data.

Note: For activity referrals between 1 July 2017 and 30 June 2018.

Among all AAR-related activities, organising a WfD activity was rated by providers as the most time-consuming task, with nearly 80% agreeing in the 2017 Provider Survey (Figure 9.4.6). Significant changes to WfD policy announced in the 2017–18 Budget may have affected this increase. The discontinuation of WfD Coordinators as part of the process for organising activities took effect from

31 December 2017. This change means that jobactive providers now organise their own activities and negotiate host organisation agreements. While this may increase administrative burden, it can be beneficial for the provider to establish a direct relationship with host organisations.

Figure 9.4.6 Provider perceptions of AAR-related administrative activities, 2017 (per cent)



Source: 2017 Provider Survey.

Note: For readability, values less than 2% are not shown.

Qualitative research conducted with providers, WfD hosts and WfD participants in 2018 found that the 25 hour per week AAR has implications for providers' administrative burden. This is because it can take up to four days to meet a 25 hour per week AAR, which means that fewer participants are able to meet their weekly AAR at the same host organisation. This increases the administrative burden for providers, who are required to ensure the associated agreements, risk assessments and other paperwork are in place across multiple host organisations for the same participant.

9.4.3.2 Participant compliance and participation administration

Providers in jobactive had mixed views on the extent to which participant compliance and participation activities were time consuming. As shown in Table 9.4.6, aspects of the JSCF considered relatively more burdensome included processing Participation Reports (PRs), (29.6%) and obtaining documentary evidence for PARs (25.9%).

Table 9.4.6 Participant compliance and participation, 2017

Process / activity / task	Time consuming (%)
Organising diary appointments including meeting with participants – net agreement	7.5
Entering diary appointments in ESS – net agreement	-0.4*
Reviewing participant job search requirements – net agreement	-1.4
Obtaining documentary evidence for PRs – net agreement	29.6*
Obtaining documentary evidence for PARs – net agreement	25.9*
Processing PRs – net agreement	37.8*
Processing NARs in ESS – net agreement	-21.0
Processing PARs in ESS – net agreement	26.1*
Organising re-engagement appointments – net agreement	-4.5

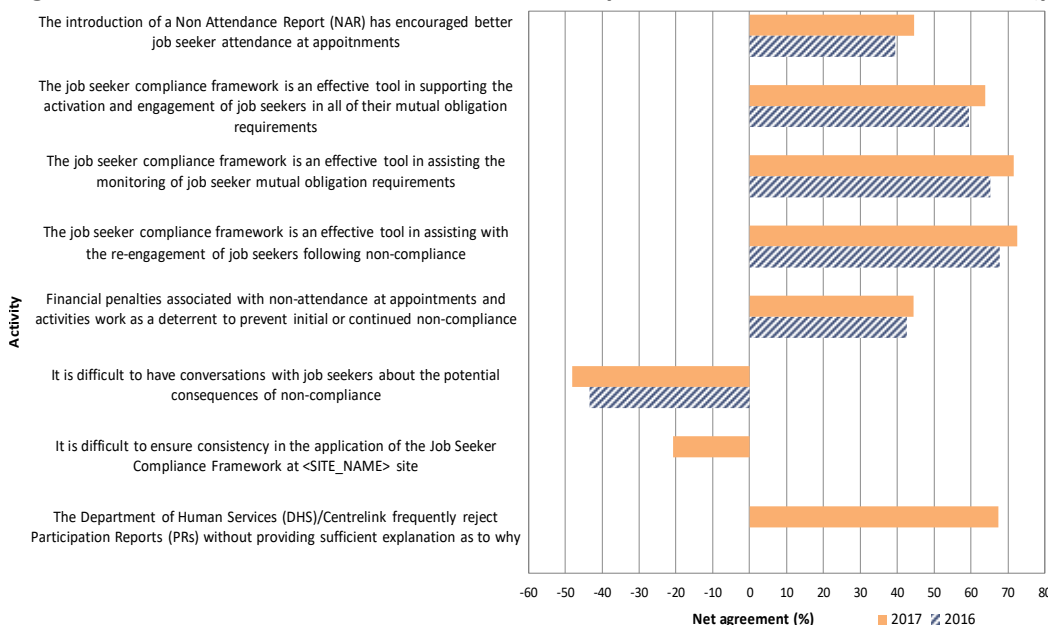
Source: Provider Surveys, 2017.

Note:

1. Net agreement is calculated by subtracting the responses that disagree from the responses that agree and calculating a percentage of the total of these.
2. Qn – To what extent do you agree or disagree that the following tasks are time consuming?
3. *Strong agreement to this statement is over 10%.

Although it was considered burdensome, most providers viewed the JSCF as useful for engaging participants overall (Figure 9.4.7).

Figure 9.4.7 Views related to the Job Seeker Compliance Framework 2016 and 2017 (per cent)



Source: Provider Surveys, 2016 and 2017.

Note: Net agreement as represented above, is calculated by subtracting disagreement percentages from agreement.

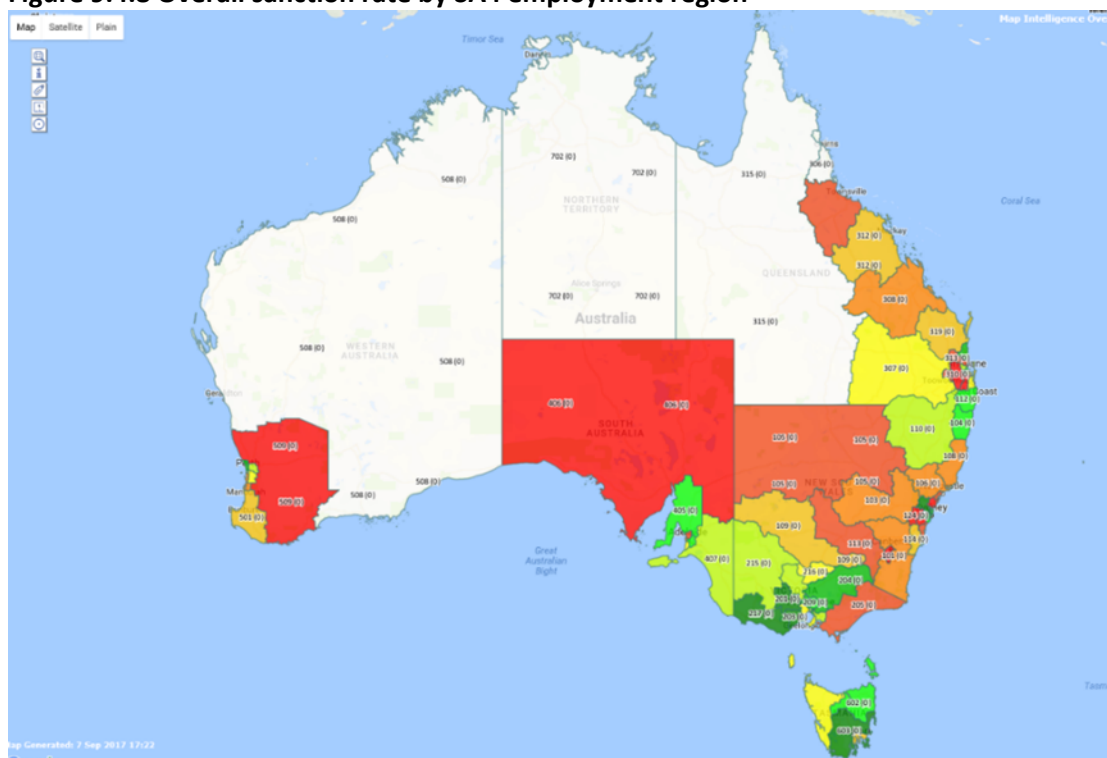
The TCF was introduced in 1 July 2018 to replace the JSCF. It is intended to increase automation of compliance actions, tighten the guidelines around reasonable excuses, and streamline associated

administrative processes. This aims to reduce the administrative burden experienced by many providers in administering participant compliance.

Sanction rates

Analysis of sanction rates under the JSCF in jobactive, at the SA4 employment region level, indicate that some regions have a greater prevalence of less compliant participants than others (Figure 9.4.8). This suggests that the administrative burden associated with utilising the compliance framework is not shared evenly across provider sites.

Figure 9.4.8 Overall sanction rate by SA4 employment region



Source: ABS data, departmental administrative data.

Note: Shows overall sanction rate in each SA4 region, calculated as the average number of sanctions (NARs and PARs) issued per participant in that region.

Figure 9.4.8 represents a measure of how compliant the participant population is in each region, with a green region indicating fewer sanctions per participant and a red region indicating more sanctions per participant. White areas are CDP regions, which are beyond the scope of this analysis.

Under the JSCF, employment consultants were the provider staff most likely to complete administration related to participant compliance, including submission of NARs (91.7%) and PARs (85.7%). There is a positive relationship between the sanction rate in an SA4 region and the percentage of administration completed at sites in that region (Table 9.4.7). A similar relationship appears between the sanction rate and the proportion of time staff devote to administrative tasks.

Table 9.4.7 SA4 region sanction rate quartiles by administrative burden (per cent)

SA4 region sanction rate quartiles	Administration completed on site (%)	Staff time devoted to administrative tasks each week (%)
Quartile 1 (lowest sanction rate)	77.3	60.8
Quartile 2	77.2	65.2
Quartile 3	74.8	64.4
Quartile 4 (highest sanction rate)	81.5	68.1

Source: ABS data, departmental administrative data, 2017 Provider Survey.

This may indicate that when staff devote more time to administration and complete administration on site, it is more likely to help identifying non-compliance.

The TCF was designed to improve administrative efficiency through greater automation of compliance processes. However, the introduction of the Capability Interview after the third demerit point could mean that providers in regions with more non-compliant participants spend more time on conducting interviews and on associated administrative tasks, resulting in a greater administrative burden for these sites.

9.4.3.3 Documentary evidence for outcome claims

There was net agreement of 59.5% in 2017 among providers that collecting documentary evidence from employers is administratively burdensome (Table 9.4.8). This was an increase by 21.5 percentage points compared to 2016 (38.0%). This is despite the fact that 85% of all outcome claims are Centrelink verified and, as such, evidence does not need to be sourced or retained by providers for these outcomes. Potential drivers of this increase include the increase in RRS reviews compared with the same period preceding the 2016 Provider Survey, and the documentary evidence requirements for pay slip verified outcome payments added on 26 March 2017 to the Vacancies and Outcomes Guideline.¹³⁷

¹³⁷ Specifically, providers were directed to retain documentary evidence at the time of submitting a pay slip verified outcome claim, including a pay slip or employer payroll summary, and upload these documents to ESS Web.

Table 9.4.8 Outcome processing, 2016 and 2017

Process / activity / task	Time consuming (%) 2016	Time consuming (%) 2017
Obtaining documentary evidence from employers – net agreement	38.0	59.5
Obtaining documentary evidence from employers – strongly agree	24.5	29.6
Processing outcomes in ESS – net agreement	-2.0	0.4
Processing outcomes in ESS – strongly agree	7.2	5.4

Source: Provider Surveys, 2016 and 2017.

Notes:

1. Net agreement is calculated by subtracting the responses that disagree from the responses that agree and calculating a percentage of the total of these.
2. Qn – To what extent do you agree or disagree that the following tasks are time consuming?

9.5 Conclusion

The analysis of provider performance measures shows that providers that achieved higher Star Ratings (i.e. better performance) generally have lower median caseloads than lower rated providers, and tend to operate in full-time sites as opposed to part-time and outreach sites. There is not a firm relationship between participants’ levels of overall satisfaction with the services they have received from providers and the providers’ performance as measured by their Star Ratings score.

The QAF sets out the minimum standard of quality for providers in servicing participants and employers. The analysis of QAF audit reports indicates providers adopt a wide range of processes to keep their frontline staff informed with accurate and current information about government policies and their own procedures. These reports also identified that a large range of methods and organisational structures were used by providers to address risk and ensure a safe environment for all participants.

To comply with regulations, jobactive providers devote considerable amounts of time to meeting departmental administrative requirements. Tasks that providers considered to be administratively time consuming include the operation of WfD and associated MORs, in addition to gathering documentary evidence.

Data show a continued increase in time spent on administration over the JSA contract to the commencement of jobactive, from 57.6% in 2014 to 64.4% in 2017. This suggests that the attempt to reduce regulatory costs under jobactive may not have prevailed.

10 Effectiveness of jobactive in achieving outcomes

Assessing the effectiveness of jobactive in achieving outcomes is about addressing the following questions:

- Is jobactive better at assisting participants to leave income support or reduce income support reliance than its predecessor, JSA?
- Is jobactive better at assisting participants to stay off income support than its predecessor, JSA?

10.1 The overall effectiveness of jobactive

The following analysis used JSA 2012–2015 as a comparator for the effectiveness of jobactive. Net impacts for jobactive cannot be calculated because, as a universal program, there is no control group (a similar group who had no servicing) with which to compare it. The marginal effect of jobactive compared with JSA is used as a measure of relative effectiveness.

10.1.1 Achieving labour market outcomes

This analysis focused on assessing whether jobactive is better at assisting participants to leave service, leave income support or reduce income support reliance than JSA. The key measures are:

- Exit rates from income support
- Reduction in income support payment rates

While these measures are not direct measures of employment, they are strong proxy indicators of employment. Further detail on the selection of measures is at [Appendix D, Section D6.1 and D6.2](#).

10.1.1.1 The study populations were different

The exit rate analysis uses a new entrant study population (an 'inflow') comprising participants who commenced in jobactive between 1 October 2015 and 30 June 2017 or in JSA 2012 between 1 October 2012 and 30 June 2014.¹³⁸ Participants were observed for one year from their commencement date.

There were significantly more new entrants during the JSA 2012 inflow period than the jobactive inflow period. Over the 21-month inflow period, approximately 680,000 participants commenced in JSA 2012, while approximately 445,000 participants commenced in jobactive.

There are also some significant differences between the cohorts including that jobactive had:

- a higher percentage of participants who would be eligible for Stream B
- a lower percentage of participants with recent work history
- a lower proportion with full-time participation requirements.

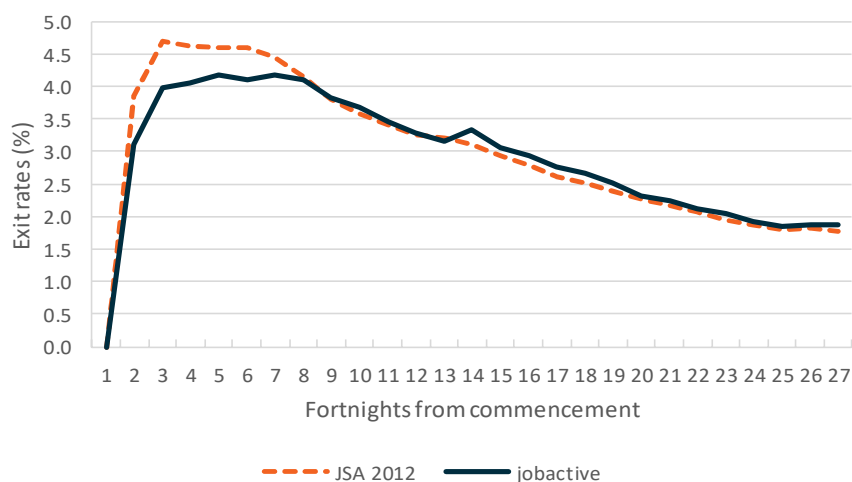
¹³⁸ The dates of 1 October 2015 and 1 October 2012 were chosen to avoid the transition between programs and any effect the transition may have had on exit rates. Participants who did not receive income support within 28 days of commencement, or commenced in a volunteer stream, or changed streams during their time in service were excluded from the analysis population.

This indicates that overall, the jobactive study population was more disadvantaged than the JSA study population (Section 3.2). Details on the prevalence of certain characteristics in the population is in [Appendix C, Section C5.1, Table C5.1](#). While this would normally suggest that observed outcomes would be stronger for JSA (since the JSA cohort should be easier to place), this was offset at least partly by the more benign labour market conditions that prevailed during the jobactive study period (Section 1.4.1). Adjusted (statistically modified regressed) results are calculated in order to account for these differences in both the composition of the study population and prevailing labour market conditions.

10.1.1.2 Exits from income support

Observed rates of exit from income support are higher for JSA in the first few months after participants commence, but the difference is small for the remainder of the observation period. There is an observable jump in exit rates for jobactive participants at around 13 fortnights (six months in service) (Figure 10.1.1). This is likely a result of the referral effect of the AAR, which occurred for many jobactive participants at six months in service (the effect of which is discussed in Section 6.3.4).

Figure 10.1.1 Fortnightly observed exit rates from income support JSA and jobactive



Source: Departmental administrative data and RED.

Note: Exit rates are for JSA and jobactive inflow populations.

Table 10.1.1 Cumulative observed off income support rates after one year, jobactive and JSA

Stream	JSA off IS observed (%)	jobactive off IS observed (%)	Observed difference
Overall	56.1	56.7	0.6
Stream A	66.4	67.8	1.4
Stream B²	20.7	23.4	2.7
Stream C	30.0	29.8	-0.2

Source: Departmental administrative data and RED.

Notes:

1. Exit rates are for JSA and jobactive inflow populations.
2. Stream B has been adjusted based on JSCI score for comparison purposes.

After one year, however, the observed cumulative income support exit rates were similar for both JSA (56.1%) and jobactive (56.7%) (Table 10.1.1).

Controlling for demographic and macroeconomic differences, however, shows that being in jobactive on average increases the probability of exiting income support within one year by 1.7 percentage points ([Appendix C, Section C5.1, Table C5.2](#)).

Stream A exits from income support

After one year, the percentage of participants who exited from income support from jobactive (67.8%) is 1.4 percentage points higher than the corresponding percentage for JSA participants (66.4%) (Table 10.1.1). After controlling for demographic difference, the adjusted difference in exit rates is 1.7 percentage points higher for Stream A participants leaving jobactive, relative to the corresponding JSA participants ([Appendix C, Section C5.1, Table C5.3](#)). It should be noted that many Stream A participants were on a 6 month AAR track, and as noted in Section 6.3.4.1, this earlier intervention resulted in higher exits.

Stream B exits from income support

Observed cumulative one-year exit rates are better under jobactive (23.4%) than under JSA (20.7%) for Stream B participants (Table 10.1.1). Regression results support the observed results, showing that participants in jobactive Stream B, are on average, 1.7 percentage points more likely to exit income support within one year ([Appendix C, Section C5.1, Table C5.4 Appendix C5](#)).

Stream C exits from income support

Observed 12-month exit rates for Stream C participants indicate that JSA 2012 was more effective than jobactive. After 12 months, 30.0% of JSA 2012 new entrants had exited, compared with 29.8% of jobactive new entrants (Table 10.1.1). Controlling for demographic differences, however, jobactive is more effective at achieving income support exits than JSA by 3.4 percentage points after one year ([Appendix C, Section C5.1, Table C5.5](#)).

10.1.1.3 Reduction in income support rates

After one year, the difference in income support reduction was 1.6 percentage points: a reduction of 46.1 percentage points for JSA compared with 47.7 percentage points for jobactive (Table 10.1.2). After accounting for the demographic and macroeconomic differences, however, the reduction of income support rate is 2.4 percentage points greater for jobactive than for JSA ([Appendix C, Section C5.2, Table C5.6](#)).

Table 10.1.2 Observed reduction in income support rates after one year

Stream	JSA reduction in IS rate (%)	jobactive reduction in IS rate (%)	Observed difference
Overall	46.1	47.7	1.6
Stream A	54.1	56.6	2.5
Stream B²	20.3	23.0	2.7
Stream C	24.3	25.6	1.3

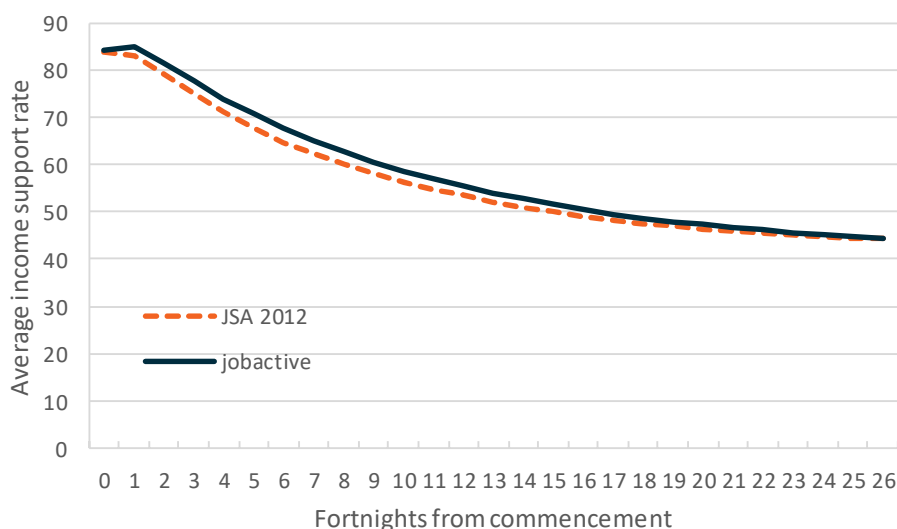
Source: Departmental administrative data and RED.

Notes:

1. Reductions are measured from income support rates at commencement in service. The income support rate is then recalculated after 12 months in service. Reduction is calculated across the entire income support recipient population in service.
2. Stream B has been adjusted so that similar participants are comparable across programs.

The observed reductions in income support rates are stronger for JSA early in service, but over time tend to become similar to those in jobactive ([Figure 10.1.2](#)). This pattern may reflect the impact of the AAR, which for many job seekers in jobactive occurred after six months in service. Part-time or casual work helps to reduce income support rates, and is also the most common activity reported in response to an AAR, with 50.5 per cent of participants reporting that this is their main activity (Table 6.3.3).

Figure 10.1.2 Average percentage of full income support rates - JSA and jobactive



Source: Departmental administrative data and RED.

Note: Average income support rates are for JSA and jobactive inflow populations.

Stream A income support reduction

The observed average reduction in income support rates for Stream A is 2.5 percentage points greater for jobactive than JSA (Table 10.1.2). After accounting for demographic and macroeconomic differences, the reduction in average income support levels over 12 months is 2.9 percentage points more for participants in jobactive than for those in JSA ([Appendix C, Section C5.2, Table C5.7](#)).

Stream B income support reduction

The one-year change in income support rates for jobactive (-23.0 percentage points) and JSA (-20.3 percentage points) indicates that jobactive was also slightly more effective at reducing income support dependency (Table 10.1.2). After controlling for the composition of the study population, jobactive participants are shown to have decreased their income support rate by 1.7 percentage points more on average than participants in JSA ([Appendix C, Section C5.2, Table C5.8](#)).

Stream C income support reduction

Reductions in income support levels over the one-year period were more by 1.3 percentage points for the Stream C population in jobactive than the corresponding population in JSA (Table 10.1.2). Using regression to account for differences in participant characteristics, however, shows that jobactive actually decreased income support rates by 2.3 percentage points more than JSA ([Appendix C, Section C5.2, Table C5.9](#)). This difference between regressed and observed results reflects findings in the off income support analysis ([Section 10.1.1.2](#)) and further highlights the more disadvantaged nature of the jobactive Stream C cohort.

10.1.2 Sustaining labour market outcomes

The following analysis focuses on whether jobactive is better at assisting participants to remain employed than JSA. Again, the analysis uses available proxy measures strongly related to

employment, rather than direct employment measures. Further information on the methodology and measures used is presented at [Appendix D6, Section D6.2](#).

The key measures used are:

- The rate of staying off income support¹³⁹ after exiting from the program
- The rate of returning to income support after exiting the program and income support
- The rate of returning to the program.

Study population

The study population in this analysis is based on an 'outflow' from the programs, in contrast to the exit rate analyses, which are based on a population that entered service over a given period (an 'inflow'). For JSA the outflow population selected was from 1 July 2013 to 30 June 2014 and for jobactive 1 July 2016 to 30 June 2017. The income support and program status of the population was tracked for up to 18 months from when they exited income support/program.

The main difference in demographic composition of the jobactive and JSA outflow study populations is there was a larger proportion of former participants in jobactive who had been in employment services for two years or more. Relatedly, there were more who had been on income support for more than two years. Other differences in study population composition were relatively small, less than five percentage points. For more details on the compositions of the study populations see [Appendix C, Section C5.3, Table C5.10](#).

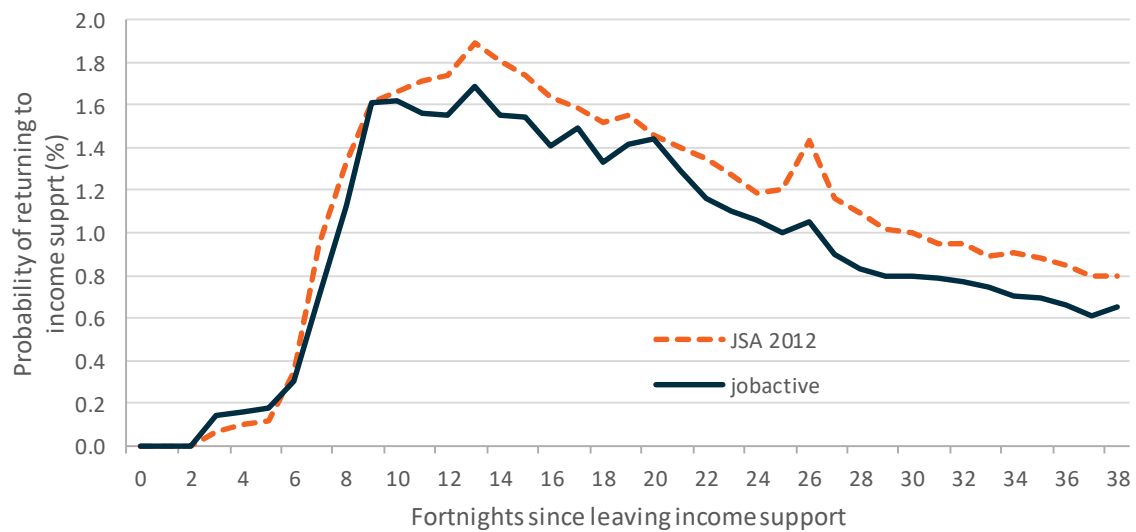
10.1.2.1 Returns to income support

The rate of return to income support is lower under jobactive than JSA, suggesting the employment outcomes are more sustainable in jobactive (Figure 10.1.3).

Figure 10.1.3 shows the conditional probability of returning to income support in any given fortnight if a person is off income support at the start of that fortnight. For jobactive, there is a relatively steady decrease in conditional probability from a peak at about the ninth fortnight. For JSA the peak is slightly later and then there is a similar rate of reduction in returns to income support paralleling jobactive. Returns to income support for both programs have a small spike in returns about 12 months after exiting, but no evidence could be found to attribute this to programmatic factors.

¹³⁹ Participants in the analysis can be eligible for income support but have a zero rate if, for example, in a given fortnight their earnings exceed a maximum level. However, for clarity and readability, unless otherwise specified, 'off income support' in this chapter means off a non-zero rate of income support; similarly, 'return to income support' means returning to a non-zero rate of income support.

Figure 10.1.3 Probability of returning to income support – over time since leaving



Source: Departmental administrative data and RED.

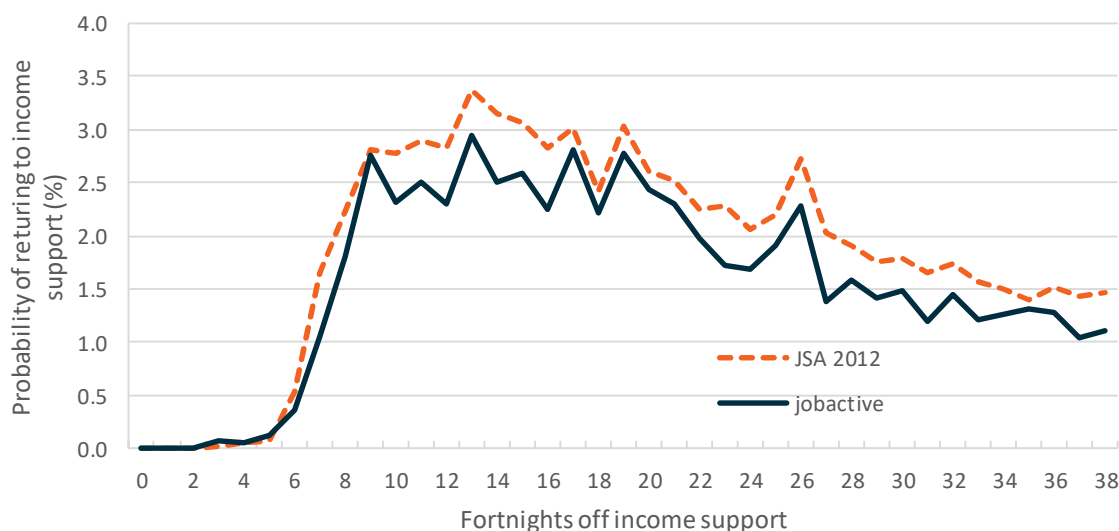
Notes:

1. This graph and other duration off income support graphs start from the day that the participant last received income support at a non-zero rate.
2. The graph shows the conditional probability of returning to income support in any fortnight, given that the person has not returned at the beginning of the fortnight.
3. Data is for all streams combined, unadjusted.

Stream C

The sustainability of off income support status is lower for more disadvantaged streams, indicating that this group tends to find shorter periods of work, which are followed by returns to income support. In addition, the Stream C rate of return to income support varies over time more than the other streams (Figure 10.1.4)

Figure 10.1.4 Stream C returns to income support – over time since leaving



Source: Departmental administrative data and RED.

Note: n=56,687. Data is unadjusted.

10.1.2.2 Off income support rates at 18 months following exit

As shown in Table 10.1.3, before adjusting for differences in the composition of the populations and economic conditions, JSA and jobactive Streams A and B differ by about the same amount as the overall program effects, with 3.1 and 4.4 percentage points respectively more off income support from jobactive at 18 months. After accounting for these factors, the difference in sustainability of off income support rates between former participants by stream equivalents is greatest for Stream C (3.4 percentage points), compared with Stream A (1.0 percentage points) and Stream B (1.1 percentage points).

Table 10.1.3 Off income support status and MME 18 months after exiting income support

Stream	JSA off IS observed (%)	jobactive off IS observed (%)	Observed difference	Off IS MME (ppt)
Overall	66.1	69.8	3.7	1.3
Stream A	68.9	72.0	3.1	1.0
Stream B	62.4	66.8	4.4	1.1
Stream C	48.7	54.7	6.0	3.4

Source: Departmental administrative data and RED.

Notes:

1. The difference between the programs is statistically significant at $p < .01$ for all streams and overall.
2. A positive value indicates that a larger percentage of the jobactive study population were off income support at 18 months.
3. JSA 2012 n=351,259 and jobactive 325,883 (Cox regression).
4. The difference in rates means that of the study population of approximately 4,215 more former participants were off income support at 18 months than would have been if jobactive had the same return rate as JSA.

This pattern indicates that the sustainability of off income support rates in the JSA equivalent populations were affected by the more adverse labour market conditions experienced by the JSA

exited population, as examination of the demographic differences showed little difference. The relationships between sustainability and the unemployment rate and the number of vacancies per unemployed person were highly significant ($p < .0001$) in all analyses.

10.1.2.3 Differences in sustainability of outcomes

Virtually all participant groups (cohorts) examined were associated with a lower rate of return to income support within 18 months of exiting income support under jobactive after adjustment for other characteristics and economic conditions. There were no characteristics associated with a significant decrease in off income support in jobactive compared to JSA.

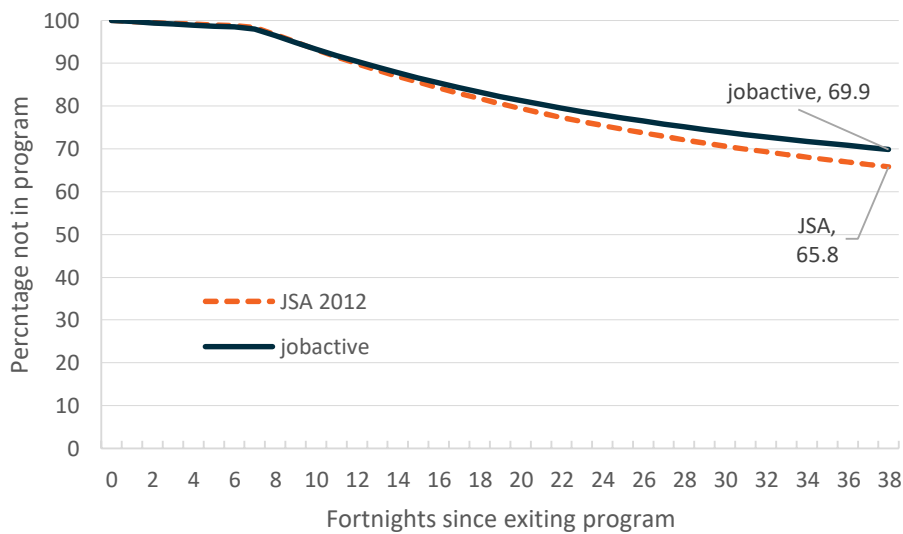
Compared with JSA, the following groups show the largest effects on the difference in off income support sustainability between the programs ([Appendix C, Section C5.3, Table C5.11](#)). They are in decreasing order of difference. The size of the cohort in jobactive gives an indication of the contribution of the cohort to the overall difference between the programs. Compared to the equivalent JSA cohorts:

- those with a jobactive wage subsidy are 5.3 percentage points more likely to be off income support (but these groups form only an average of 4% of the JSA and jobactive populations)
- those in outer regional areas are 5.2 percentage points more likely to be off income support (12% of the populations)
- Indigenous participants are 3.6 percentage points more likely to be off income support (7% of the populations)

10.1.2.4 Returns to program

In order to confirm the validity of the income support analysis, the pattern of remaining off program after exiting was also examined. The result is very similar to the off income support analysis. After 18 months, 4.4% more former jobactive participants are off program than were former JSA participants (Figure 10.1.5).

Figure 10.1.5 Percentage not in program, by fortnights since exiting – all streams combined



Source: Departmental administrative data and RED.

10.1.2.5 Reasons for increased sustainability

Payment model effect on sustainability

One reason for abolishing placement fees in jobactive and increasing paid outcomes based on maintaining employment was to increase the incentives for providers to focus on placing participants into sustained employment. This produced a quasi-experiment in jobactive that can be used to test the existence of such an effect. Stream A participants in jobactive had to be in service for at least three months before their providers were eligible for paid outcomes.

Comparing Stream A participants who exited within three months, and were therefore not eligible for a paid outcome, with those who exited between three and four months, those who were eligible for a paid outcome have significantly more sustainable off income support periods. The difference in sustainability for those who left before and after three months in service is most marked in the first five months. This indicates that providers are probably more intent on maintaining the job placement when there was likelihood of an outcome payments. Confirming this theory is the fact that this difference (between pre-three month and post-three month sustainability) is not found within any other stream of jobactive or in JSA.

Program design

There is a general trend for jobactive participants to have slightly more sustainable periods off income support. This applies across all streams and for most cohorts. Possible explanations for the observed increase in sustainability of jobactive over JSA include:

- changes in the incentive structure, removing fees for placing participants in jobs and increasing the weighting of sustained outcomes¹⁴⁰ have incentivised providers to successfully increase the sustainability of jobs that participants are gaining. Evidence supporting this as a contributing factor is that the Stream A participants for whom there was no incentive did not have the same effect (as described above).
- despite an emphasis on ‘jobs first’ in jobactive, there is evidence that a substantial amount of training/education occurred in jobactive and that it was closely linked to jobs.

Other reasons

The composition of participants exiting jobactive and income support may have changed in ways which have not been measured, for example in terms of motivation (for example higher levels of household debt and less security of job tenure may have led to people being more inclined to stay in jobs).

Possible effects of other government policies, including those such as levels and duration of benefit payments which might lower the reservation wage rate. Reservation wages in this context are the minimum gross earnings that participants would require in order to accept and keep a job. In particular, the reservation wage level may have fallen for groups which have increased participation requirements.

There may also be an effect of the potential benefit duration, specifically for people on parenting payment who now anticipate they will have less time on the benefit than they did prior to 2013. This may lower their reservation wage and make them more likely to maintain their job. This hypothesis is supported, to some extent, by the fact that the differences between JSA and jobactive sustainability rates are greater for Parenting Payment Single recipients. A Swiss study (Arni 2017) based on a natural experiment found an empirical relationship between longer potential benefit duration and a higher reservation wage.

10.2 Cost-effectiveness

This section explores jobactive expenditure first, and then assesses the relative cost-effectiveness of jobactive and JSA.

10.2.1 Expenditure on jobactive

Over the study period, jobactive expenditure rose from \$1,035.3 million in 2015–16 to \$1,593.1 million in 2017–18, an increase of \$557.8 million, or 54%, in two years. As seen in Table 10.2.1, this increase was mainly due to:

- a gradual increase in outcome payments over time (\$279.7 million) as the program matured
- a sharp increase in wage subsidies (\$278.3 million) following a series of policy and program changes, particularly towards the end of the study period,

¹⁴⁰ Job placement outcome fees were payable in JSA 2012, whereas no outcome fees are payable in jobactive until participants have been in work four weeks.

- as a result, wage subsidies expenditure (except for the Youth Bonus Wage Subsidy) was moved to the EF from 1 January 2019 (outside the study period)
- increasing **Employment Fund** expenditure (\$141.2 million) over time, potentially due to providers becoming more comfortable and a departmental review of the EF guidelines
- **other** factors (\$52.6 million) including the expansion of NEIS and the introduction of PaTH training and internships.

This was partly offset by:

- a decline in **administration fees** (\$108.6 million) as the program matured and caseload declined
- significant reductions in **WfD** expenditure (\$85.3 million) as policy changes reduced its scope and reach.

Table 10.2.1 jobactive expenditure, 2015–16 to 2017–18

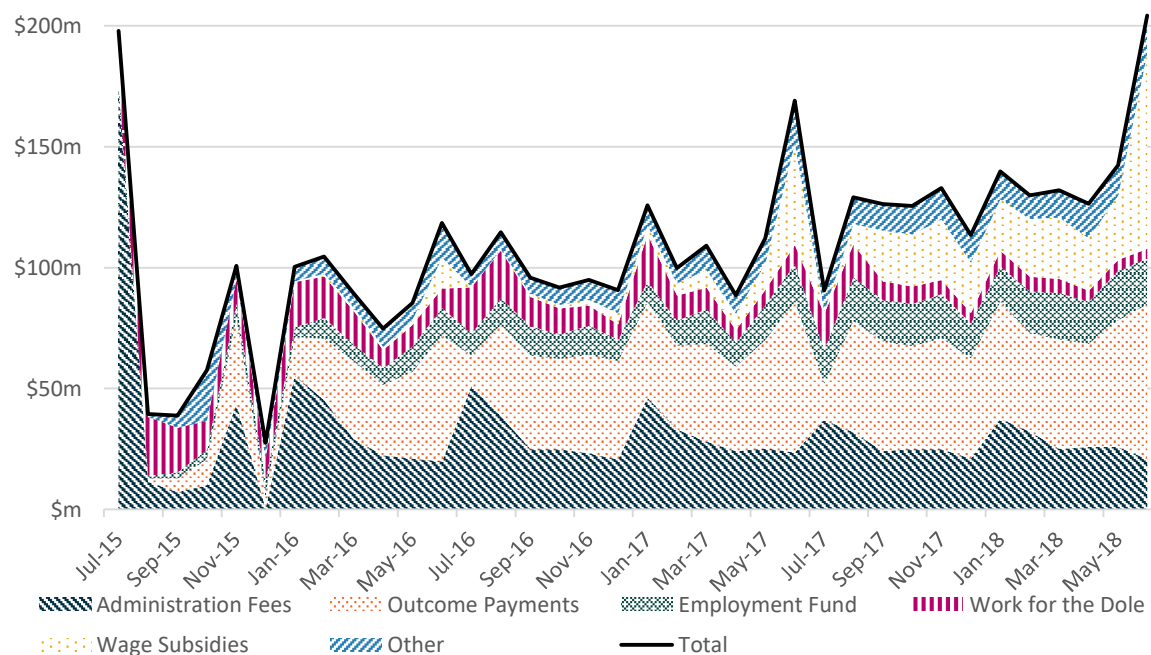
	2015–16	2016–17	2017–18	Change 2015–16 to 2017–18	% of total change
Administration fees	\$439.9m	\$363.7m	\$331.3m	-\$108.6m	19%
Outcome payments	\$249.9m	\$464.4m	\$529.6m	+\$279.7m	50%
Employment fund	\$67.3m	\$136.7m	\$208.5m	+\$141.2m	25%
Work for the dole	\$169.8m	\$134.8m	\$84.5m	-\$85.3m	-15%
Wage subsidies	\$19.1m	\$86.1m	\$297.4m	+\$278.3m	50%
Other*	\$89.3m	\$104.7m	\$141.8m	+\$52.6m	9%
Total	\$1,035.3m	\$1,290.5m	\$1,593.1m	+\$557.8m	100%

Source: Departmental financial data.

Note: Includes NEIS, PaTH training and internships.

The first six months expenditure is unique due to implementation. Even excluding the first six months, there is still a substantial increase in expenditure over the study period, with wage subsidies and outcome payments explaining most of the increase (62% and 30% respectively) (Figure 10.2.1).

Figure 10.2.1 Monthly jobactive expenditure over the study period



Source: jobactive financial data.

10.2.2 Expenditure on jobactive relative to JSA models

More funds were spent overall in the first three years of jobactive compared with JSA, with expenditure for jobactive approximately 1.4% more than for JSA over the first three financial years of the program (Table 10.2.2).

Table 10.2.2 Expenditure on JSA and jobactive, by year of contract (\$ million)

Year of contract	JSA	jobactive
Year 1	1,258.137	1,035.339
Year 2	1,241.173	1,290.457
Year 3	1,362.855	1,593.140
Total	3,862.165	3,918.936

Source: Departmental financial data.

Notes:

1. The above expenditure includes costs of JSA and jobactive operation such as provider service fees, EPF, job placement and outcome fees and wage subsidies.
2. Legacy expenditure occurs between contract periods. That is, some expenditure for JSA is included in the jobactive expenditure above, mostly in the first year of the contract period.
3. These figures differ to those published in the financial statements of the department’s annual reports. The annual report figures include other program expenditure in addition to JSA/jobactive, for example National Green Jobs Corps, Jobs Fund and Job Capacity Assessments.
4. Figures rounded to three decimal places.

10.2.3 Program expenditure per program exit

Table 10.2.3 shows the average program expenditure per program exit (PEPPE) for jobactive and JSA for the second financial years of the programs.

Program expenditure per program exit (for the 2013-14 and 2016-17 financial years) was calculated using monthly JSA and jobactive expenditure together with the number of participant exits during each period. Using program exits does not directly measure employment outcomes. They can be used to compare over time, however, assuming a consistent relationship between exits and employment over time. There is currently no evidence to suggest that this relationship has changed between the measurement periods.

Table 10.2.3 Program expenditure per program exit for JSA and jobactive, by month

	JSA PEPPE 2013–2014	jobactive PEPPE 2016–2017	PEPPE difference (jobactive-JSA)
July	\$2,472	\$2,139	-\$333
August	\$2,597	\$2,290	-\$307
September	\$2,699	\$2,150	-\$549
October	\$2,836	\$2,116	-\$720
November	\$2,958	\$2,144	-\$814
December	\$2,880	\$2,095	-\$785
January	\$3,171	\$3,585	\$413
February	\$2,328	\$2,251	-\$77
March	\$1,591	\$2,079	\$488
April	\$2,935	\$2,117	-\$818
May	\$2,545	\$2,530	-\$15
June	\$2,285	\$3,745	\$1,460
Financial year total	\$2,573	\$2,412	-\$161

Source: Departmental financial and administrative data.

Notes:

1. The second financial year of each model was chosen as representative
2. JSA expenditure in the 2013-14 financial year included expenditure on Service Fees, Outcomes, Employment Pathway Fund and Wage Connect.
3. jobactive expenditure in the 2016-17 financial year included expenditure on Administration Fees, Outcome Payments, Employment Fund, Wage Subsidies, Work for the Dole and Relocation Assistance, and excluded expenditure on PaTH Internships, National Work Experience Program and Employability Skills Training.

Factors which would have affected expenditure difference between the two models include:

- payment of placement fees in JSA but not in jobactive
- payment of four-week outcomes in jobactive but not in JSA
- payment of education outcomes for all participants in JSA, whereas jobactive only pays education outcomes in limited circumstances for young participants
- differing macro-economic climates between the two periods (Section 1.4)
- differing numbers and types of participants serviced (Section 2.1)

- length of time participants were in service
- outcomes achieved
- differences in the sustainability of outcomes.

[Error! Reference source not found., Section A2.3](#) provides a summary of the fees and reimbursements for the two models.

10.3 Conclusion

Overall jobactive is shown to be more effective than JSA in achieving labour market outcomes. This is the case for all measures used. This includes:

- exits from income support
- reductions in income support reliance.

This pattern applies both overall and for each service stream. Outcomes were comparatively stronger in jobactive for more disadvantaged participants – that is, those in stream C.

As has been noted, ‘work first’ active labour market programs often show higher employment outcomes than programs more focused on human capital development, especially in the shorter term. The results in sustainability of employment, however, often tend to be worse ([Lindsay, Klehe and van Hooft, 2014](#)). This is because the ‘work first’ focus does not always engender strong job matching or career planning. This does not appear to have been the case in jobactive, as it also achieves better results than JSA on sustainability measures.

Cost-effectiveness was stronger for jobactive early in the contract period; however, by the second and third years jobactive was becoming more costly than JSA on overall expenditure. The payment of education outcomes for all participants in JSA, which was not mirrored in jobactive, would be expected to result in a higher program expenditure in JSA if all else were equal. However, the higher expenditure in jobactive was mainly driven by increasing expenditure on wage subsidies and outcome payments in jobactive over the study period.

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Appendix A Policy detail

A1. Out of scope programs

Table A1.1: Out of scope programs

Program	Description
New Enterprise Incentive Scheme	NEIS provides personalised support to help participants become self-employed. NEIS assistance can include: accredited small business training, personalised mentoring and support; and up to 39 weeks of NEIS Allowance (which is paid instead of NewStart / JobSeeker Allowance). NEIS has been in operation for over 35 years, across both jobactive and JSA.
PaTH Employability Skills Training	Starting in 1 April 2017, Employability Skills Training helps young job seekers (under 25 years) better understand what employers expect of them in the workplace, and equip them with the skills, attitude and behaviours for them to be successful in a job. The training commences within five months of the job seeker being in employment services (unless extenuating circumstances exist).
PaTH Internship	From 1 April 2017, young job seekers under the age of 25 could undertake a voluntary "internship" placement of between 4 and 12 weeks. The internships provide incentives of \$1,000 upfront to a business to host an intern and a \$200 fortnightly payment to participants on top of their income support.
Career Transition Assistance	Career Transition Assistance (CTA) is for people aged 45 years and older to increase their job readiness by identifying their transferable skills and better targeting their job search to local industries and available jobs. It was introduced in five trial areas in July 2018 and rolled out nationally from July 2019.
Harvest Labour Services	Harvest Labour Services helps growers to supplement local labour with out-of-area workers. Services delivered by HLS providers include: mobilising participants from locations outside harvest areas and placing them into harvest jobs; liaising with growers and supporting their harvest labour needs; and marketing harvest work opportunities.
National Harvest Labour Information Service	The National Harvest Labour Information Service (NHLIS) provides national coordination and dissemination of information regarding harvest-related work opportunities across Australia, including those areas not serviced by the HLS.
National Work Experience Program	The National Work Experience Program places participants in real life unpaid work experience placements. It helps participants gain experience and confidence, while demonstrating skills to potential employers. Placements are unpaid and run for a maximum of four weeks up to 25 hours per week.
Launch into Work	The Launch into Work program delivers pre-employment projects, focused towards women, that provide training, work experience and mentoring to support participants to increase their skills, experience and confidence and move into employment. All projects must include: training; work experience; mentoring; and employment for suitable participants who complete the project.

Program	Description
Pathway to Work	From 1 July 2018, Pathway to Work helps to stimulate demand for mature age workers (aged 45-70) through up to 10 pilots. These pilots; encourage employers to hire mature age participants, learn from employers who are leaders in mature age recruitment and retention, connect employers with mature age participants, show how mature age participants can prepare for jobs through funding and programs.

A2. JSA and jobactive policy comparisons

A2.1 Key differences between JSA and jobactive

Table A2.1 Key policy setting differences between JSA and jobactive

Program element	JSA	jobactive	Rationale
Contract length	3 years	5 years (since extended to 7 years)	Promote provider viability and certainty
Streams	4 (Streams 1, 2, 3 & 4)	3 (Streams A, B & C)	Reduced complexity
Volunteers	Stream 1 (Limited) - No maximum period	Stream A - Maximum period of assistance is six months	Efficiency
Mutual Obligations	Job search determined by provider - Focus on training	Default 20 job searches per month - Focus on work experience	Improved activation and employment outcomes
Compliance	Job Seeker Compliance Framework	Job Seeker Compliance Framework (1 January 2015 to 30 June 2018) / Targeted Compliance Framework (from 1 July 2018)	Designed to help providers engage participants with their requirements
Service phases	Enter work experience phase after 12 months (12 or 18 months for Stream 4)	* Pre 1 Oct 2016: Enter WfD phase after 6 or 12 months * Post 1 Oct 2016: Enter WfD phase after 12 months	Earlier activity phase for improved activation and employment outcomes
Payment structure	Payment structure emphasised getting participant outcomes in the first year of unemployment.	No fees for job placements, Greater emphasis on outcome payments. Larger outcome payments for disadvantaged participants.	Greater incentive to place participants into sustained employment

Employment Fund	Employment Pathway Fund credits were designed to be spent flexibly by providers on participants	Expenditure must be for work-related tools, skills and experience that will help participants find and keep a job	Training is intended to meet needs of employers and participants
Wage subsidies	Wage subsidies funded through the Employment Pathway Fund	Wage subsidies funded through a separate wage subsidy pool	Designed to increase take-up and reduce complexity
Regions	110 Employment Service Areas	51 Employment Regions	Reduced complexity
Maximum Time Transfers (MTT)	No MTTs	Participants who have not achieved an employment outcome in a specified period are transferred to another provider.	Improve prospects of finding a job through a different provider. Encourage ongoing servicing from providers.
Indigenous employment	Indigenous specialist providers.	Introduced Indigenous Outcome Target (to 30 December 2017) and Indigenous Outcome Incentive (from 1 January 2018)	Incentivise all providers to place Indigenous participants in employment at a comparable rate to non-Indigenous.

Source: Relevant departmental guidelines

A2.2 Differences between the Work Experience and WfD

Table A2.2. Work Experience phase (JSA) and the Work for the Dole phase (jobactive)

	JSA	jobactive
Entry	<p>*Participants in Streams 1 to 3 generally commenced the Work Experience phase after 12 months of stream services.</p> <p>*Participants in Stream 4 generally commenced the Work Experience phase after 12 or 18 months of stream services.</p> <p>*Participants outside the phase could choose to participate in activities voluntarily.</p>	<p>*Prior to 1 October 2016, Stream A and SPI participants entered the Work for the Dole phase after six months in service. Other participants entered the phase after 12 months in services. From 1 October 2016, participants started in the phase after 12 months in service.</p> <p>*Participants outside the phase can choose to participate in activities (including Work for the Dole activities) voluntarily.</p>
Requirements	<p>Participants with a work experience activity requirement were required to participate in work experience activities over a 26-week period when they were in the Work Experience phase.</p> <p>This typically included participants aged 18 to 49.</p>	<p>Most participants are required to undertake Work for the Dole or other approved activities for six continuous months each year to continue to receive income support.</p> <p>The number of hours of activity participation per week that is required varies by age.</p>
Activity choice	<p>Participants and providers identified the activities to be undertaken during the Work Experience phase and included them in the Employment Pathway Plan.</p> <p>Work Experience phase activities included vocational training, non-vocational training, part-time/casual employment, Work for the Dole, voluntary work, or other activities.</p>	<p>The default activity for the Work for the Dole phase is Work for the Dole. These Work for the Dole activities must focus on providing participants with work-like experiences.</p> <p>Alternative activities in the Work for the Dole phase include unpaid work experience, voluntary work, part-time work, part-time study or training, accredited language and literacy courses, Defence Force Reserves, NEIS training, other government programs and the Green Army Program.</p> <p>Placements should include skills that are in demand within the local labour market and provide training that is relevant to, or a pre-requisite for, the activity that is being undertaken.</p>

Source: Relevant departmental guidelines.

A2.3 Differences in fee structure

10.3.1.1 Placement and outcome payments

Outcome payments in jobactive were somewhat different from those in JSA. Firstly, in order to encourage longer-term employment, placement fees payable in JSA were replaced in jobactive with four-week outcome payments. shows the levels of placement and outcome payments available under each model. It should be noted that education outcome payments were a feature of the JSA model for all participants, but were only available for youth in jobactive. Other differences included the fact that outcome payments were payable for Stream 1 participants in JSA only after they had been in service for 12 months. In jobactive, however, outcome payments for Stream 1 participants were payable for participants who had been in service for more than three months.

Table A2.3. Outcome and placement payments – jobactive and JSA 2012

Fee type	jobactive	JSA 2012
Job placement payments – Stream 1		0–440 ¹
Job placement payments – Stream 2		385–550
Job placement payments – Stream 3		385–550
Job placement payments – Stream 4		385–550
Job placement payments – Streams A to C	Not paid ²	
Outcome payment ³ in first 12 months – Stream 1		0
Outcome payments in first 12 months – Stream 2		Up to 1,486
Outcome payments in first 12 months – Stream 3		Up to 3,120
Outcome payments in first 12 months – Stream 4		Up to 3,120
Outcome payments in first 12 months ^{4,5} – Stream A	Up to 813	
Outcome payments in first 12 months – Stream B	Up to 2,375	
Outcome payments in first 12 months – Stream C	Up to 3,125	
Outcome payments after first 12 months – Stream 1		Up to 1,258
Outcome payments after first 12 months – Stream 2		Up to 2,064
Outcome payments after first 12 months – Stream 3		Up to 5,880
Outcome payments after first 12 months – Stream 4		Up to 5,880
Outcome payments after first 12 months – Stream A	Up to 1,938	
Outcome payments after first 12 months – Stream B	Up to 3,938	
Outcome payments after first 12 months – Stream C	Up to 6,250	

Source: Relevant departmental guidelines.

Notes:

1. Job placement and outcome payments were only payable for participants in Stream 1 after 12 months in service.
2. Job placement payments were not paid in jobactive – four-week outcomes are paid instead.
3. Includes 13 and 26 week outcome payments.
4. Includes four, 12 and 26 week outcome payments.
5. Outcome payments are only paid for Stream A participants after three months in service.

10.3.1.2 Administration/service payments

Providers of jobactive receive an administration fee every six months for each participant to whom they continue to provide services (Table A2.4). Under JSA 2012, the equivalent payment was known as a 'service fee'. The service fee in JSA 2012 varied by stream and duration of unemployment (see Table A2.5 Service fees in JSA 2012)

Table A2.4 Administration fees in jobactive

	Fee	Fee with regional loading
SPI participants	\$350	\$438
All other stream service participants	\$250	\$313
Maximum in first 12 months	\$500 (SPI – \$700)	\$626 (SPI – \$876)

Source: Department of Employment 2015b.

Table A2.5 Service fees in JSA 2012

	Stream 1	Stream 2	Stream 3	Stream 4
First 13 weeks	\$63	\$271	\$332	\$587
Second 13 weeks	\$94	\$208	\$264	\$512
Third 13 weeks	\$328	\$202	\$257	\$409
Fourth 13 weeks	\$96	\$204	\$267	\$411
Fifth 13 weeks	-	-	-	\$402
Sixth 13 weeks	-	-	-	\$415
Maximum for Stream	\$581	\$885	\$1,120	\$2,736

Source: Relevant departmental guidelines

A2.4 Stronger Participation Incentives for Young Job Seekers (SPI)

The SPI measure was introduced to strengthen participation requirements and provide intensive servicing for more work ready young participants.

Announced in the 2014–15 Budget, SPI was introduced at the start of jobactive and applied to Stream A and less disadvantaged Stream B participants aged between 18 and 30 years. The SPI criteria were narrowed in the 2015–16 MYEFO, and since 1 July 2016, only new participants aged between 18 years and 25 years in Stream A become SPI participants. Existing SPI participants, who did not meet the new tightened eligibility criteria (due to being aged 25 and over, or in Stream B), continued to receive the SPI service offer after 1 July 2016.

SPI service offering

SPI participants commence in jobactive in the case management phase. This is consistent with existing arrangements for Stream B, but is more intensive for Stream A, where participants started in the self-service phase.

In addition, SPI participants originally entered the WfD Phase after 6 months (13 fortnights) in service. This was the usual time for Stream A, but 6 months earlier for Stream B. However, from 1 October 2016, all participant including SPI participants, generally moved to the WfD phase after 12 months.

To assist providers in providing intensive servicing, SPI participants attract higher administration fees than other participants.

Table A2.6 Differences between non-SPI and SPI participant servicing

	Non-SPI	SPI
Phase on Commencement	Stream A: Self Service Stream B: Case Management	Case Management
Move into WfD phase <i>Pre 1 October 2016</i>	Stream A: 6 months Stream B: 12 months	6 months
Move into WfD phase <i>From 1 October 2016</i>	Stream A: 6 months Stream B: 12 months	12 months
Administration fee	\$250	\$350

Source: Relevant departmental guidelines

A3. Policy changes in jobactive – July 2015 to December 2018

A3.1 AAR Policy changes (2016-2017 Portfolio Budget Statement)

From 1 October 2016, the most job ready (Stream A) participants will move into the Work for the Dole phase after 12 months, instead of six months as per current arrangements. This will mean all participants will enter the Work for the Dole phase at 12 months. The new Work for the Dole arrangements will provide more time for providers to deliver more targeted services, strengthen participant activation and improve their ability to deliver more individualised and tailored services to meet the needs of participants. Changes were also made to the eligibility for Stronger participation Incentive participation as outlined below.

Table A3.1 Changes to the SPI in jobactive

Date of change	Details of change
1 July 2016	The only jobactive participants eligible for the SPI were those in Stream A aged under 25 years with MORs. In other words, new participants in Stream B, or participants aged between 25 and 30 years in Stream A were no longer eligible.
1 July 2016	The Youth Wage Subsidy became available to employers who hired a participant aged 15 to 29 years of age after six months in jobactive. It was previously only available to SPI participants. In other words, the Youth Wage Subsidy no longer reflected increased service intensity under the SPI, but was a separate program element.
1 October 2016	All participants (both SPI and general) entered the WfDPh after 12 months in service. Under original SPI arrangements, all Stream A and B SPI participants entered the WfDPh after six months in service.

Source: Relevant policy guidelines.

A3.2 Work for the Dole policy changes

Over time, there have been a number of changes relating to the Approved Activities that can be counted towards participants' AAR within the Work for the Dole Phase. These are summarised in Table A3.2 Changes to Work for the Dole program parameters 2015 to 2018

Table A3.2 Changes to Work for the Dole program parameters 2015 to 2018

Date	Policy Change
Dec 2015	<p>Study or training - clarified to add an Approved Short Course of less than 12 months or a Certificate III or higher, but excluding a Masters or Doctorate (MORs (including AARs) Guideline v1.3).</p> <p>Unpaid Work Experience - replaced by the National Work Experience Programme (NWEPP) for participants aged 18 years or over. Placement in this programme was included as an Approved Activity that enabled a participant to meet their AAR (MORs (including AARs) Guideline v1.3).</p>
Jan 2016	<p>Study and training (part-time or full-time) - further amended to include an accredited course (in addition to a Cert III or higher course) that the participant had commenced in the Case Management Phase but not yet completed when they moved into the Work for the Dole Phase. For these accredited courses, any hours completed once a participant entered the Work for the Dole Phase were counted towards their AAR (MORs (incl. AARs) Guideline v1.4).</p>
Feb 2016	<p>Non-government programmes were included as Approved Activities for AAR purposes (MORs (incl. AARs) Guideline v1.5).</p>
Dec 2016	<p>Study and training - further refined to stipulate a Certificate I or II course (previously only defined as an accredited course) that the participant had commenced in the Case Management Phase but not yet completed when they moved into the Work for the Dole Phase. Any hours completed once a participant entered the Work for the Dole Phase were counted towards their AAR. Also added at that time was the 'Exploring Being My Own Boss' workshop as an 'other government program' as an Approved Activity (MORs & Job Plan Guideline v1.2).</p>
March/April 2017	<p>Non-vocational assistance and interventions for Stream C participants included as an Approved Activity.</p> <p>PaTH Internships for participants aged 17-24 (after six months continuous servicing in jobactive, TtW or DES) and PaTH Employability Skills Training (EST) for participants aged 15-24 years of age. Participants met their fortnightly hours requirement in the fortnights that they participated in either a PaTH Internship or EST, regardless of the hours of participation. The New Enterprise Incentive Scheme (NEIS) was added to other government programs as an Approved Activity (MORs & Job Plan Guideline v2.1).</p>
Jun 2017	<p>Work Experience (Other) for participants aged 15 years or over - participation contributing towards a participant's MORs, but not approved for AAR purposes except for Stream C jobactive participants. These placements provide voluntary, short-term, observational unpaid work experience placements, regardless of whether the participant is receiving an income support payment (MORs & Job Plan Guideline v2.2).</p>
Jan 2018	<p>Drug or alcohol addiction treatments (including rehabilitation) became an Approved Activity that counted towards AARs for Streams A and B participants (previously only available to Stream C).</p> <p>For Indigenous participants in any Stream and participants in Stream C, participation in Preventative Health treatments was also now counted towards the participant's AAR.</p>

Source: Relevant departmental guidelines

Within the Work for the Dole Phase, some participants are able to satisfy their AARs early because they complete additional hours in an Activity. However, these additional hours can only occur where there is an identified benefit to the participant and must be agreed between the Provider, Host Organisation and the participant. Further, any hours in excess of 50 hours per fortnight in the Work for the Dole Phase must be created as a voluntary component of the participant's Job Plan and participants must not undertake more than 50 hours per fortnight in a NWEPP Placement ([MORs & Job Plan v2.1](#)).

A3.3 Wage subsidy policy changes

Table A3.3: Policy changes to wage subsidies under jobactive

Change	Description	Date implemented
Online agreements	Wage subsidy agreements that employers can approve ('sign') online through the Australian JobSearch (later jobactive) website.	1 July 2015
Head agreement	Introduction of a single head agreement governing wage subsidies for each employer-provider relationship. This was designed to reduce administrative requirements associated with subsequent wage subsidies.	1 January 2017
Changes to online agreements	Employers can approve ('sign') and manage wage subsidy agreements using the jobactive employer app.	1 January 2017
Employer declarations	Providers could accept an employer declaration that the hours and wages requirements of the subsidy had been met before payment of the subsidy, without the need for additional documentary evidence (e.g. payslips).	1 January 2017 to 31 December 2017
Alignment of wage subsidy periods	All wage subsidies are payable to employers over six months, where some were previously payable over 12.	1 January 2017
Increasing and averaging minimum hours	Minimum hours required to achieve a wage subsidy increased from a minimum of 15 hours each week to an average of 20 hours per week over six months.	1 January 2017
Removal of pro-rata hours	Pro-rata payments where participants are unable to meet the minimum 15 hours per week for the subsidy are no longer available.	1 January 2017
Agreement approval timeframe increased	The timeframe for entering and approving a wage subsidy agreement in the Employment Services System (ESS) increased from 28 days to 12 weeks (84 days) after commencement of employment.	1 January 2017
Kickstart	An optional component of current wage subsidies. Forty per cent of the total wage subsidy (i.e \$4,000 for \$10,000 and \$2,600 for \$6,500 subsidies) is payable to the employer after four weeks of employment.	1 January 2017
Changes to employer declarations	Providers must receive documentary evidence in addition to an online employer declaration.	1 January 2018

Source: Relevant policy guidelines

A3.4 Stronger Participation Requirements

In the Federal Budget 2017-18, the Australian Government announced the Working Age Payments Reforms. Stronger Participation is part of those reforms. Under Stronger Participation, from 20 September 2018 there are changes to the participation requirements for participants on income support aged 30 to 49 and aged 55 to the Age Pension age.

The changes that applied from 20 September 2018 were:

- Annual activity requirements for jobactive participants aged 30 to 49 who have been on payment for more than 12 months will increase from 30 hours per fortnight to 50 hours per fortnight. This aligns with requirements for younger participants.
- Participants aged 55 to 59—who have been receiving an unemployment payment for less than 12 months—can undertake 30 hours per fortnight of paid work or a combination of volunteer and paid work (of which at least 15 of hours will need to be in paid work) as an alternative to undertaking activities such as looking for work or attending appointments with an employment services provider.
- Annual activity requirements of 10 hours per fortnight will be introduced for those jobactive participants aged between 60 and the Age Pension age who have been on payment for more than 12 months.

The changes for participants aged 30-49 aligned their participation requirements with those of participants aged under 30. The changes for mature age participants recognise that older Australians have a lot of experience and skills to offer, and these changes will encourage more participants to undertake activities to improve their employment prospects.¹⁴¹

A3.5 The “Work First” policy

10.3.1.3 Background

Previously, a person who claims Newstart Allowance or Youth Allowance (other) and is subject to RapidConnect is required to attend an initial interview with an employment services provider before their income support is payable. If the person attends the interview as required, the start day for their payment is the day on which the claim is made. In some circumstances, this is the date on which the person first contacted the Department of Human Services in relation to the claim.

10.3.1.4 The Work First Social Security Legislation changes

The work first changes amended the Social Security Administration Act so that, if a person who is claiming or transferring to Newstart Allowance or Youth Allowance (other than a new apprentice or a full-time student) is subject to RapidConnect, their income support payments will be payable from the day the person attends their initial appointment with their employment services provider, unless their employment services provider is unable to offer an appointment within two business days, or the person is not qualified for the allowance on the day. These amendments are aimed at ensuring

¹⁴¹ <https://www.dese.gov.au/newsroom/articles/explainer-stronger-participation-requirements>

that participants claiming Newstart or Youth Allowance (other) connect as quickly as possible with their employment services provider (for example, jobactive or Transition to Work). The changes were part of the 'Better Targeting of Assistance to Support Participants' measure announced in the 2017-18 Budget. The changes came into effect from 1 January, 2018.

A3.6 Targeted Compliance Framework

The Targeted Compliance Framework (TCF) commenced on 1 July 2018, replacing the Participant Compliance Framework, as the compliance framework for jobactive.

The TCF is designed to target financial penalties towards those participants who persistently do not meet their MORs without a Valid Reason or Reasonable Excuse, while providing protections for the most vulnerable.

The TCF consists of three 'zones', the Green Zone, the Warning Zone and the Penalty Zone. All participants start in the Green Zone and remain there while they are meeting all their MORs. Each time a participant fails to meet a requirement, they will receive a demerit. Participants enter the Warning Zone upon receiving their first demerit. If a participant accrues five demerits within a six-month period, they will then enter the Penalty Zone. Once in the Penalty Zone, if the participant continues to fail to meet their requirements, participants will incur financial penalties (when they do not have a Reasonable Excuse). The financial penalties are:

- loss of 50 per cent of fortnightly payment after the first failure in the Penalty Zone
- a loss of 100 per cent of fortnightly payment after the second failure in the Penalty Zone
- payment cancellation and a four-week post cancellation non-payment period after the third failure.

Where a participant commits a serious or work-related failure, the participant may be 'fast-tracked' to the penalty zone or even a penalty, regardless of their current demerit points.

The TCF introduced two new participant assessments, the Capability Interview (administered by providers) and the Capability Assessment (administered by Services Australia). These assessments are designed as a safety net for participants to disclose any reasons or circumstances preventing them from meeting their requirements. If a participant is being asked to meet requirements that are beyond their capacity, the participant returns to the Green Zone.

In addition to attracting demerits or penalties, participants who did not meet their requirements have their payment suspended automatically until they reengage. Once the participant re-engaged, the payment was reinstated with full backpay. Unlike previous frameworks, there is reduced provider discretion due to the automated with significant automation of the reporting and suspension process.

In short, the major differences between TCF compared with the JSCF are:

- automation of payment suspensions curtailing provider discretion
- a simpler system for participants with colour coded zones and demerit point allocation

- the removal of providers' discretion to apply penalties, instead linking penalties to the number of failures and zones
- providers can accept reasonable excuses (resulting in the removal of a demerit)
- Capability Interviews and Assessments replacing Comprehensive Compliance Assessments.

A4. Employment services assessment (ESAt)

A4.1 Definition

ESAts are for the purpose of identifying an individual's:

- barriers to finding and maintaining employment (this may relate to the impact of a person's disability, injury, illness, or other disadvantage),
- work capacity (in hour bandwidths), and
- interventions/assistance that may be of benefit to improve their current work capacity.

ESAts are conducted by health and allied health professionals. As part of the assessment process, assessors have access to relevant available information about the participant, including current and past medical/disability status, and prior participation and employment history. Assessors can also liaise with treating doctors and relevant health professionals as required.

ESAts may be used by Centrelink to inform decisions regarding payments and allowances and to determine the level of participation required for activity tested participants in accordance with the SSAct.

The ESAt process ensures that disadvantaged participants are referred to the most appropriate employment service assistance, based on an assessment of the impact of identified barriers on their capacity to participate. A copy of the ESAt report is made available to the participant's employment services provider.

A4.2 Target groups

People may be referred for an ESAt if:

- they are in receipt of income support payments and applying for an activity test exemption,
- other income support recipients who are eligible to volunteer,
- they register directly with an employment services provider,
- they inform Centrelink or their employment services provider of a significant change in their circumstances that affects their work capacity and/or employment assistance needs,
- the JSCI administered by Centrelink or an employment services provider, indicates they have barriers to work that require further assessment, and/or

- they are a DSP recipient under age 35 with potential participation requirements who does not already have a current work capacity assessment.

The assessment will establish work capacity bandwidths of 0 - 7 or 8+ hours per week and will not affect the recipient's eligibility for DSP.¹⁴²

A5. Star Ratings

Providers are assessed against six performance measures listed in Table A5.1 Performance measures and weightings

Table A5.1 Performance measures and weightings

Performance Measure	Weighting
26 Week outcomes – All participants	50%
26 Week outcomes – Indigenous participants	10%
26 Week outcomes – Time to placement	10%
12 Week outcomes	10%
Work for the Dole Phase – Participation	10%
Time to commence in Work for the Dole / Activity	10%

Source: Department of Education, Skills and Employment

For five of the six performance measures, regression analysis determines the performance levels which could reasonably have been expected given the individual characteristics of the participants assisted and the characteristics of the local labour market. Regression analysis is not used in the assessment of the 'Time to commence in Work for the Dole / Activity' measure.

The overall Star percentages are calculated by aggregating the stream level star percentages with the following weightings:

- Stream A: 25%
- Stream B: 35%
- Stream C: 40%

Outcomes for the most disadvantaged participants in Streams B and Stream C contribute 75 per cent towards the overall rating.

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A provider who achieves 5 stars is achieving significantly higher levels than the expected outcomes for their participants in their labour market across the following four aspects than a provider who achieves 1 star rating. For example, the highest scores (4-5 stars) reward providers for achieving:

- sustained (26 Week) employment outcomes for all participants
- sustained employment outcomes for Indigenous participants
- the active engagement of participants, including participation in WfD

Imputed Star Ratings are used where there is insufficient data at contract or site level for one or more of the three streams. When this occurs, a Star Rating will be imputed using the following methodology:

- Contract level ratings for a Stream are imputed by calculating the average Star percentage of those streams that did have sufficient data.
- Site level ratings for a Stream are imputed by using their contract level stream Star percentages.

A6. RapidConnect rules

Under RapidConnect rules, unless a waiting period applies, a participant will not be paid income support until they have attended their initial appointment. If a participant attends this appointment within 14 days, income support payments will be backdated to the date of registration. If a participant attends this appointment between 15 and 28 days from the initial registration, income support will be paid from the date of the appointment, rather than being backdated to the date of initial registration. If a participant does not attend this interview within 28 days of initial registration, their application for income support will generally be rejected and they will be required to re-apply through DHS.

A7. Previous compliance frameworks

Compliance is used to encourage participants to meet their mutual obligation requirements (MORs), including engaging with their provider, undertaking activities and actively looking for work. As compliance policy affects the performance of an employment service, to fully understand the effectiveness of jobactive relative to Job Services Australia, it is important to understand the compliance frameworks that have operated across these two programs.

A7.1 Participant Compliance Framework

The Participant Compliance Framework (JSCF) commenced in July 2009 and operated through most of Job Services Australia with only minor changes.

The system included multiple types of failures, each with differing criteria, procedures and sanctions. Compliance action ranged from temporary payment suspensions with full backpay for missing an appointment to eight-week non-payment periods for serious failures. Providers were responsible for monitoring and reporting non-compliance to DHS. DHS had sole responsibility for determining whether any compliance action should be applied, including assessing any reasonable excuse.

Replacing the compliance frameworks that operated under Job Network, the JSCF was designed to respond to the needs of an increasingly disadvantaged caseload, by:

- providing a focus on early intervention and participation, with participants able to end any penalty early by re-engaging, including eight-week penalties for serious failures. The framework also encouraged participation through the greater use of smaller ‘work-like’ penalties (e.g. if you miss an activity, you are docked a day’s worth of income support). These penalties were intended to be as immediate as possible.
- allowing provider discretion on whether to report non-compliance to DHS, depending on whether such action would be the best means of securing the participant’s re-engagement. DHS also had improved discretion to not take compliance action, where appropriate.
- introducing Comprehensive Compliance Assessments which provided a safety net to ensure compliance action was appropriate and there were no undisclosed barriers to participation.

Over time there was some tightening of the framework, and some strengthening of the safeguards. For example, in 2011, reasonable excuse provisions were tightened to require job seekers to give prior notice if they were unable to attend (where reasonable to do so). Likewise, from 1 July 2012, DHS began conducting Comprehensive Compliance Assessments in person wherever possible.

A7.2 Strengthening the Job Seeker Compliance Framework

The *Strengthening the Job Seeker Compliance Framework* measure, fully introduced on 1 January 2015, represented the most significant changes to the JSCF. These changes were designed to help providers re-engage participants who did not comply with their MORs. This version of the JSCF was in operation for the final six months of JSA and the first three years of jobactive.

The changes strengthened the suspension provisions by allowing payment suspensions to be maintained until a participant re-engaged, not just agreed to re-engage (from 15 September 2014), while making it easier for participants to re-engage by allowing providers to book re-engagement appointments which previously could only be done by DHS (from 1 January 2015).

Another change was that, from 1 July 2015, DHS determined that the participant did not have a reasonable excuse (or did not give prior notice of one) for their non-attendance at their initial provider appointment, the participant was not back paid for the period during which their payment was suspended.

A8. Eligibility as a volunteer in jobactive

To promote labour market participation, participants not eligible for the full range of services can volunteer into service. These participants receive once only time-limited services of up to six months. jobactive providers assist volunteer participants as if they were Stream A participants, to improve their employability skills by helping them understand the skills and attributes local

employers need, build their résumé and look for jobs, and showing them how to access self-help facilities. Eligible volunteer participants include those who are:

- on income support and do not have compulsory MORs (e.g. PP recipients with a youngest child aged under six, Carer Payment recipients, Age Pensioners or DSP recipients without participation requirements), or
- full-time students seeking an Apprenticeship or Traineeship, or
- not on any type of income support and who are not:
 - full-time students
 - working in paid employment for 15 hours or more per week
 - overseas visitors on working holiday visas or overseas students studying in Australia
 - prohibited by law from working in Australia.

Appendix B Data sources

B1. Quantitative data sources

B1.1 Administrative data

The department's administrative data contains caseload information (e.g. participant demographics, referrals, commencements) and payment transactions (e.g. claims for service and outcome fees, wage subsidies and reimbursements and EF expenditure), along with JSCI and ESAat assessments, types of assistance received, job placements and paid outcomes.

The Research and Evaluation Database (RED), constructed from DHS administrative data and maintained by the department, covers unit record data on income support payments and periods of income support assistance (excluding Department of Veterans' Affairs pensions).

B1.2 Survey of employers

The department collects information on employers who interact with the jobactive program or employ participants who have received services from a jobactive provider. This survey focuses on drivers of employers' experiences with jobactive and where jobactive services can be improved to better meet the needs of employers. This report draws heavily on the 2017 Employer Survey, conducted during March and April 2017, which interviewed employers who were known to have recruited a jobactive participant during the six months prior to the survey, and also uses data from previous employer surveys where relevant.

B1.3 The Survey of Employers' Recruitment Experiences

The department's Survey of Employers' Recruitment Experiences (SERE) provides insight into recruitment in Australia. Each year, more than 10,000 employers provide information about their local jobs market, including competition for vacancies. The survey results identify what employers

are looking for in job applicants and how participants can better connect with employment opportunities.

B1.4 The Survey of Employer Use of Wage Subsidies, 2018

This online survey was conducted in June 2018 to inform the jobactive evaluation. It collected information on awareness and experiences of over 1800 employers who had used a jobactive provider to employ a staff member with a wage subsidy in the preceding 12 months.

B1.5 The 2016 and 2017 jobactive communications Campaign Project

The department's jobactive Campaign project was a survey of small and medium sized employers that measured awareness, attitudes and actions of employers in relation to the jobactive communications campaigns. This survey was undertaken throughout 2015, 2016 and 2017.

B1.6 The jobactive survey of employment services providers

The department has conducted a Survey of Employment Services Providers regularly since 1999. This report primarily relies on data and analysis from the 2016, 2017, and 2019 Provider Surveys. The purpose of the survey was to gather data about provider experiences and perspectives of the of the jobactive contract. All jobactive providers are in scope, and the survey is conducted at site level with full-time site managers or other site staff as identified by the provider organisation invited to participate.

B1.7 Job Seeker Experiences of Employment Services (JSEES) projects

The Job Seeker Experiences of Employment Services 2015-16 and 2016-17 projects, conducted by the Social Research Centre (SRC) on behalf of the department, gathered opinions of current and previous job seekers on their experiences of employment services providers, including jobactive and JSA. The projects collected qualitative data through telephone interviews and focus groups as well as quantitative data through surveys.

B1.8 Post Programme Monitoring (PPM) Survey

The PPM survey, an ongoing mail and telephone survey run by the department collects information from participants who have participated in or are participating in government funded employment assistance programs including jobactive. The PPM survey collects data on participants' labour market and educational status after employment assistance, as well as participants' opinions on assistance received.

B1.9 Maximum Time Transfers Survey, 2019

An online survey of jobactive participants who underwent Maximum Time Transfers (MTTs) was conducted in May-July 2019 to investigate how they perceive the MTT policy. Respondents received surveys if they underwent MTTs on or before 31 December 2018. A total of 600 respondents at least partially completed the survey (a response rate of 11.9 per cent). Participants in jobactive who had exited income support before the survey was distributed were not eligible to undertake the survey. However, given that 79 per cent of participants who had undergone an MTT prior to 31 December

2018 were still in services when the survey was distributed, the survey findings should represent participants' experiences of MTTs reasonably well.

B2. Qualitative and other data sources

B2.1 Qualitative data sources

Departmental research

In 2018, staff from the EREB undertook the following fieldwork:

- in February and March 2018 - with 10 jobactive providers across five states to gather information on the operation of wage subsidies.
- in June 2018 - with 15 providers, 16 host organisations and 34 participants across four states to gather information on the operation of, and attitudes to WfD in jobactive.

B2.2 Other data sources

Data from other agencies was used to support the evaluation where appropriate, e.g. data from the Australian Bureau of Statistics (ABS), including Labour Force, Australia (cat. no. 6202.0).

Appendix C Detailed Statistical Tables

C1. Stream B Effect

Table C1.1 Stream B Effect — percentage point increase in outcomes with Stream B placement compared to Stream A placement, all else constant

Population	4 month exit rate	5 month exit rate	12 month exit rate	12 month partial exit	12 month exit to YA(S)
NSA recipients aged between 30 and 50 years	9.45	10.78	11.73	0.00	n.a
Male	12.84	14.93	15.51	0.00	n.a
Female	6.97	7.73	8.97	0.00	n.a
Indigenous	8.48	10.64	11.48	0.00	n.a
Non-Indigenous	9.41	10.64	11.58	0.00	n.a
Good English proficiency	9.23	10.55	11.73	0.00	n.a
Poor English proficiency	10.11	11.35	10.02	0.00	n.a
Single parent	5.40	5.52	5.63	2.18	n.a
Non-single parent	tba	tba	tba	tba	n.a
No own transport	9.06	10.46	11.23	0.00	n.a
Has own transport	10.47	11.89	13.11	0.00	n.a
Not contactable	5.59	7.20	9.38	0.00	n.a
Location type					
Outer regional	10.21	11.06	9.56	0.00	n.a
Inner regional	9.82	11.22	13.28	0.00	n.a
Major cities	9.10	10.50	11.73	0.00	n.a
Education level					
Less than Year 12	9.73	10.73	10.11	0.00	n.a
Completed Year 12	10.05	12.12	13.93	0.00	n.a
Vocational qualification	8.80	9.85	11.02	0.00	n.a
University	7.76	9.93	15.68	0.00	n.a
YA(O) recipients aged between 18 and 23 years	6.96	8.58	4.11	0.00	0.00

NSA recipients aged between 23 and 30 years	9.86	9.93	7.59	0.00	n.a
NSA recipients aged over 55 years	11.30	12.59	16.87	0.00	n.a

Notes: n.a is not applicable. "Exit rate" refers to the income support exit rate.

Source: Authors calculation based on Department of Jobs and Small Business administrative data.

C2. Participant experiences

Table C2.1 Participant satisfaction with amount of provider contact

	Stream A Number	Stream A Per Cent	Stream B Number	Stream B Per Cent	Stream C Number	Stream C Per Cent	Overall Number	Overall Per Cent
Too little	169	14%	82	7%	49	9%	300	10%
Just right	923	75%	902	79%	403	74%	2228	76%
Too much	136	11%	163	14%	94	17%	393	13%
Total	1228	100%	1147	100%	546	100%	2921	100%

Source: JSEES 2017

Qn: Overall, would you say that the frequency of this contact with your jobactive provider is...

Table C2.2 Prevalence of reported barriers to employment for various cohorts (per cent of cohort)

	All respondents Per Cent	Aged over 50 Per Cent	Unemployed < 12 months Per Cent	Stream C Per Cent
Parenting responsibilities	8	4	8	7
Caring responsibilities (Ill health or injury of other person)	4	5	4	4
Employers think you are too young	1	1	1	1
Employers think you are too old	14	42	14	8
Don't have suitable transport / no current drivers licence	10	6	12	13
Don't have enough or the right kind of education or training	9	8	9	7
Don't have enough work experience	12	6	11	9
There aren't enough jobs available	20	21	19	11
Being (male / female)	1	1	1	1
Your racial or ethnic background	1	2	1	1
Poor English Language skills	1	0	1	0
Poor reading or writing skills	1	1	1	1
Lack of skills in writing job applications and interviewing	1	1	1	1
Lack of confidence	2	2	2	3
Physical or mental health conditions	22	27	26	41
Poor maths or number skills	0	0	0	0
Studying	4	1	3	3
Living somewhere remote or isolated	8	9	9	6
Other	21	18	22	23
No difficulties finding work	7	7	7	5
Number of respondents (N)	1,529	384	1010	300

Source: JSEES 2017

Notes:

1. Qn: What are ALL the reasons that (make/ made) it difficult for you to find ongoing work?

2. Total of cohorts add to more than total of respondents because cohort categories are not mutually exclusive.

Table C2.3 Whether participants reported barriers to their provider, by length of service

	<12 months Per Cent	12 to 14 months Per Cent	24 to 59 months Per Cent	> 60 months Per Cent	Total Per Cent
Yes - all	64	67	75	81	71
Yes - some of them	5	11	8	4	7
No	31	22	17	15	22
Total	100	100	100	100	100
Number of Respondents (N)	455	275	378	246	1354

Source: JSEES 2017

Notes: Qn: Have you spoken with your provider about any of these difficulties? (participants who reported difficulties finding work)?

Table C2.4 Whether participants felt providers addressed their reported barriers to employment, by overall satisfaction level – by overall satisfaction with service provided in the last six months

	Total	Very Satisfied	Satisfied	Niether	Dissatisfied	Very Dissatisfied
Yes	41	65	43	27	11	9
No	59	35	57	73	89	91
Total	100	100	100	100	100	100
Number of Respondents (N)	1025	338	360	73	118	136

Source: JSEES 2017

Notes: Qn: Have they done anything to help you overcome (this/these) (difficulty/difficulties)? (participants who spoke with their provider about difficulties)?

Table C2.5 Whether participants felt providers addressed their reported barriers to employment, by overall satisfaction level – by age group

	Under 22 years	22 to 29 years	30 to 49 years	50 years and over	Total
Yes	55	43	39	33	41
No	45	57	61	67	59
Total	100	100	100	100	100
Number of Respondents (N)	160	221	389	259	1029

Source: JSEES 2017

Notes: Qn: Have they done anything to help you overcome (this/these) (difficulty/difficulties)? (participants who spoke with their provider about difficulties)?

Table C2.6 Whether participants felt providers addressed their reported barriers to employment, by overall satisfaction level – by Indigenous status

	Indigenous	Non-Indigenous	Total
Yes	52	39	41
No	48	61	59
Total	100	100	100
Number of Respondents (N)	156	873	1029

Source: JSEES 2017

Notes: Qn: Have they done anything to help you overcome (this/these) (difficulty/difficulties)? (participants who spoke with their provider about difficulties)?

C3. Maximum Time Transfers

Table C3.1 Difference (Stream B-Stream A) in probability of Stream B and Stream A participants exiting income support three, six and 12 months after reaching each servicing milestone by age group and benefit type (percentage points)

	Months with provider without an Employment Outcome								
	0	3	6	9	12	15	18	21	24
YA(O) recipients aged 18 to 23									
Difference in 12-month rates	6.78				4.45				2.15
Difference in six-month rates	9.10		9.60		4.05		13.35		-2.12
Difference in three-month rates	6.01	7.57	11.46	9.19	4.51	6.28	12.95	14.05	1.73
NSA recipients aged 23 to 30									
Difference in 12-month rates	6.17				-1.27				5.56
Difference in six-month rates	10.92		7.24		0.11		5.39		11.89
Difference in three-month rates	8.22	7.15	6.21	6.57	0.80	0.26	2.68	3.08	7.69
NSA recipients aged 30 to 50									
Difference in 12-month rates	10.42				1.63				-0.06
Difference in six-month rates	10.78		8.32		3.82		-0.91		1.87
Difference in three-month rates	8.04	8.20	9.97	6.04	4.56	5.43	-1.51	0.23	1.01
NSA recipients aged 50 or over									
Difference in 12-month rates	16.47				6.02				-0.14
Difference in six-month rates	15.69		14.54		6.62		4.03		-3.81
Difference in three-month rates	10.43	14.72	15.11	13.13	6.34	2.40	1.02	2.47	0.21

Notes:

1. Estimates of the differences in exit rates between Stream A and Stream B participants account for participants' levels of labour market disadvantage.
2. If an estimated Stream B effect is in **bold**, then the size of the sample or natural variation are (other-things-being-equal) unlikely to explain why an effect was identified (i.e. $p < 0.05$).
3. 'Months with provider without an Employment Outcome' refers to the number of months a participant has been with a jobactive provider in an Employment Region without achieving an Employment Outcome, excluding suspensions of servicing and Allowable Breaks.

Source: Department of Employment, Skills, Small and Family Business administrative data (as at 31 December 2018).

Table C3.2 Difference (Stream B-Stream A) in average number of appointments attended by Stream B and Stream A participants three, six and 12 months after reaching each servicing milestone by age group and benefit type (percentage points)

	Months with provider without Employment Outcome								
	0	3	6	9	12	15	18	21	24
YA(O) recipients aged 18 to 23									
Difference in 12-month averages	0.95				-0.93				-1.72
Difference in six-month averages	0.64		-0.22		-0.25		-1.09		-0.71
Difference in three-month averages	0.77	-0.06	-0.33	-0.18	-0.02	-0.57	-0.86	0.10	-0.55
NSA recipients aged 23 to 30									
Difference in 12-month averages	-0.85				-1.79				-2.62
Difference in six-month averages	-0.25		-0.97		-0.82		-1.16		-1.94
Difference in three-month averages	0.09	-0.33	-0.57	-0.60	-0.38	-0.63	-0.94	-0.04	-0.57
NSA recipients aged 30 to 50									
Difference in 12-month averages	0.48				-0.86				-0.42
Difference in six-month averages	0.70		-0.63		-0.40		-0.57		0.08
Difference in three-month averages	0.85	0.16	-0.40	-0.34	-0.07	-0.32	-0.49	-0.13	0.50
NSA recipients aged 50 or over									
Difference in 12-month averages	0.00				-0.37				0.35
Difference in six-month averages	0.23		-0.60		-0.18		0.25		0.76
Difference in three-month averages	0.51	-0.06	-0.42	-0.26	-0.07	-0.15	0.11	1.12	0.84

Notes:

1. Estimates of the differences in appointment attendance rates between Stream A and Stream B participants account for participants' levels of labour market disadvantage.
2. If an estimated Stream B effect is in **bold**, then the size of the sample or natural variation are (other-things-being-equal) unlikely to explain why an effect was identified (i.e. $p < 0.05$).
3. 'Months with provider without an Employment Outcome' is defined as the number of months a participant has been with a jobactive provider in an Employment Region without achieving an Employment Outcome, excluding suspensions of servicing and Allowable Breaks.

Source: Department of Employment, Skills, Small and Family Business administrative data (as at 31 December 2018).

Table C3.3 Difference (Stream B – Stream A) in probability of Stream A and Stream B participants undergoing CoCR three, six and 12 months after reaching each servicing milestone by age group and benefit type (percentage points)

	Month with provider without an Employment Outcome								
	0	3	6	9	12	15	18	21	24
YA(O) recipients aged 18 to 23									
Difference in 12-month rates	-0.63				-3.12				-5.10
Difference in six-month rates	1.18		-3.28		-3.88		-0.31		-4.71
Difference in three-month rates	1.15	-0.12	-2.34	0.09	-3.31	-3.60	0.77	-2.50	-3.25
NSA recipients aged 23 to 30									
Difference in 12-month rates	-0.44				6.11				1.58
Difference in six-month rates	1.58		2.08		3.06		12.40		0.53
Difference in three-month rates	0.34	1.99	1.67	2.33	2.38	-0.97	6.98	9.08	-1.08
NSA recipients aged 30 to 50									
Difference in 12-month rates	-2.60				-1.93				-1.16
Difference in six-month rates	-0.25		-2.24		-0.50		0.61		-0.52
Difference in three-month rates	0.34	-0.45	-1.64	-1.36	-0.43	-2.56	-2.10	1.59	-1.78
NSA recipients aged 50 or over									
Difference in 12-month rates	2.09				0.72				-5.25
Difference in six-month rates	3.21		0.93		-0.04		0.50		-4.62
Difference in three-month rates	2.81	0.73	0.76	1.12	1.44	-1.03	0.02	0.99	-2.00

Notes:

1. Estimates of the differences in probability of receiving a CoCR between Stream A and Stream B participants account for participants' levels of labour market disadvantage.
2. If an estimated Stream B effect is in **bold**, then the size of the sample or natural variation are (other-things-being-equal) unlikely to explain why an effect was identified (i.e. $p < 0.05$).
3. 'Months with provider without an Employment Outcome' is defined as the number of months a participant has been with a jobactive provider in an Employment Region without achieving an Employment Outcome, excluding suspensions of servicing and Allowable Breaks.

Source: Department of Employment, Skills, Small and Family Business administrative data (as at 31 December 2018).

Table C3.4 Difference (Stream B-Stream A) in probability of Stream A and Stream B participants receiving Employment Fund expenditure three, six and 12 months after reaching each servicing milestone by age group and benefit type (percentage points)

	Months with provider without an Employment Outcome								
	0	3	6	9	12	15	18	21	24
YA(O) recipients aged 18 to 23									
Difference in 12-month rates	1.48				5.26				-6.83
Difference in six-month rates	5.58		2.69		8.94		-2.70		4.80
Difference in three-month rates	5.73	1.94	2.49	7.37	7.11	4.87	-2.06	3.74	7.82
NSA recipients aged 23 to 30									
Difference in 12-month rates	-3.78				-1.17				7.89
Difference in six-month rates	2.45		-6.15		5.63		6.28		19.63
Difference in three-month rates	2.83	0.70	-3.00	-3.80	2.37	7.15	7.67	9.96	19.37
NSA recipients aged 30 to 50									
Difference in 12-month rates	-0.79				-2.75				-0.10
Difference in six-month rates	4.69		-4.53		1.22		-1.31		2.67
Difference in three-month rates	4.73	2.57	-2.40	-1.63	1.24	6.18	-2.36	0.15	5.87
NSA recipients aged 50 or over									
Difference in 12-month rates	-2.15				0.22				-2.87
Difference in six-month rates	2.20		-2.13		1.48		1.81		-2.08
Difference in three-month rates	2.33	1.41	-0.47	-0.50	1.76	1.77	0.67	2.99	1.44

Notes:

1. Estimates of the differences in Employment Fund expenditure rates between Stream A and Stream B participants account for participants' levels of labour market disadvantage.
2. If an estimated Stream B effect is in **bold**, then the size of the sample or natural variation are (other-things-being-equal) unlikely to explain why an effect was identified (i.e. $p < 0.05$).
3. 'Months with provider without an Employment Outcome' is defined as the number of months a participant has been with a jobactive provider in an Employment Region without achieving an Employment Outcome, excluding suspensions of servicing and Allowable Breaks.

Source: Department of Employment, Skills, Small and Family Business administrative data (as at 31 December 2018).

Table C3.5 Prevalence of participant characteristics (per cent) in MTT and non-MTT participant populations

Characteristics	Non-MTT (%)	MTT (%)	% difference (MTT vs non-MTT)
Under 25	24.2	11.9	0.49
Lone parent	11	6.4	0.58
University	11.9	8.8	0.74
Female	48	37	0.77
Own transport	59.7	47.7	0.8
Secondary school completed	21.6	19.3	0.89
Good English language skills	90.9	86.4	0.95
Ex-offender	90.8	87.8	0.97
Vocational qualification	34.8	35.2	1.01
Contactable	96.7	98.3	1.02
30 to 49	39.1	42.3	1.08
25 to 29	13	14.5	1.12
Disability or partial work capacity	24.8	27.7	1.12
Indigenous	7.9	9	1.14
Less than secondary school	31.5	36.4	1.16
50 or over	23.7	31.3	1.32
Outer regional, remote or migratory	12.1	16.8	1.39

Source: Department of Employment, Skills, Small and Family Business administrative data.

C4. Annual Activity Requirements

Table C4.1 Probability that a participant would have part-time/casual employment as the main activity undertaken towards their AAR hours for the study population

Demographic characteristic	Compared with	MEM (ppt)	Statistical significance
Enter WfD Phase after 12 months service track	Enter WfD Phase after 6 months service track	-4.9	<.0001
Indigenous	Not Indigenous	-5.7	<.0001
Poor/mixed English skills	Good English skills	-9.0	<.0001
With disability	Not with disability	-1.8	0.0136
Has no useful vocational qualifications / has vocational qualifications	Has useful vocational qualifications	-3.8	<.0001
Does not have own transport	Has own transport	-10.5	<.0001
Not contactable by telephone	Contactable by telephone	-7.7	<.0001
Single parent	Not a single parent	6.8	<.0001
Ex-offender	Not an ex-offender	-1.6	0.0608
Female	Male	3.3	<.0001
Aged less than 25 years	Aged 30 to 49 years	-0.6	0.3672
Aged 25 to 29 years	Aged 30 to 49 years	0.4	0.5725
Aged 50 years or older	Aged 30 to 49 years	-3.1	<.0001
Lives in an inner regional	Lives in a metropolitan area	3.1	<.0001
Lives in an outer regional or remote area	Lives in a metropolitan area	2.9	<.0001
Partial work capacity/carer	Full work capacity	2.0	0.0099
Voluntary work capacity	Full work capacity	0.4	0.3694
YAO	NSA	-0.1	0.8927
Highest level of education: University	Highest level of education: Vocational	-1.4	0.0564
Highest level of education: Year 12	Highest level of education: Vocational	-0.5	0.4869
Highest level of education: Less than Year 12	Highest level of education: Vocational	-1.4	0.0593
Recent work experience: Not in the labour force	Recent work experience: Paid work full-time / part-time >=8 hours	-10.5	<.0001
Recent work experience: Unpaid	Recent work experience: Paid work full-time / part-time >=8 hours	-14.0	<.0001
Recent work experience: Paid work part-time <8 hours/seasonal or irregular	Recent work experience: Paid work full-time / part-time >=8 hours	3.6	<.0001
Was not on income support	Income support 12-24 months	-1.7	0.0019
Income support less than 12 months	Income support 12-24 months	-0.8	0.2243
Income support 24 months or longer	Income support 12-24 months	1.2	0.0517
Some impact from personal factors	No impact from personal factors	-2.0	0.0083

Source: Department of Jobs and Small Business administrative data.

Note: The study population includes only those on NSA or YAO at commencement in.

Table C4.2 Probability that a participant would have accredited education or training (vocational) as the main activity undertaken towards their AAR hours for the study population

Demographic characteristic	Compared with	MEM(ppt)	Statistical significance
Enter WfD Phase after 12 months service track	Enter WfD Phase after 6 months service track	3.0	<.0001
Indigenous	Not Indigenous	-2.6	0.0001
Poor/mixed English skills	Good English skills	9.5	<.0001
With disability	Not with disability	-1.1	0.0601
Has no useful vocational qualifications / has vocational qualifications	Has useful vocational qualifications	2.6	<.0001
Does not have own transport	Has own transport	2.9	<.0001
Not contactable by telephone	Contactable by telephone	2.2	0.0297
Single parent	Not a single parent	-0.4	0.5939
Ex-offender	Not an ex-offender	-2.9	<.0001
Female	Male	4.0	<.0001
Aged less than 25 years	Aged 30 to 49 years	3.5	<.0001
Aged 25 to 29 years	Aged 30 to 49 years	3.2	<.0001
Aged 50 years or older	Aged 30 to 49 years	-1.3	0.0116
Lives in an inner regional	Lives in a metropolitan area	1.8	<.0001
Lives in an outer regional or remote area	Lives in a metropolitan area	2.6	<.0001
Partial work capacity/carer	Full work capacity	-1.5	0.0185
Voluntary work capacity	Full work capacity	1.0	0.0052
YAO	NSA	-1.8	0.0044
Highest level of education: University	Highest level of education: Vocational	1.2	0.039
Highest level of education: Year 12	Highest level of education: Vocational	0.2	0.749
Highest level of education: Less than Year 12	Highest level of education: Vocational	-2.2	0.0004
Recent work experience: Not in the labour force	Recent work experience: Paid work full-time / part-time >=8 hours	5.4	<.0001
Recent work experience: Unpaid	Recent work experience: Paid work full-time / part-time >=8 hours	4.3	<.0001
Recent work experience: Paid work part-time <8 hours/seasonal or irregular	Recent work experience: Paid work full-time / part-time >=8 hours	-1.2	0.0176
Was not on income support	Income support 12-24 months	-2.3	<.0001
Income support less than 12 months	Income support 12-24 months	-2.2	0.0001
Income support 24 months or longer	Income support 12-24 months	-4.0	<.0001
Some impact from personal factors	No impact from personal factors	-2.0	0.0009

Note: The study population includes only those on NSA or YAO at commencement in service.

Source: Department of Jobs and Small Business administrative data.

Table C4.3 Probability that a participant would have Work for the Dole as the main activity undertaken towards their AAR hours for the study population

Demographic characteristic	Compared with	MEM(ppt)	Statistical significance
Enter WfD Phase after 12 months service track	Enter WfD Phase after 6 months service track	-2.2	<.0001
Indigenous	Not Indigenous	5.5	<.0001
Poor/mixed English skills	Good English skills	-8.9	<.0001
With disability	Not with disability	1.3	0.0406
Has no useful vocational qualifications / has vocational qualifications	Has useful vocational qualifications	0.5	0.4113
Does not have own transport	Has own transport	6.3	<.0001
Not contactable by telephone	Contactable by telephone	1.3	0.1808
Single parent	Not a single parent	-3.5	<.0001
Ex-offender	Not an ex-offender	0.8	0.2438
Female	Male	-8.8	<.0001
Aged less than 25 years	Aged 30 to 49 years	-1.9	0.0004
Aged 25 to 29 years	Aged 30 to 49 years	-2.7	<.0001
Aged 50 years or older	Aged 30 to 49 years	3.0	<.0001
Lives in an inner regional	Lives in a metropolitan area	-5.3	<.0001
Lives in an outer regional or remote area	Lives in a metropolitan area	-4.9	<.0001
Partial work capacity/carer	Full work capacity	-1.3	0.0359
Voluntary work capacity	Full work capacity	-1.1	0.0026
YAO	NSA	1.0	0.129
Highest level of education: University	Highest level of education: Vocational	-2.0	0.001
Highest level of education: Year 12	Highest level of education: Vocational	0.4	0.537
Highest level of education: Less than Year 12	Highest level of education: Vocational	1.5	0.0149
Recent work experience: Not in the labour force	Recent work experience: Paid work full-time / part-time \geq 8 hours	4.0	<.0001
Recent work experience: Unpaid	Recent work experience: Paid work full-time / part-time \geq 8 hours	8.5	<.0001
Recent work experience: Paid work part-time <8 hours/seasonal or irregular	Recent work experience: Paid work full-time / part-time \geq 8 hours	-2.2	<.0001
Was not on income support	Income support 12-24 months	5.4	<.0001
Income support less than 12 months	Income support 12-24 months	4.5	<.0001
Income support 24 months or longer	Income support 12-24 months	4.1	<.0001
Some impact from personal factors	No impact from personal factors	-2.8	<.0001

Note: The study population includes only those on NSA or YAO at commencement in service.

Source: Department of Jobs and Small Business administrative data.

Table C4.4 Probability that a participant would be off income support within 270 days of commencing in the WfD Phase for the study population

Demographic characteristic	Compared with	Stream A MEM (ppt)	Stream A Statistical significance	Stream B MEM (ppt)	Stream B Statistical significance	Stream C MEM (ppt)	Stream C Statistical significance	Total MEM (ppt)	Total Statistical significance
Main activity was part-time/ casual employment	Main activity was WfD	21.0	<.0001	18.2	<.0001	12.7	<.0001	20.1	<.0001
Main activity was accredited education/training (vocational)	Main activity was WfD	-6.1	<.0001	-3.5	0.0064	-7.9	0.0006	-5.8	<.0001
Main activity was Other	Main activity was WfD	5.0	<.0001	2.8	0.0717	-4.2	0.0401	2.4	0.0041
AAR at commencement of WfD Phase was 390 hours	AAR at commencement of WfD Phase was 650 hours	-5.3	0.0263	0.3	0.8684	-4.8	0.0875	-5.5	<.0001
AAR at commencement of WfD Phase was 200 hours	AAR at commencement of WfD Phase was 650 hours	-15.2	<.0001	-7.0	0.0047	-11.0	0.0036	-16.0	<.0001
AAR at commencement of WfD Phase was 0 hours	AAR at commencement of WfD Phase was 650 hours	-11.5	0.0001	-7.3	<.0001	-2.3	0.5513	-10.5	<.0001
Indigenous	Not Indigenous	1.9	0.1195	-5.1	<.0001	-2.2	0.3446	-3.3	<.0001
Poor/mixed English skills	Good English skills	2.0	0.1454	-3.5	0.0017	-2.9	0.0941	-3.9	<.0001
With disability	Not with disability	-3.6	0.0034	-6.1	<.0001	-2.9	0.0775	-5.7	<.0001
Has no useful vocational qualifications / has vocational qualifications	Has useful vocational qualifications	0.1	0.9152	-0.4	0.7904	-1.5	0.4489	-0.5	0.4302
Does not have own transport	Has own transport	-2.2	<.0001	-2.7	0.0038	-4.1	0.0064	-3.9	<.0001
Not contactable by telephone	Contactable by telephone	-3.2	0.0599	-2.4	0.2364	-2.7	0.4354	-3.9	0.0023
Single parent	Not a single parent	-3.1	0.0449	-4.7	0.0004	-9.1	0.0058	-5.4	<.0001
Ex-offender	Not an ex-offender	0.9	0.4066	-0.9	0.516	2.7	0.0938	0.8	0.3344
Female	Male	-3.3	<.0001	-5.9	<.0001	-7.1	<.0001	-4.8	<.0001
Aged less than 25 years	Aged 30 to 49 years	-2.1	0.3815	3.3	0.1212	-1.4	0.6619	0.8	0.5741
Aged 25 to 29 years	Aged 30 to 49 years	-2.1	0.3792	0.9	0.6542	-2.3	0.4193	-0.7	0.605
Aged 50 years or older	Aged 30 to 49 years	-5.7	<.0001	-2.4	0.0372	-6.6	0.0009	-5.1	<.0001
Lives in an inner regional	Lives in a metropolitan area	-4.7	<.0001	-2.1	0.0282	-3.8	0.0128	-4.5	<.0001
Lives in an outer regional or remote area	Lives in a metropolitan area	-4.1	<.0001	-3.9	0.0009	-0.6	0.7521	-4.6	<.0001

Demographic characteristic	Compared with	Stream A MEM (ppt)	Stream A Statistical significance	Stream B MEM (ppt)	Stream B Statistical significance	Stream C MEM (ppt)	Stream C Statistical significance	Total MEM (ppt)	Total Statistical significance
Partial work capacity/carer	Full work capacity	3.9	0.0051	0.3	0.802	3.6	0.0708	3.3	0.0003
Voluntary work capacity	Full work capacity	7.2	<.0001	0.3	0.7638	1.5	0.3064	6.0	<.0001
YAO	NSA	0.7	0.4212	6.7	<.0001	3.0	0.3296	2.1	0.0059
Highest level of education: University	Highest level of education: Vocational	6.3	<.0001	1.6	0.4481	3.7	0.2965	6.8	<.0001
Highest level of education: Year 12	Highest level of education: Vocational	-0.5	0.5916	-0.7	0.6569	0.6	0.809	0.1	0.8738
Highest level of education: Less than Year 12	Highest level of education: Vocational	0.0	0.9849	-2.2	0.1087	-2.5	0.2207	-1.8	0.0137
Recent work experience: Not in the labour force	Recent work experience: Paid work full-time / part-time >=8 hours	0.4	0.581	-6.2	<.0001	-3.6	0.0612	-3.2	<.0001
Recent work experience: Unpaid	Recent work experience: Paid work full-time / part-time >=8 hours	0.3	0.7663	-4.5	0.0069	-3.7	0.075	-1.8	0.0163
Recent work experience: Paid work part-time <8 hours/seasonal or irregular	Recent work experience: Paid work full-time / part-time >=8 hours	-5.2	<.0001	-5.2	0.0031	-0.1	0.9725	-4.6	<.0001
Was not on income support	Income support 12-24 months	3.3	<.0001	2.6	0.0953	-3.1	0.4854	1.6	0.0043
Income support less than 12 months	Income support 12-24 months	3.2	<.0001	-1.5	0.481	3.4	0.3506	1.4	0.0336
Income support 24 months or longer	Income support 12-24 months	-1.9	0.0553	-5.9	<.0001	-9.0	<.0001	-6.7	<.0001
Some impact from personal factors	No impact from personal factors	1.0	0.5811	1.8	0.0962	2.4	0.4622	-2.8	0.0007
Enter WfD Phase after 6 months service track	Enter WfD Phase after 12 months service track	0.0	0.9786	-0.3	0.8475			-5.4	<.0001

Notes:

1. The study population includes only those on NSA or YAO at commencement in service.
2. This only examines those who did some AAR hours towards their AAR within the WfD Phase.
3. An outcome measure at 270 days is selected as the optimal time available given the analysis window.

Source: Department of Jobs and Small Business administrative data.

Table C4.5 Effects of participant characteristics on the percentage that were off-income support within 12 months of commencement – Stream A

Category	Compared with	MME	Significance
jobactive 6 month track	jobactive 12 month track	1.8	<.0001
Gender by Age			
Female under 25	Male 30-49	-5.2	<.0001
Male under 25	Male 30-49	-1.5	<.0001
Female 25-29	Male 30-49	-2.3	<.0001
Male 25-29	Male 30-49	1.3	<.0001
Female 30-49	Male 30-49	-5.1	<.0001
Female 50 and over	Male 30-49	-14.5	<.0001
Male 50 and over	Male 30-49	-8.3	<.0001
Highest education			
Less than Year 12	TAFE/Diploma	1.0	0.0004
Year 12	TAFE/Diploma	0.7	0.0106
Bachelor degree or above	TAFE/Diploma	10.7	<.0001
Previous work experience			
Not in Labour Force	Working full-time	-8.0	<.0001
Unemployed	Working full-time	-7.3	<.0001
Working part-time	Working full-time	-5.7	<.0001
Income support history			
No previous income support	Between one and two years	10.4	<.0001
Less than one year	Between one and two years	8.1	<.0001
More than two years	Between one and two years	-0.4	0.4294
Other Characteristics			
Living with disability	No disability reported	-6.1	<.0001
Indigenous	Non-Indigenous	-1.7	<.0001
Good English language level	English language level less than 'good'	0.9	0.0379
Lone Parent	Not a lone parent	-6.2	<.0001
Full-time activity requirement	Other or no activity requirement	5.2	<.0001
Ex-offender	Non ex-offender	2.6	<.001
Has own transport	Does not have own transport	5.4	<.0001
Contactable by phone	Is not contactable by phone	0.5	0.0809
Personal factors	No personal factors reported	-10.1	<.0001
Useful vocational qualification	No useful vocational qualification	3.2	<.0001
Local unemployment rate			
Lower quartile	Third quartile	6.0	<.0001
Second quartile	Third quartile	1.1	<.0001
Top quartile	Third quartile	1.4	<.0001
Remoteness			
Inner Regional	Major Cities	-3.5	<.0001
Outer Regional	Major Cities	-1.8	<.0001

Source: Departmental administrative data and RED. **Note:** Participants between 18 and 59 years of age.

Table C4.6 Effects of participant characteristics on the percentage that were off-income support within 12 months of commencement – Stream B

Category	Compared with	MME	Significance
jobactive 6 month track	jobactive 12 month track	1.4	0.0348
Gender by Age			
Female under 25	Male 30-49	-6.7	<.0001
Male under 25	Male 30-49	2.6	<.0001
Female 25-29	Male 30-49	-6.9	<.0001
Male 25-29	Male 30-49	5.2	<.0001
Female 30-49	Male 30-49	-7.7	<.0001
Female 50 and over	Male 30-49	-13.2	<.0001
Male 50 and over	Male 30-49	-9.9	<.0001
Highest education			
Less than Year 12	TAFE/Diploma	-1.3	0.0038
Year 12	TAFE/Diploma	2.9	<.0001
Bachelor degree or above	TAFE/Diploma	6.5	<.0001
Previous work experience			
Not in Labour Force	Working full-time	-0.1	<.0001
Unemployed	Working full-time	-0.1	<.0001
Working part-time	Working full-time	0.0	0.044
Income support history			
No previous income support	Between one and two years	0.1	<.0001
Less than one year	Between one and two years	0.1	<.0001
More than two years	Between one and two years	-0.1	<.0001
Other Characteristics			
Living with disability	No disability reported	-3.4	<0.001
Indigenous	Non-Indigenous	-3.3	<0.001
Good English language level	English language level less than 'good'	5.8	<.0001
Lone Parent	Not a lone parent	-3.2	<0.001
Full-time activity requirement	Other or no activity requirement	5.0	<.0001
Ex-offender	Non ex-offender	5.3	<0.001
Has own transport	Does not have own transport	4.2	<.0001
Contactable by phone	Is not contactable by phone	1.4	0.0019
Personal factors	No personal factors reported	-3.5	<.0001
Useful vocational qualification	No useful vocational qualification	3.6	<.0001
Local unemployment rate			
Lower quartile	Third quartile	3.1	<.0001
Second quartile	Third quartile	0.6	0.067
Top quartile	Third quartile	1.7	<.0001
Remoteness			
Inner Regional	Major Cities	-3.5	<.0001
Outer Regional	Major Cities	-4.3	<.0001

Source: Departmental administrative data and RED. **Note:** Participants between 18 and 59 years of age.

C5. Effectiveness Measures

C5.1 Off income support

Table C5.1 New entrant study population characteristics

Selected variables	JSA 2012 (%)	Jobactive (%)
jobactive Stream		
Stream A	75.7	68.7
Stream B	17.4	25.8
Stream C	6.83	5.53
Gender		
Female	45.6	47.9
Male	54.4	52.1
Age Group		
Under 25	35.8	35.5
25-29	14.4	12.6
30-49	36.6	35.9
50 or more	13.2	16
Indigenous status		
Indigenous	7.8	8.3
Non-indigenous	92.2	91.7
Disability status		
Has disability	12.1	13.2
No disability	87.9	86.8
Single parent status		
Single parent	9.7	10.2
Not single parent	90.4	89.8
Geographic remoteness		
Major city	66.7	65.7
Inner regional	21.1	22.2
Outer regional/remote	12.2	12.1
Highest level of education		
University	13.7	12.9
Vocational	34.3	31.8
Year 12	21.5	26.1
Less than year 12	29.3	28.5
Recent work experience		
Not in the labour force	38.2	44.4
Unemployed	7.66	7.85
Part-time work	16.7	15.8
Full-time work	36.4	31.3
Income support history		
No income support	65.6	59.6
Less than one year on income support	14.2	18.3

Selected variables	JSA 2012 (%)	Jobactive (%)
One to two years on income support	3.45	5.16
More than 2 years on income support	15.6	16.2
Benefit type		
New Start Allowance/Youth Allowance (Other)	90.5	91.4
Parenting Payment Single/Parenting Payment Partnered	7.2	6.4
Other benefit types	2.3	2.3
Activity requirements		
Full-time	80.7	77.6
Part-time	14.0	20.4
Voluntary	5.2	2.0
English proficiency		
Good English skills	91.2	91.3
Mixed/poor English skills	8.8	8.7
Vocational qualifications		
Has useful vocational qualifications	51.8	45.7
Does not have useful vocational qualifications	48.2	54.3
Transport		
Has own transport	58.7	59.1
Does not have own transport	41.3	40.9
Contactability		
Is contactable	96.0	91.7
Not contactable	4.1	8.3
Ex-offender status		
Is ex-offender	7.4	7.0
Not ex-offender	92.6	93.0
Personal Factors		
Some personal factors	12.0	13.3
No personal factors	88.0	86.7
Unemployment rate		
Average unemployment rate (by SA4)	6.20	6.07

Source: Department of Employment administrative data and the Research and Evaluation Database.

Table C5.2 Probability that a participant would be off income support within 365 days of commencing in service, all streams

Demographic characteristic	Compared with	MEM (ppt)	Statistical significance
In jobactive	In JSA 2012	1.7	<.0001
Male, less than 25 years	Male, aged 30 to 49 years	1.2	<.0001
Male, aged 25 to 29	Male, aged 30 to 49 years	1.7	<.0001
Male, aged 50 or more	Male, aged 30 to 49 years	-9.6	<.0001
Female, less than 25 years	Male, aged 30 to 49 years	-4.6	<.0001
Female, aged 25 to 29	Male, aged 30 to 49 years	-3.6	<.0001
Female, aged 30 to 49	Male, aged 30 to 49 years	-6.1	<.0001
Female, aged 50 or more	Male, aged 30 to 49 years	-14.3	<.0001
Indigenous	Not Indigenous	-5.7	<.0001
With disability	Not with disability	-6.5	<.0001
Single parent	Not a single parent	-9.0	<.0001
Lives in an inner regional area	Lives in a metropolitan area	-2.7	<.0001
Lives in an outer regional or remote area	Lives in a metropolitan area	-1.9	<.0001
Highest level of education: University	Highest level of education: Vocational	10.7	<.0001
Highest level of education: Year 12	Highest level of education: Vocational	1.7	<.0001
Highest level of education: less than year 12	Highest level of education: Vocational	-1.3	<.0001
Recent work experience: not in the labour force	Recent work experience: paid work full-time/part-time >= 8 hours	-11.8	<.0001
Recent work experience: unemployed	Recent work experience: paid work full-time/part-time >= 8 hours	-9.0	<.0001
Recent work experience: part-time < 8 hours	Recent work experience: paid work full-time/part-time >= 8 hours	-5.5	<.0001
Income support history: none	Income support history: 12-24 months	9.9	<.0001
Income support history: less than 12 months	Income support history: 12-24 months	8.3	<.0001
Income support history: 24 months or longer	Income support history: 12-24 months	-6.9	<.0001
Parenting Payment Single/Partnered	New Start Allowance/Youth Allowance (Other)	-13.8	<.0001
Other benefit type	New Start Allowance/Youth Allowance (Other)	-20.4	<.0001
Full-time activity requirements	Not full-time activity requirements	7.9	<.0001
Good English skills	Poor/mixed English skills	6.2	<.0001
Has useful vocational qualifications	Has no useful vocational qualifications/Has no vocational qualifications	3.9	<.0001
Has own transport	Does not have own transport	6.7	<.0001
Contactable by telephone	Not contactable by telephone	2.3	<.0001
Ex-offender	Not an ex-offender	4.1	<.0001
Some impact from personal factors	No impact for personal factors	-12.1	<.0001
Unemployment rate in bottom quartile	Unemployment rate in third quartile	6.0	<.0001
Unemployment rate in second quartile	Unemployment rate in third quartile	1.4	<.0001
Unemployment rate in top quartile	Unemployment rate in third quartile	1.4	<.0001

Source: Departmental administrative data.

Note: Different cohorts were granted Stream B servicing based on factors such as, for example being early school leavers or redundant workers. These services were different between JSA and jobactive. JSCI Restricted refers to Stream B eligibility being based solely on JSCI and ESA outcomes. This enables comparisons of like participants across programs.

Table C5.3 Probability that a participant would be off income support within 365 days of commencing in service, Stream A

Demographic characteristic	Compared with	MEM (ppt)	Statistical significance
In jobactive	In JSA 2012	1.7	<.0001
Male, less than 25 years	Male, aged 30 to 49 years	-1.3	<.0001
Male, aged 25 to 29	Male, aged 30 to 49 years	0.6	0.0022
Male, aged 50 or more	Male, aged 30 to 49 years	-8.0	<.0001
Female, less than 25 years	Male, aged 30 to 49 years	-5.3	<.0001
Female, aged 25 to 29	Male, aged 30 to 49 years	-2.2	<.0001
Female, aged 30 to 49	Male, aged 30 to 49 years	-4.0	<.0001
Female, aged 50 or more	Male, aged 30 to 49 years	-13.0	<.0001
Indigenous	Not Indigenous	-2.9	<.0001
With disability	Not with disability	-4.7	<.0001
Single parent	Not a single parent	-8.2	<.0001
Lives in an inner regional area	Lives in a metropolitan area	-2.0	<.0001
Lives in an outer regional or remote area	Lives in a metropolitan area	-0.5	0.0018
Highest level of education: University	Highest level of education: Vocational	10.2	<.0001
Highest level of education: Year 12	Highest level of education: Vocational	0.6	0.0014
Highest level of education: less than year 12	Highest level of education: Vocational	0.7	<.0001
Recent work experience: not in the labour force	Recent work experience: paid work full-time/part-time >= 8 hours	-9.4	<.0001
Recent work experience: unemployed	Recent work experience: paid work full-time/part-time >= 8 hours	-7.0	<.0001
Recent work experience: part-time < 8 hours	Recent work experience: paid work full-time/part-time >= 8 hours	-5.9	<.0001
Income support history: none	Income support history: 12-24 months	8.6	<.0001
Income support history: less than 12 months	Income support history: 12-24 months	6.8	<.0001
Income support history: 24 months or longer	Income support history: 12-24 months	-0.9	0.0078
Parenting Payment Single/Partnered	New Start Allowance/Youth Allowance (Other)	-16.4	<.0001
Other benefit type	New Start Allowance/Youth Allowance (Other)	-25.3	<.0001
Full-time activity requirements	Not full-time activity requirements	5.9	<.0001
Good English skills	Poor/mixed English skills	1.4	<.0001
Has useful vocational qualifications	Has no useful vocational qualifications/Has no vocational qualifications	3.4	<.0001
Has own transport	Does not have own transport	5.2	<.0001
Contactable by telephone	Not contactable by telephone	1.1	0.0001
Ex-offender	Not an ex-offender	3.0	<.0001
Some impact from personal factors	No impact for personal factors	-8.9	<.0001
Unemployment rate in bottom quartile	Unemployment rate in third quartile	6.8	<.0001
Unemployment rate in second quartile	Unemployment rate in third quartile	1.5	<.0001
Unemployment rate in top quartile	Unemployment rate in third quartile	1.3	<.0001

Source: Departmental administrative data.

Table C5.4 Probability that a participant would be off income support within 365 days of commencing in service, Stream B, JSCI restricted

Demographic characteristic	Compared with	MEM (ppt)	Statistical significance
In jobactive	In JSA 2012	1.7	<.0001
Male, less than 25 years	Male, aged 30 to 49 years	2.2	<.0001
Male, aged 25 to 29	Male, aged 30 to 49 years	3.8	<.0001
Male, aged 50 or more	Male, aged 30 to 49 years	-9.5	<.0001
Female, less than 25 years	Male, aged 30 to 49 years	-6.7	<.0001
Female, aged 25 to 29	Male, aged 30 to 49 years	-6.9	<.0001
Female, aged 30 to 49	Male, aged 30 to 49 years	-6.1	<.0001
Female, aged 50 or more	Male, aged 30 to 49 years	-11.7	<.0001
Indigenous	Not Indigenous	-3.0	<.0001
With disability	Not with disability	-3.3	<.0001
Single parent	Not a single parent	-5.0	<.0001
Lives in an inner regional area	Lives in a metropolitan area	-2.8	<.0001
Lives in an outer regional or remote area	Lives in a metropolitan area	-2.3	<.0001
Highest level of education: University	Highest level of education: Vocational	6.0	<.0001
Highest level of education: Year 12	Highest level of education: Vocational	3.0	<.0001
Highest level of education: less than year 12	Highest level of education: Vocational	-1.4	<.0001
Recent work experience: not in the labour force	Recent work experience: paid work full-time/part-time >= 8 hours	-6.9	<.0001
Recent work experience: unemployed	Recent work experience: paid work full-time/part-time >= 8 hours	-4.4	<.0001
Recent work experience: part-time < 8 hours	Recent work experience: paid work full-time/part-time >= 8 hours	-1.9	<.0001
Income support history: none	Income support history: 12-24 months	6.6	<.0001
Income support history: less than 12 months	Income support history: 12-24 months	7.1	<.0001
Income support history: 24 months or longer	Income support history: 12-24 months	-5.9	<.0001
Parenting Payment Single/Partnered	New Start Allowance/Youth Allowance (Other)	-7.3	<.0001
Other benefit type	New Start Allowance/Youth Allowance (Other)	-11.2	<.0001
Full-time activity requirements	Not full-time activity requirements	5.2	<.0001
Good English skills	Poor/mixed English skills	4.4	<.0001
Has useful vocational qualifications	Has no useful vocational qualifications/Has no vocational qualifications	3.5	<.0001
Has own transport	Does not have own transport	3.5	<.0001
Contactable by telephone	Not contactable by telephone	1.7	<.0001
Ex-offender	Not an ex-offender	4.1	<.0001
Some impact from personal factors	No impact for personal factors	-4.1	<.0001
Unemployment rate in bottom quartile	Unemployment rate in third quartile	3.1	<.0001
Unemployment rate in second quartile	Unemployment rate in third quartile	0.3	0.1479
Unemployment rate in top quartile	Unemployment rate in third quartile	0.5	0.043

Source: Departmental administrative data.

Note: Different cohorts were granted Stream B servicing based on factors such as, for example being early school leavers or redundant workers. These services were different between JSA and jobactive. JSCI Restricted refers to Stream B eligibility being based solely on JSCI and ESA outcomes. This enables comparisons of like participants across programs.

Table C5.5 Probability that a participant would be off income support within 365 days of commencing in service, Stream C

Demographic characteristic	Compared with	MEM (ppt)	Statistical significance
In jobactive	In JSA 2012	3.4	<.0001
Male, less than 25 years	Male, aged 30 to 49 years	3.7	<.0001
Male, aged 25 to 29	Male, aged 30 to 49 years	5.0	<.0001
Male, aged 50 or more	Male, aged 30 to 49 years	-8.1	<.0001
Female, less than 25 years	Male, aged 30 to 49 years	-8.2	<.0001
Female, aged 25 to 29	Male, aged 30 to 49 years	-7.2	<.0001
Female, aged 30 to 49	Male, aged 30 to 49 years	-8.7	<.0001
Female, aged 50 or more	Male, aged 30 to 49 years	-11.4	<.0001
Indigenous	Not Indigenous	-1.4	0.0043
With disability	Not with disability	-2.2	<.0001
Single parent	Not a single parent	-4.7	<.0001
Lives in an inner regional area	Lives in a metropolitan area	-2.8	<.0001
Lives in an outer regional or remote area	Lives in a metropolitan area	-2.0	<.0001
Highest level of education: University	Highest level of education: Vocational	2.1	0.0149
Highest level of education: Year 12	Highest level of education: Vocational	0.0	0.938
Highest level of education: less than year 12	Highest level of education: Vocational	-1.4	0.0067
Recent work experience: not in the labour force	Recent work experience: paid work full-time/part-time >= 8 hours	-8.6	<.0001
Recent work experience: unemployed	Recent work experience: paid work full-time/part-time >= 8 hours	-4.7	<.0001
Recent work experience: part-time < 8 hours	Recent work experience: paid work full-time/part-time >= 8 hours	-1.7	0.0007
Income support history: none	Income support history: 12-24 months	13.8	<.0001
Income support history: less than 12 months	Income support history: 12-24 months	9.8	<.0001
Income support history: 24 months or longer	Income support history: 12-24 months	-9.0	<.0001
Parenting Payment Single/Partnered	New Start Allowance/Youth Allowance (Other)	-2.5	0.0525
Other benefit type	New Start Allowance/Youth Allowance (Other)	-11.2	<.0001
Full-time activity requirements	Not full-time activity requirements	7.1	<.0001
Good English skills	Poor/mixed English skills	6.0	<.0001

Demographic characteristic	Compared with	MEM (ppt)	Statistical significance
Has useful vocational qualifications	Has no useful vocational qualifications/Has no vocational qualifications	1.3	0.0057
Has own transport	Does not have own transport	6.2	<.0001
Contactable by telephone	Not contactable by telephone	0.1	0.8021
Ex-offender	Not an ex-offender	8.3	<.0001
Some impact from personal factors	No impact for personal factors	-0.5	0.4308
Unemployment rate in bottom quartile	Unemployment rate in third quartile	4.4	<.0001
Unemployment rate in second quartile	Unemployment rate in third quartile	0.6	0.1517
Unemployment rate in top quartile	Unemployment rate in third quartile	0.3	0.4913

Source: Departmental administrative data.

C5.2 Income support reduction

Table C5.6 Contribution of characteristics to the average change in income support rate after 365 days from commencement, all streams

Demographic characteristic	Compared with	Change in IS rate (ppt)	Statistical significance
Intercept		-51.3	<.0001
In jobactive	In JSA 2012	-2.4	<.0001
Male, less than 25 years	Male, aged 30 to 49 years	-0.3	0.0447
Male, aged 25 to 29	Male, aged 30 to 49 years	-2.4	<.0001
Male, aged 50 or more	Male, aged 30 to 49 years	9.2	<.0001
Female, less than 25 years	Male, aged 30 to 49 years	5.8	<.0001
Female, aged 25 to 29	Male, aged 30 to 49 years	3.1	<.0001
Female, aged 30 to 49	Male, aged 30 to 49 years	5.0	<.0001
Female, aged 50 or more	Male, aged 30 to 49 years	13.1	<.0001
Indigenous	Not Indigenous	4.8	<.0001
With disability	Not with disability	5.8	<.0001
Single parent	Not a single parent	3.9	<.0001
Lives in an inner regional area	Lives in a metropolitan area	2.5	<.0001
Lives in an outer regional or remote area	Lives in a metropolitan area	2.6	<.0001
Highest level of education: University	Highest level of education: Vocational	-11.2	<.0001
Highest level of education: Year 12	Highest level of education: Vocational	-0.8	<.0001
Highest level of education: less than year 12	Highest level of education: Vocational	2.5	<.0001
Recent work experience: not in the labour force	Recent work experience: paid work full-time/part-time >= 8 hours	10.2	<.0001
Recent work experience: unemployed	Recent work experience: paid work full-time/part-time >= 8 hours	9.0	<.0001
Recent work experience: part-time < 8 hours	Recent work experience: paid work full-time/part-time >= 8 hours	9.1	<.0001
Income support history: none	Income support history: 12-24 months	-6.3	<.0001
Income support history: less than 12 months	Income support history: 12-24 months	-4.7	<.0001
Income support history: 24 months or longer	Income support history: 12-24 months	3.9	<.0001
Parenting Payment Single/Partnered	New Start Allowance/Youth Allowance (Other)	7.6	<.0001
Other benefit type	New Start Allowance/Youth Allowance (Other)	15.1	<.0001
Full-time activity requirements	Not full-time activity requirements	-8.0	<.0001
Good English skills	Poor/mixed English skills	-4.6	<.0001
Has useful vocational qualifications	Has no, or no useful, vocational qualifications	-3.6	<.0001
Has own transport	Does not have own transport	-5.9	<.0001
Contactable by telephone	Not contactable by telephone	-2.1	<.0001
Ex-offender	Not an ex-offender	-1.9	<.0001
Some impact from personal factors	No impact for personal factors	10.1	<.0001
Unemployment rate in bottom quartile	Unemployment rate in third quartile	-4.7	<.0001
Unemployment rate in second quartile	Unemployment rate in third quartile	-1.2	<.0001
Unemployment rate in top quartile	Unemployment rate in third quartile	-0.4	0.0026

Source: Departmental administrative data.

Table C5.7 Contribution of characteristics to the average change in income support rate after 365 days from commencement, Stream A

Demographic characteristic	Compared with	Change in IS rate (ppt)	Statistical significance
Intercept		-52.1	<.0001
In jobactive	In JSA 2012	-2.9	<.0001
Male, less than 25 years	Male, aged 30 to 49 years	1.5	<.0001
Male, aged 25 to 29	Male, aged 30 to 49 years	-1.4	<.0001
Male, aged 50 or more	Male, aged 30 to 49 years	7.4	<.0001
Female, less than 25 years	Male, aged 30 to 49 years	6.1	<.0001
Female, aged 25 to 29	Male, aged 30 to 49 years	1.6	<.0001
Female, aged 30 to 49	Male, aged 30 to 49 years	3.4	<.0001
Female, aged 50 or more	Male, aged 30 to 49 years	11.7	<.0001
Indigenous	Not Indigenous	1.7	<.0001
With disability	Not with disability	4.5	<.0001
Single parent	Not a single parent	3.7	<.0001
Lives in an inner regional area	Lives in a metropolitan area	2.1	<.0001
Lives in an outer regional or remote area	Lives in a metropolitan area	1.6	<.0001
Highest level of education: University	Highest level of education: Vocational	-10.2	<.0001
Highest level of education: Year 12	Highest level of education: Vocational	0.4	0.0248
Highest level of education: less than year 12	Highest level of education: Vocational	0.4	0.0045
Recent work experience: not in the labour force	Recent work experience: paid work full-time/part-time >= 8 hours	7.6	<.0001
Recent work experience: unemployed	Recent work experience: paid work full-time/part-time >= 8 hours	6.7	<.0001
Recent work experience: part-time < 8 hours	Recent work experience: paid work full-time/part-time >= 8 hours	9.2	<.0001
Income support history: none	Income support history: 12-24 months	-5.3	<.0001
Income support history: less than 12 months	Income support history: 12-24 months	-3.8	<.0001
Income support history: 24 months or longer	Income support history: 12-24 months	0.1	0.4860
Parenting Payment Single/Partnered	New Start Allowance/Youth Allowance (Other)	11.0	<.0001
Other benefit type	New Start Allowance/Youth Allowance (Other)	20.3	<.0001
Full-time activity requirements	Not full-time activity requirements	-6.5	<.0001
Good English skills	Poor/mixed English skills	-0.6	0.0020
Has useful vocational qualifications	Has no, or no useful, vocational qualifications	-2.9	<.0001
Has own transport	Does not have own transport	-4.1	<.0001
Contactable by telephone	Not contactable by telephone	-0.7	0.0109
Ex-offender	Not an ex-offender	-1.5	<.0001
Some impact from personal factors	No impact for personal factors	7.3	<.0001
Unemployment rate in bottom quartile	Unemployment rate in third quartile	-4.9	<.0001
Unemployment rate in second quartile	Unemployment rate in third quartile	-1.3	<.0001
Unemployment rate in top quartile	Unemployment rate in third quartile	-0.5	0.0032

Source: Departmental administrative data.

Table C5.8 Contribution of characteristics to the average change in income support rate after 365 days from commencement, Stream B, JSCI restricted

Demographic characteristic	Compared with	Change in income support rate (ppt)	Statistical significance
Intercept		-38.9	<.0001
In jobactive	In JSA 2012	-1.7	<.0001
Male, less than 25 years	Male, aged 30 to 49 years	-0.4	0.3602
Male, aged 25 to 29	Male, aged 30 to 49 years	-3.0	<.0001
Male, aged 50 or more	Male, aged 30 to 49 years	10.3	<.0001
Female, less than 25 years	Male, aged 30 to 49 years	6.8	<.0001
Female, aged 25 to 29	Male, aged 30 to 49 years	7.4	<.0001
Female, aged 30 to 49	Male, aged 30 to 49 years	5.4	<.0001
Female, aged 50 or more	Male, aged 30 to 49 years	12.2	<.0001
Indigenous	Not Indigenous	3.1	<.0001
With disability	Not with disability	4.1	<.0001
Single parent	Not a single parent	0.7	0.0125
Lives in an inner regional area	Lives in a metropolitan area	2.4	<.0001
Lives in an outer regional or remote area	Lives in a metropolitan area	2.5	<.0001
Highest level of education: University	Highest level of education: Vocational	-4.9	<.0001
Highest level of education: Year 12	Highest level of education: Vocational	-2.0	<.0001
Highest level of education: less than year 12	Highest level of education: Vocational	2.4	<.0001
Recent work experience: not in the labour force	Recent work experience: paid work full-time/part-time >= 8 hours	3.9	<.0001
Recent work experience: unemployed	Recent work experience: paid work full-time/part-time >= 8 hours	2.6	<.0001
Recent work experience: part-time < 8 hours	Recent work experience: paid work full-time/part-time >= 8 hours	3.0	<.0001
Income support history: none	Income support history: 12-24 months	-3.2	<.0001
Income support history: less than 12 months	Income support history: 12-24 months	-4.2	<.0001
Income support history: 24 months or longer	Income support history: 12-24 months	4.6	<.0001
Parenting Payment Single/Partnered	New Start Allowance/Youth Allowance (Other)	3.5	<.0001
Other benefit type	New Start Allowance/Youth Allowance (Other)	8.5	<.0001
Full-time activity requirements	Not full-time activity requirements	-5.0	<.0001
Good English skills	Poor/mixed English skills	-3.4	<.0001
Has useful vocational qualifications	Has no useful vocational qualifications/Has no vocational qualifications	-3.5	<.0001
Has own transport	Does not have own transport	-3.6	<.0001
Contactable by telephone	Not contactable by telephone	-1.4	<.0001
Ex-offender	Not an ex-offender	-1.7	<.0001
Some impact from personal factors	No impact for personal factors	3.0	<.0001
Unemployment rate in bottom quartile	Unemployment rate in third quartile	-2.5	<.0001
Unemployment rate in second quartile	Unemployment rate in third quartile	-0.1	0.6478
Unemployment rate in top quartile	Unemployment rate in third quartile	0.3	0.2524

Source: Departmental administrative data.

Table C5.9 Contribution of characteristics to the average change in income support rate after 365 days from commencement, Stream C

Demographic characteristic	Compared with	Change in income support rate (ppt)	Statistical significance
Intercept		-28.8	<.0001
In jobactive	In JSA 2012	-2.3	<.0001
Male, less than 25 years	Male, aged 30 to 49 years	-2.1	<.0001
Male, aged 25 to 29	Male, aged 30 to 49 years	-4.5	<.0001
Male, aged 50 or more	Male, aged 30 to 49 years	7.2	<.0001
Female, less than 25 years	Male, aged 30 to 49 years	7.7	<.0001
Female, aged 25 to 29	Male, aged 30 to 49 years	6.5	<.0001
Female, aged 30 to 49	Male, aged 30 to 49 years	6.7	<.0001
Female, aged 50 or more	Male, aged 30 to 49 years	8.7	<.0001
Indigenous	Not Indigenous	1.9	0.0002
With disability	Not with disability	2.5	<.0001
Single parent	Not a single parent	0.0	0.9548
Lives in an inner regional area	Lives in a metropolitan area	1.5	0.0002
Lives in an outer regional or remote area	Lives in a metropolitan area	2.1	<.0001
Highest level of education: University	Highest level of education: Vocational	-2.9	0.0012
Highest level of education: Year 12	Highest level of education: Vocational	-0.2	0.7723
Highest level of education: less than year 12	Highest level of education: Vocational	2.4	<.0001
Recent work experience: not in the labour force	Recent work experience: paid work full-time/part-time >= 8 hours	6.4	<.0001
Recent work experience: unemployed	Recent work experience: paid work full-time/part-time >= 8 hours	5.0	<.0001
Recent work experience: part-time < 8 hours	Recent work experience: paid work full-time/part-time >= 8 hours	1.8	0.0013
Income support history: none	Income support history: 12-24 months	-7.2	<.0001
Income support history: less than 12 months	Income support history: 12-24 months	-6.5	<.0001
Income support history: 24 months or longer	Income support history: 12-24 months	5.0	<.0001
Parenting Payment Single/Partnered	New Start Allowance/Youth Allowance (Other)	-0.6	0.5634
Other benefit type	New Start Allowance/Youth Allowance (Other)	5.4	<.0001
Full-time activity requirements	Not full-time activity requirements	-6.1	<.0001
Good English skills	Poor/mixed English skills	-3.5	<.0001
Has useful vocational qualifications	Has no useful vocational qualifications/Has no vocational qualifications	-1.2	0.019
Has own transport	Does not have own transport	-5.4	<.0001
Contactable by telephone	Not contactable by telephone	-0.0	0.9799
Ex-offender	Not an ex-offender	-5.5	<.0001
Some impact from personal factors	No impact for personal factors	-0.9	0.2063
Unemployment rate in bottom quartile	Unemployment rate in third quartile	-3.9	<.0001
Unemployment rate in second quartile	Unemployment rate in third quartile	-0.8	0.0688
Unemployment rate in top quartile	Unemployment rate in third quartile	-0.3	0.573

Source: Departmental administrative data.

C5.3 Sustainability of outcomes

Table C5.10 Characteristics of the study populations of program participants who exited income support

Characteristics	JSA (%)	jobactive (%)	jobactive - JSA Difference (ppt)
Had a commenced wage subsidy	4.2	4.0	-0.2
Gender			
Female	37.3	38.8	1.5
Male	62.7	61.2	-1.5
Educational attainment			
Less than Year 10	6.2	6.0	-0.2
Year 10 to 11	22.1	21.0	-1.1
Year 12	18.7	22.8	4.1
TAFE/Diploma	37.2	36.0	-1.1
Bachelor degree or above	15.8	14.2	-1.7
Duration of current period of assistance			
Less than one year	67.0	59.7	-7.3
More than one year and less than two years	20.8	19.8	-1.0
Two years or more	12.2	20.5	8.3
Age groups			
< 25	30.1	27.6	-2.5
25 to 29	16.7	16.3	-0.5
30 to 49	39.4	40.3	1.0
50 and above	13.8	15.8	2.0
English proficiency (self-assessed)			
Has good English	92.5	93.7	1.2
Does not have good English	7.5	6.3	-1.2
Person with disability or reduced work capacity			
Not with disability or reduced work capacity	84.8	87.0	2.2
With disability or reduced work capacity	15.2	13.0	-2.2
Work experience			
8 + hours work experience	55.2	52.9	-2.3
< 8 hours irregular work experience	2.1	1.8	-0.3
Unpaid work	1.3	1.4	0.1
Not in labour force	26.1	30.8	4.8
Not working but looking for work	15.4	13.0	-2.3
Income support history			
None	57.4	40.9	-16.5
Less than one year	22.9	18.6	-4.4
More than one year and less than two years	7.6	15.5	7.9
Two years or more	12.1	25.0	12.9
Vocational Qualifications			
Useful Vocational Qualifications	57.4	52.9	-4.5
Not useful Vocational Qualifications	2.4	2.0	-0.4

Characteristics	JSA (%)	jobactive (%)	jobactive - JSA Difference (ppt)
No further qualifications	40.2	45.1	4.9
Transport			
Own transport	60.9	62.1	1.1
Not own transport	39.1	37.9	-1.1
Contactable by phone			
Contactable	98.0	94.7	-3.3
Not contactable	2.0	5.3	3.3
Personal Factors (JSCI/ESAt/JCA)			
Low/none	88.6	90.9	2.3
Medium	4.5	3.8	-0.6
High	6.9	5.3	-1.6
Indigenous status			
Not Indigenous	94.5	93.3	-1.2
Indigenous	5.5	6.7	1.2
Lone parent (child 0 - 15)			
Not a lone parent	95.9	94.5	-1.4
Lone parent	4.1	5.5	1.4
Ex-offender status			
Ex-offender	9.1	9.1	0.0
Is not an ex-offender	91.0	91.0	0
ABS remoteness code at exit			
Inner Regional	20.4	21.2	0.9
Major Cities	68.2	67.0	-1.2
Outer Regional	11.4	11.8	0.4

Note

1. Percentages may not add to exactly one hundred as a result of rounding.
2. Table includes only former participants that met criteria for inclusion in the income support analysis. Amongst other criteria, this excludes those participants that were volunteers, i.e., in Stream one (limited) in JSA or in Stream V in jobactive.
3. Characteristics are at the participants' exit from non-zero income support or as close as possible to that date.
4. ABS remoteness code is defined using the Australian Standard Geographical Classification (ASGC) developed by the Australian Bureau of Statistics.

Source: Departmental administrative data and the Research and Evaluation dataset (RED).

Table C5.11 Effects of participant characteristics on the percentage that were off-income support for 18 months after exiting income support. The effects are pooled across JSA 2012 and jobactive and adjusted for the other characteristics

Category	jobactive MME minus JSA MME	Overall effect size
In Jobactive	1.3	1.3*
Stream		
Stream A	1.0	0.8*
Stream B	1.1	0.2*
Stream C	3.4	0.3*
Gender by Age		
Female under 25	-0.3	0.0
Male under 25	0.6	0.1
Female 25-29	-0.2	0.0
Male 25-29	2.7	0.3*
Female 30-49	0.2	0.0
Male 30-49	2.4	0.6*
Female 50 and over	0.1	0.0
Male 50 and over	3.0	0.2*
Highest education		
Less than Year 10	2.6	0.2*
Year 10 to 11	2.4	0.5*
Year 12	0.1	0.0
TAFE/Diploma	1.5	0.5*
Bachelor degree or above	-0.5	-0.1
Previous work experience		
Not in Labour Force	-0.2	-0.1
Unpaid work	-0.7	0.0
Not working but looking for work	1.5	0.2*
Less than 8 hours or irregular work experience	1.3	0.0
More than 8 hours/week work experience	2.1	1.1*
Income support history		
No previous income support	1.1	0.5*
Less than one year	1.3	0.3*
Between one and two years	1.6	0.2*
More than two years	1.8	0.4*
Own Transport		
Own transport	1.5	0.9*
Not Own transport	0.7	0.3*
Contactable by telephone		
Contactable by phone	1.2	1.2*
Not contactable by phone	-0.3	0.0
Personal factors - impact		
Low/medium	1.1	1.0*
Medium	1.9	0.1*
High	3.3	0.2*
Other Characteristics		

Category	jobactive MME minus JSA MME	Overall effect size
Living with disability	1.0	0.2*
Indigenous	3.6	0.2*
Lone Parent	1.2	0.0
Ex-offender	0.8	0.1
Had a wage subsidy	5.3	0.2*
Period of assistance duration		
Short-term	1.3	0.8*
Long-term	1.6	0.3*
Very long term	1.6	0.3*
Remoteness		
Major Cities	-0.2	-0.1
Inner Regional	0.7	0.1*
Outer Regional	5.2	0.6*

Notes:

1. Significance level set at .01 to allow for the number of comparisons being made and because the large number of cases makes the test powerful (able to detect small effects).
2. * indicates statistical significance at the .01 level.
3. Overall effect size is calculated as the MME multiplied by the average proportion of the subgroup in the program.

Source: Departmental administrative data and the Research and Evaluation dataset (RED).

C6. Wage Subsidies

Table C6.1: Contribution of characteristics to the likelihood of achieving a 26 week outcome.

Characteristic	Compared with	MME (ppt)
Job characteristics		
Wage subsidised	Non-subsidised	16.7
Industry – Accommodation and Food services	Industry – Retail trade	-4.8
Industry – Administration and Support Services	Industry – Retail trade	2.9
Industry – Agriculture, Forestry and Fishing	Industry – Retail trade	-6.3
Industry – Arts and recreation services	Industry – Retail trade	-10.0
Industry – Construction	Industry – Retail trade	-3.1
Industry – Education and Training	Industry – Retail trade	-2.4
Industry – Manufacturing	Industry – Retail trade	2.7
Industry – Financial and insurance services	Industry – Retail trade	4.8
Industry – Health care and social services	Industry – Retail trade	7.3
Industry – Mining	Industry – Retail trade	6.9
Industry – Mining	Industry – Retail trade	-6.3
Industry – Other services	Industry – Retail trade	-2.2
Industry – Public administration and safety	Industry – Retail trade	4.2
Skill Level - 5	Skill Level - 4	-2.8
Skill Level - 2	Skill Level - 4	1.8
Participant characteristics		
Age group – less than 25 years	Age group – 30 to 49 years	2.5
Part rate income support	Full rate income support	21.6
Female	Male	-3.6
Has high impact personal factors	No personal factors	2.6
Indigenous	Non-Indigenous	5.3
Not an ex-offender	Ex-offender	-2.3
Outer regional area	Major cities	-3.9
Inner regional area	Major cities	-1.9
Stream B	Stream A	-6.8
Stream C	Stream A	-6.9

Source: Departmental administrative data.

Notes:

1. All MME's listed are significant at the 5% level.
2. Not all variables in the regression model are presented. Only characteristics found to have a large impact are included. The list will therefore vary between outcome measures.
3. Industry categories are coded using [Australian and New Zealand Standard Industrial Classification \(ANZSIC\), 2006 \(Revision 2.0\)](#).
4. Skill levels are coded using [ANZSCO - Australian and New Zealand Standard Classification of Occupations, 2013, Version 1.3](#) (5 is the lowest skill level and 1 is the highest).

Table C6.2: Contribution of characteristics to the likelihood of exiting income support within 12 months.

Characteristic	Compared with	MME (ppt)
Job characteristics		
Wage subsidised	Non-subsidised	7.9
Industry – Accomodation and Food services		
Industry – Administration and Support Services	Industry – Retail trade	3.7
Industry – Electricity, Gas, Water and Waste Services	Industry – Retail trade	-5.2
Industry – Arts and recreation services	Industry – Retail trade	-5.1
Industry – Construction	Industry – Retail trade	3.4
Industry – Manufacturing	Industry – Retail trade	5.6
Industry – Transport, Postal and Warehousing	Industry – Retail trade	4.0
Industry – Wholesale Trade	Industry – Retail trade	3.5
Industry – Mining	Industry – Retail trade	12.4
Industry – Rental Hiring and Real Estate Services	Industry – Retail trade	4.3
Industry – Other services	Industry – Retail trade	6.2
Industry – Public administration and safety	Industry – Retail trade	4.4
Skill Level - 5	Skill Level - 4	-2.8
Skill Level - 2	Skill Level - 4	2.0
Participant characteristics		
Age group – less than 25 years	Age group – 30 to 49 years	3.7
Age group – 50 years or more	Age group – 30 to 49 years	-3.4
Part rate income support	Full rate income support	19.5
Female	Male	-7.0
Indigenous	Non-Indigenous	2.6
In service longer than 12 months	In service less than 12 months	-23.8
Outer regional area	Major cities	-3.1
Stream B	Stream A	-9.5
Stream C	Stream A	-8.3

Source: Departmental administrative data.

Notes:

1. All MME's listed are significant at the 5% level.
2. Not all variables in the regression model are presented. Only characteristics found to have a large impact are included. The list will therefore vary between outcome measures.
3. Industry categories are coded using [Australian and New Zealand Standard Industrial Classification \(ANZSIC\), 2006 \(Revision 2.0\)](#).
4. Skill levels are coded using [ANZSCO - Australian and New Zealand Standard Classification of Occupations, 2013, Version 1.3](#) (5 is the lowest skill level and 1 is the highest).

Table C6.3: Contribution of characteristics to likelihood of being off income support 12 months after job placement

Characteristic	Compared with	MME (ppt)
Job characteristics		
Wage subsidised	Non-subsidised	5.8
Industry – Accomodation and food services	Industry – Retail trade	-3.8
Industry – Administration and support services	Industry – Retail trade	2.6
Industry – Agriculture, forestry and fishing	Industry – Retail trade	-5.0
Industry – Arts and Recreation Services	Industry – Retail trade	-5.0
Industry –Transport, postal and warehousing	Industry – Retail trade	-3.0
Industry – Education and Training	Industry – Retail trade	-2.8
Industry – Electricity, gas, water and waste	Industry – Retail trade	3.4
Industry – Financial and insurance services	Industry – Retail trade	3.6
Industry – Health care and social services	Industry – Retail trade	6.3
Industry – Rental, Hiring and Real Estate Services	Industry – Retail trade	2.1
Industry – Public administration and safety	Industry – Retail trade	4.4
Skill Level - 5	Skill Level - 4	-2.8
Skill Level - 2	Skill Level - 4	1.6
Participant characteristics		
Age group – less than 25 years	Age group – 30 to 49 years	3.7
Age group – 25 to 29	Age group – 30 to 49 years	2.1
Highest qualification is university	Highest qualification is vocational	2.9
Very long term unemployed	Unemployed less than one year	-2.4
Female	Male	-5.5
Part time activity requirement	Full time activity requirement	-5.8
Indigenous	Non-Indigenous	2.3
With disability	Without disability	-1.6
Outer regional area	Major Cities	-2.5
Inner regional area	Major Cities	-3.8
Stream B	Stream A	-9.0
Stream C	Stream A	-8.1

Source: Departmental administrative data.

Notes:

1. All MME's listed are significant at the 5% level.
2. Not all variables in the regression model are presented. Only characteristics found to have a large impact are included. The list will therefore vary between outcome measures.
3. Industry categories are coded using [Australian and New Zealand Standard Industrial Classification \(ANZSIC\), 2006 \(Revision 2.0\)](#).
4. Skill levels are coded using [ANZSCO - Australian and New Zealand Standard Classification of Occupations, 2013, Version 1.3](#) (5 is the lowest skill level and 1 is the highest).

Table C6.4: Contribution of characteristics to the likelihood of reduced income support after 12 months.

Characteristic	Compared with	MME (ppt)
Job characteristics		
Wage subsidised	Non-subsidised	3.7
Industry – Accommodation and Food Services	Industry – Retail trade	-4.3
Industry – Agriculture, Forestry and Fishing	Industry – Retail trade	-6.7
Industry – Arts and Recreation Services	Industry – Retail trade	-3.7
Industry – Construction	Industry – Retail trade	-3.3
Industry – Health Care and Social Assistance	Industry – Retail trade	4.9
Industry – Information Media and Telecommunications	Industry – Retail trade	-2.4
Industry – Manufacturing	Industry – Retail trade	-2.3
Industry – Mining	Industry – Retail trade	4.2
Industry – Other Services	Industry – Retail trade	-2.8
Industry – Professional, Scientific and Technical Services	Industry – Retail trade	-1.9
Industry – Rental, Hiring and Real Estate Services	Industry – Retail trade	-3.5
Industry – Wholesale Trade	Industry – Retail trade	-2.1
Skill Level - 5	Skill Level - 4	-1.5
Skill Level - 2	Skill Level - 4	0.9
Participant characteristics		
Age group – less than 25 years	Age group – 30 to 49 years	2.0
Part rate income support	Full rate income support	22.1
Indigenous	Non-Indigenous	-2.6
Ex-offender	Not an ex-offender	-1.8
Outer regional area	Major Cities	-2.8
Highest qualification is university	Highest qualification is vocational	3.6
Very long term unemployed	Unemployed less than one year	-2.1
Part time activity requirement	Full time activity requirement	-1.8
Stream B	Stream A	-5.6
Stream C	Stream A	-7.6

Source: Departmental administrative data.

Notes:

1. All MME's listed are significant at the 5% level.
2. Not all variables in the regression model are presented. Only characteristics found to have a large impact are included. The list will therefore vary between outcome measures.
3. Industry categories are coded using [Australian and New Zealand Standard Industrial Classification \(ANZSIC\), 2006 \(Revision 2.0\)](#).
4. Skill levels are coded using [ANZSCO - Australian and New Zealand Standard Classification of Occupations, 2013, Version 1.3](#) (5 is the lowest skill level and 1 is the highest).

Appendix D Methodology

D1. Evaluation Methodology

D1.1 Overall methodology

The evaluation adopts a flexible approach, recognising that as the evaluation progressed new questions emerged, and some of the questions identified as important at the outset became less important over time. An external expert from the Australian National University's Research School of Social Sciences was engaged to review the planned analytical approach of the evaluation, advise on its appropriateness and confirm the approach as reasonable and consistent with best practice methods. Also, the ANU's Centre for Social Research and Methods was engaged to provide advice on approaches to assess cost effectiveness and value for money.

A net impact study, which determines the difference between outcome rates in the presence and absence of an intervention, is widely regarded as best practice in evaluation. The universal nature of jobactive however, precluded employing net impact analysis at a whole of program level as no credible counterfactual exists or can be constructed via proxy measures.

Consequently, the evaluation, where possible, compares jobactive with its predecessor JSA 2012, and reports on overall performance. Statistical regression modelling which controls for the effect of changes in the macroeconomic environment and changes in the composition of the participant population has been used as appropriate. In addition, where there was the opportunity, regression discontinuity and quasi-experimental approaches have been used, for example, within jobactive where changes in policies allow the examination of differences in effectiveness before and after the policy changes.

Key measures of the program's effectiveness are outlined in Sections [D6.1](#) and [D6.2](#).

D2. The Effectiveness of Stream B Servicing on outcomes

The effectiveness of Stream B placement relative to Stream A in assisting participants to find employment was evaluated using a Regression Discontinuity Design. The methodology exploits a discontinuity in the function mapping JSCI scores to Stream allocation.

D2.1 Study population

The study population consists of new entrants to jobactive between 1 August 2015 and 1 April 2016; this period predates policy changes involving the SPI and Work for the Dole phase. The study population excludes participants who changed Streams during servicing and participants whose Stream allocation was not based on their JSCI score, such as Stream C participants.

In order to isolate the Stream B Effect from other program effects and participant characteristics, it was necessary to report the effect separately for four subgroups within the study population. The groups are: NSA recipients aged over 55 years; NSA recipients aged between 30 and 50 years (these participants were not SPI eligible); YA(O) recipients; and NSA recipients that were aged between 23 and 30 years (these participants were SPI eligible).

D2.2 Estimation interval

The estimation interval consisted of nine JSCI scores either side of the Stream boundary.

D2.3 SPI

In the first 15 months of jobactive (1 July 2015 to 1 October 2016) there were differences in the timing of the Work for the Dole phase by Stream. Stream A (general) participants entered the Work for the Dole phase after six months in service while Stream B (general) participants entered this phase after 12 months. After 1 October 2016, all participants entered the phase after 12 months in service. There was no difference in Work for the Dole timing for SPI eligible participants.

D2.4 Outcome measures used to assess the Stream B Effect

The off income support rate at four, five and 12 months from commencement — these outcome measures were used to evaluate whether, and to what extent, Stream B services were effective at assisting participants obtain employment that allowed them to exit income support completely

- a 12 month partial off income support rate — this outcome measure was used to evaluate whether, and to what extent, Stream B services were effective at assisting participants obtain part-time or casual employment¹⁴³
- a 12 month rate representing changes in income support type from the youth unemployment benefit (YA(O)) to youth study allowance (YA(S)) — this outcome measure was used to evaluate whether, and to what extent Stream B services were effective at assisting young participants to undertake study.

D3. Maximum Time Transfers

To identify the impact of MTTs on participant outcomes, the evaluation took advantage of Stream A participants reaching MTT at least one year earlier than Stream B participants. Stream A participants reach Maximum Time when they have spent *two* continuous years with a provider without achieving while Stream B participants reach Maximum Time *after* three continuous years.

To isolate the impact of MTTs on outcomes, the evaluation accounted for Stream B participants being typically more disadvantaged than Stream A participants. It does this by comparing outcomes of participants who had JSCI scores just above or below the Stream B threshold. This means the analysis only considers participants with similar JSCI scores (i.e. similar levels of disadvantage).

Most participants who are eligible for an MTT do change providers, unless there are exceptional circumstances.¹⁴⁴ This means that there is no natural comparison group against which the impact of MTTs can be measured. In other words, when a participant undergoes a MTT, there are no participants who share similar circumstances and characteristics who do not undergo a MTT. Without this counterfactual, it would not be possible to conclude that MTTs improved the participants outcomes relative to a scenario in which no MTT occurred.

¹⁴³ The partial off income support outcome was that a job seeker had a minimum 30 percentage point reduction in their initial base rate of income support after 12 months in service.

¹⁴⁴ There are some policy exceptions, which include participants who are tracking towards an Employment Outcome, tracking towards an Education Outcome, participating in Work for the Dole or another activity to meet AARs, referred to NEIS, undertaking EST, in the Launch into Work Program, Suspended, relocating for employment through Relocation Assistance to Take Up a Job, or who have a PaTH Internship or Wage Subsidy agreement.

To address this complication, this analysis compared Stream A and Stream B participants, as they become eligible for a MTT at different points in time.¹⁴⁵ Differences unrelated to MTT eligibility between the Stream A and Stream B participants are accounted for by factoring in:

- labour market disadvantage – these were controlled for by comparing outcomes for a sample of participants who had similar levels of labour market disadvantage (those with JSCI scores of 9 points either side of the Stream A/B cutoff), and
- Stream B program features – such as more intensive servicing and higher outcome payments to providers. The servicing and Outcome fees that Stream B participants attract result in a higher probability that they will achieve an employment or off income support outcome relative to Stream A participants. This is known as the Stream B effect

The differences in servicing between Stream A and Stream B participants were controlled for by exploring the changes in outcome rates for each group over time. If MTTs are effective and Stream A participant outcomes improved then the Stream B effect, produced by differences in servicing, would appear to reduce at around two years in services.

D4. Exemptions and Suspensions

This analysis compares exemptions and suspensions over three key policy events:

1. Job Services Australia 2012(JSA12) versus jobactive
2. Work First (WF)
3. Targeted Compliance Framework (TCF)

The analysis populations consisted of referrals over two six month period who have commenced a period of assistance during these periods. All suspensions and exemptions were captured with a start date at or after the participant started a period of assistance and before the end date of the analysis period or earlier if the participant exited a period of service.

For JSA12 an analysis population was selected of participants referred and commenced between 1 October 2012 and 31 March 2013 inclusive. A comparison period between 1 October 2015 and 31 March 2016 inclusive was used for jobactive. These periods were chosen to allow for a three month period to minimise start up impacts.

For WF and TCF two corresponding six month periods before and after the implementation on 1 January 2018 and 1 July 2018 respectively were selected. For WF the analysis periods were 1 January 2017 to 30 June 2017(Pre WF) and 1 January 2018 to 30 June 2018 (Post WF) while for TCF 1 July 2017 to 31 December 2017 (Pre TCF) and 1 July 2018 to 31 December 2018 (Post TCF) were used. Both periods prior to the implementation of these measures use the same periods to avoid and seasonal impacts. However, the post TCF analysis may capture impacts from WF as it was not possible to select periods to isolate the impact of TCF.

¹⁴⁵ Stream A job seekers transfer providers at two years in services, while Stream B job seekers do so after three years in services.

D5. Effects of wage subsidies

D5.1 Population

This analysis compares job sustainability for jobactive participants with and without wage subsidies. The population for this analysis is participants who participated in the program between 1 October 2015 and 31 December 2017 and were both eligible to benefit for a wage subsidy and were placed in a job during this time. Participants may have commenced in the program prior to 1 October 2015 and are included based on calculated Periods of Assistance, so individual participants may be included more than once if they had more than one eligible Period of Assistance within that timeframe.

D5.2 Outcomes

The most recent job placement for each Period of Assistance was selected and several related participant outcomes were observed for up to 18 months after the job placement date. Each outcome is a binary indicator — the participant either achieved it, or they did not. These outcome levels are:

- Whether participants achieved a 26 week employment outcome related to the studied job placement or not.
- Whether a participant left the income support system or not within 12 months of starting the studied job placement. Participants may have subsequently returned to the income support system within 12 months of starting the studied job placement in which case they are still considered to have achieved this outcome.
- Whether a participant's income support reliance was reduced 12 months after starting the job. This is measured by comparing their maximum daily entitlement during the six weeks preceding the job and the same period 12 months later.
- Whether a participant was not receiving income support 12 months after starting the studied job placement. If a participant left the income support system and subsequently returned within the observation period, they are considered not to have achieved this outcome.

D5.3 Methodology

A logistic regression model was developed to analyse the population and selected sub-populations at the identified outcome levels. A range of factors were included as independent variables, including participant demographics, employment services history, wage subsidy use, indicators of local labour market conditions and job characteristics. Given the breadth of analyses undertaken, step-wise selection was implemented to select variables for each permutation of the model. Selected interaction effects were also investigated.

Outcomes from the regression model were converted to and reported as Mean Marginal Effects, with a higher numeric value indicating that the relevant independent variable is estimated to have a higher impact on whether participants achieved the studied outcome.¹⁴⁶

¹⁴⁶ Mean Marginal Effect means the estimated marginal effect of a particular value for a particular independent variable, averaged across the study population.

D6. The effectiveness of jobactive

D6.1 Proxy and direct measures of employment

ADMINISTRATIVE DATA

Exit from service

Interpretation of exit data is difficult as not all exits from service (or even from income support) are to employment. Other possible exit reasons include changes in eligibility for service and disengagement (as a result of changes in personal circumstances). Data on reasons for exits from service is only available for around 60 per cent of all exits. While all exits cannot be assumed to be positive, most are, so exit rates over time can be used as a proxy measure of employment outcomes.

Paid Outcomes

When a provider helped a participant achieve a job placement, this was recorded in the system so the 4, 12 or 26-week outcomes could be paid, if the participant achieved them. Therefore, there was a strong incentive for providers to record job placements in order to claim an outcome fee. There were, however, differences in the payment of outcomes between jobactive and JSA, which meant the paid outcome measures were not directly comparable (JSA paid job placements, 12 and 26 week outcomes). There were also differences in the eligibility for payment for Stream A participants in jobactive compared with Stream A type participants in JSA ([Appendix A, Section A2.1](#)). This meant that they can be less reliable as proxies for this cohort. They are also more sensitive to changes in provider reporting and provider administrative behaviour. These measures of employment outcomes are also limited by the extent to which participants report finding work to their provider, and are also extremely sensitive to changes in administrative requirements and provider behaviour between models. As such this report does not use this as a core measure of effectiveness.

POST PROGRAMME MONITORING SURVEY MEASURES

The PPM survey measures the labour market and education/training status of participants three months after a period of employment assistance, and it has been used under all Job Network and JSA contract periods. While not designed specifically for evaluation, outcome data collected through the survey can, with some limitations, be matched to populations used in this evaluation. The main limitation is that the points at which outcomes were collected was different between jobactive and JSA. In addition, statistical techniques which account for differences in participant composition and macroeconomic contexts, cannot be applied to the outcomes data. Therefore, while PPM data was used for many analyses in this report (e.g. Work for the Dole analysis), it is not generally used as a comparative measure of effectiveness.

However, the advantages of the PPM outcomes measure over other measures used include:

- PPM includes outcomes which may not have been picked up elsewhere, such as part-time employment for participants not on income support or who remain employed after achieving a 12-week outcome
- PPM enables a breakdown of full and part-time employment. This is particularly important as many of the outcomes are for groups with part-time participation requirements including participants over 50 and single parents.

Once participants have left service, there is considerable interest in the sustainability of the employment outcome. That is, whether participants return to service or income support after exiting.

PPM does not follow up participants long-term after exit and the maximum length of follow up in administrative systems for payment to providers is 26 weeks. Because of this, income support status (at 12 months after exit) is used as a proxy for measuring the sustainability of the employment outcome in this evaluation.

INCOME SUPPORT MEASURES

Income support status measures also vary in the way they can be used. Three types of income support measures were examined for use in this evaluation. These were:

- Off Benefit (Newstart Allowance (NSA)/Youth Allowance (Other) (YA(O))) rates
- Off income support rates
- percentage reliance on income support.

Off benefit

Many previous evaluations have used the Off NSA/YA(O) measure. This measure was appropriate for previous employment services models, including early Job Network and Commonwealth Employment Service (CES) models for two main reasons. Firstly, the goals of these employment services models were primarily to get unemployed people into jobs, and the nature of the workforce was much more attuned to full-time work, which meant participants would no longer be reliant on NSA/YA(O). This measure is less appropriate in the jobactive context since the goals of the program include increasing the participation of people not necessarily on unemployment benefits, including participants with a partial capacity to work and single parents. This measure is also not particularly sensitive given the increasingly part-time and casual nature of the work force. In this situation the Off NSA/YA(O) measure represents only a partial measure of effectiveness. The Off NSA/YA(O) measure also does not necessarily measure positive outcomes in that people originally on these benefits may move to other income support types – not necessarily into employment.

Off income support

The Off-income support measure is more reflective of contemporary employment services as it is more inclusive of participants on other payment types. It includes outcomes for Parenting Payment (PP) and Disability Support Pension (DSP) recipients who are expected to gain work. However, as with the previous measure, Off-income support does not account for the part-time and casual nature of current employment. The very inclusiveness of the measure also contributes to its weakness in that it covers many participants who are not in reality expected to achieve complete independence from income support. This includes single parents with young children and participants with partial work capacity. As a result this measure will not accurately reflect the success of employment services in helping these participants.

Income support reliance

Because of the weaknesses noted above for other income support measures a reliance on income support measure is also used in this evaluation. This measure compares the average reliance on income support over a given period for given participants. The initial state is 100 per cent for those

on full rates of income support and will be lower for those on partial income support. Assuming similar starting rates, this is the most inclusive measure as it measures the degree to which employment services help reduce dependence on income support.

D6.2 Measuring effectiveness in this report

In assessing the effectiveness of jobactive on achieving outcomes, income support measures are used as proxies or indicators of employment. While it is acknowledged that leaving income support can be a result of many factors, by far the most prevalent reason is achieving employment. As an indication, Post Program Monitoring survey data indicate that for the jobactive caseload, in the year to December 2018, 63.0 per cent of exits were to employment and 17.5 per cent were exits from the labour force (NILF).

An income support dependency measure is used because participants can earn some income while remaining in employment services and on income support. Income support data indicates that in December 2018 19.1 per cent of people receiving working age payments¹⁴⁷ were reporting income.¹⁴⁸ Counts of exits from income support, therefore, will not include improvements to peoples' labour market outcomes related to increased earnings. Changes in the rate of income support over one year can represent either changes in the proportion of participants obtaining employment-related earnings, or an increase in the level of earnings for individuals.

Results from an analysis of time from commencement to exit from JSA 2012 and jobactive has been used to give a broader picture of the effectiveness of the program. This analysis is based on the same study populations as the income support analyses.

10.3.1.5 Building comparable Streams to assist comparisons between JSA 2012 and jobactive

The Job Seeker Classification Instrument (JSCI) is an assessment tool developed by the department and used by employment service providers and the Services Australia to determine a participant's relative labour market disadvantage. This tool scores a participant based on their responses to a range of questions, with a higher score indicating higher levels of labour market disadvantage and, therefore, a need for more intensive labour market assistance from an employment services provider. Under both JSA and jobactive, participants who are identified as requiring more intensive assistance are referred to a higher program Stream. If complex or multiple barriers to employment are identified during a JSCI assessment, irrespective of the resulting score, a participant may be referred for a more thorough assessment, known as an Employment Services Assessment (ESAt), which will determine the participant's overall capacity to work and recommend an appropriate program or Stream.

The JSCI tool is periodically subject to a re-estimation process in order to ensure the factors considered and relative importance of these factors remain appropriate. A re-estimation of the JSCI occurred when jobactive was introduced.

¹⁴⁷ Payments used in the calculation for working age payments included; Newstart Allowance, Parenting Payment (partnered and single), Partner Allowance and Youth Allowance (other).

¹⁴⁸ Derived from DSS Demographics, December 2018 from data.gov. https://data.gov.au/data/dataset/dss-payment-demographic-data/resource/c4db7814-fde1-4448-a7b5-94fb666b85d2?view_id=6c76652d-c610-4e60-bbef-0e9b1c966da8

Under JSA, a participant was allocated to one of the three Streams 1 to 3 based on their JSCI score. Participants could only be allocated to Stream 4 based on an ESAt. There is one fewer Stream under jobactive, and the JSCI score thresholds used to allocate participants to different Streams have been adjusted accordingly.

To enhance comparability of JSA and jobactive participants, given alterations made to both the JSCI and the employment services programs, JSA participants have been re-allocated to the Stream they would have been assigned to under jobactive using the re-estimated JSCI parameters. It should be noted that the correspondence between JSA 2012 and jobactive streams is not simple. Participants from multiple streams in JSA 2012 (with associated different service levels) have been assigned to a single jobactive Stream-equivalent for comparison. Stream 4 participants under JSA 2012, whose Stream was not determined by JSCI, were re-allocated to Stream C.

D6.3 Statistical Techniques

Logistic regression

Logistic regression analyses are conducted to compare program outcomes while adjusting for differences in the demographic compositions between study populations and the macroeconomic conditions of the analysis periods. As for all statistical analyses, the models can only control for factors that can be measured and are specified in the model. Therefore, unobserved factors such as differences in participant motivation are not accounted for.

Logistic regression models the relationship between a categorical dependent variable (for example achieving or not achieving an exit from income support) and one or more independent variables (for example, employment program, education, or combinations of age and gender). Logistic regression models output parameter estimates which can be converted into estimated averaged differences in probabilities. Converting the model output into probabilities makes the estimated differences much easier to understand, in addition to making the output more comparable with other analyses.

Logistic regression analyses in this report are used to compare outcomes for jobactive and JSA 2012-15 accounting for differences in the demographic compositions of the study populations and the macro-economic conditions of the two periods. Differences in outcomes between the employment services models are expressed as average marginal effects (AMEs). AMEs represent the average marginal effect of the employment services program on the predicted probability that a participant will have a particular outcome, holding other explanatory variables constant. Note that for any particular individual, with their own combination of characteristics, the effect of being in jobactive rather than JSA is likely to vary from the average marginal effect.

Survival analysis

Survival analysis techniques are used for some duration-based analyses, some of these use observed results while some also use regression to control for differences between study populations and macroeconomic conditions.

Survival analysis enables the inclusion of information from those who have not yet reached the outcome being considered by the end of the analysis period, but might had if the analysis period had been longer.

D6.4 Measuring sustainability of outcomes

Choice of off-income support as an indicator

The Department of Education, Skills, and Employment (the department) does not systematically track former participants' long-term employment status and this is not within the authority of the department. Limited information is available from surveys while former participants are out of services and information becomes available again if former participants re-enter employment programs or income support. Therefore, it is necessary to use indicators such as the duration between exits and re-commencement in either income support or in programs as measures of sustainability.

There were other indicators of sustainability that were considered for use in this analysis but they do not cover as long a duration, cover smaller proportions of the program participants, and are not as comparable between programs. To assess shorter-term sustainability, the department uses the PPM survey which is administered three months after exiting. Twelve week paid outcomes were not chosen, because in addition to covering a shorter period, they predict only about half the proportion of former participants who indicate in the PPM survey that they are employed three to four months later.

Using paid outcomes as an effectiveness measure would underestimate the proportion of exiting participants who exited to employment. As shown in Table D6.1, having a paid 12 week outcomes predicts relatively well (true for 85 per cent) that a participant will report being employed 3 months later. However, about half of those who do not have a paid outcome do report being employed 3 months later.

Table D6.1 Paid outcomes as predictors of employment as measured by PPM survey responses.

	Employed at 3 months	Unemployed at 3 months	Row Totals
Paid 12 week outcome	85.05 (1416)	14.95 (249)	100 (1665)
No paid outcome	51.13 (6033)	48.87 (5767)	100 (11800)

Notes: This analysis was based on a population of PPM respondents from 2016-17. The data is unweighted so the rates do not reflect the rates for the overall caseload populations.

Source: Departmental administrative data and the Research and Evaluation dataset (RED).

Any reduction in welfare dependency for participants represents a significant lifetime saving to the Government. This is why off-income support was chosen over sustainability of being off-programs. Participation in the labour market also confers additional benefits in terms of income tax paid and the benefits associated with economic and social inclusion.

The accuracy of the changes in the rate of sustaining off-income support status as an indicator of changes in sustainable employment is dependent on there being only small changes in the proportion of exits that are to employment. The flows from unemployment to employment and NILF for the Australian population were relatively stable during the periods being compared¹⁴⁹ so this may also be the case for the study populations. If there were any resultant bias, then the slight reduction in the flow to NILF during the jobactive observation period would lead to the effectiveness of jobactive being slightly underestimated relative to JSA 2012.

¹⁴⁹ ABS 6202.0 - Labour Force, Australia, Dec 2019.

Criteria for inclusion/exclusion in sustainability analyses.

Exits from periods of income support were included or excluded in the study populations for analysing sustainability if they met the following criteria. Exclusion rules overrode inclusion rules:

- The income support episodes were included if they overlapped with periods of assistance in either JSA 2012 or jobactive which were exited and the income support was exited between 1 July 2013 and 30 June 2014 (JSA 2012) or between 1 July 2016 and 30 June 2017 (jobactive).
- It was possible for multiple exits to be included for one individual. If there were multiple exits from income support overlapping one period of assistance then the one closest to the end of the period of assistance was selected for analysis.
- Participants were excluded if they were entitled to receive income support, but the amount they were eligible to receive was zero. A zero rate could be due to reasons such as having high part-time earnings.
- Returns to income support needed to be within 18 months of the exit from income support date and exits from income support were within 9 months of an exit from the program.
- Periods of assistance were restricted to those that had benefit types closest to exit of either NSA, Youth Allowance (Other), Parenting Payment Partnered, or Parenting Payment Single.
- Returns to income support were not restricted by benefit type.
- Former participants were excluded if they had commenced in JSA or jobactive as a volunteer.
- Periods of assistance were limited to those that had a commenced placement in services.
- If an individual changed from one form of income support to another with no break then this was regarded as being one continuous period of income support.
- Programs included in the search for subsequent commencements in income support included: jobactive, JSA 2012, Transition to Work, Parents' Next, Disability Support Services, Time to Work, Community Development Program, and the Remote Jobs and Communities Program.

Time to subsequent periods of income support was measured for subsequent periods which met the following criteria:

- Only subsequent periods of income support which contained at least one non-zero payment were included.
- If there were multiple commencements in income support which were subsequent to the first exit then the first subsequent period of income support was used in the analyses.
- Returns to income support were tracked for a maximum of 18 months (unless otherwise specified).

As each major criteria was added, a comparison was done to ensure that it did not disproportionately reduce one program's study population more than the other.

Economic variables used in statistical modelling of sustainability

A large amount of the variation between programs and regions in sustainability of staying off income support and out of employment programs is due to labour market conditions at the time of exit and for the duration that former participants are off-income support. It was therefore necessary to take into account labour market conditions when assessing program effectiveness.

Two economic variables were used as covariates at an individual period of assistance level by being averaged over the months former participants remained off income support up to the full 18 months of the tracking period. Average unemployment rate was calculated from the gender and SA4 geographic region participants were in when they exited non-zero income support. Vacancy rates per number of unemployed person at State level were derived from ABS data, which is survey based. This data showed slightly higher explanatory power than counts of vacancy notices, perhaps because the use of social media to recruit and apply for jobs has made identifying and counting vacancies less reliable. The rates were not seasonally adjusted so they could contribute as seasonal adjustments themselves. The averages of these rates are in Table D6.2 .

Other economic variables were also explored as possible covariates. These needed to have a continuous and reliable time series covering the years of the analyses. A sub-set were examined for how much they added to accuracy of predicting the sustainability of off income support status. This was done using a series of regressions exploring the effect of adding and removing different economic variables.

Table D6.2 Average macroeconomic conditions experienced by the two sustainability study populations

Economic variable averaged across individuals in study populations	JSA 2012	jobactive
Mean ABS vacancies per unemployed person, at state level.	0.210	0.281
Mean unemployment rate (by SA4 region, gender and month)	6.177	5.774

Notes:

1. The vacancy rate has been calculated at a State level on a monthly basis by dividing the ABS vacancy count for a given quarter by the ABS unemployment count for each month. The vacancy rate average is the average number of vacancies per unemployed person.
2. These figures represent the average experienced by the study populations over the part of the tracking period that former participants were off non-zero income support.

Sources:

1. Periods off non-zero income support derived from RED income support data.
2. Unemployment data from ABS pivot table 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, July 2019.
3. Vacancy data from ABS Time Series Workbook 6354.0 Job Vacancies, Australia.

Analytical Approach

The main measure of sustainability used was the length of time that former participants remained off income support after leaving the last period of income support that overlapped with their period of assistance.

Statistical regression techniques accounting for a range of factors were used to produce adjusted estimates of the differences between the programs in the proportions of former participants off-income support at 18 months.

The study population for the sustainability analysis is based on participants who have exited services from the second year of the operation of the JSA 2012 and jobactive programs. The second year was chosen to avoid possible effects of program transition. It also allows for an extended tracking of people who have exited income support and services to see if they return. The date range for exits is from 1 July 2013 to 30 June 2014 for JSA 2012 and three years later, 1 July 2016 to 30 June 2017, for jobactive. These people have been followed until either they return to income support, or for a maximum 18 months, whichever comes first.

Note that for jobactive and JSA the proportion of the participants who are on income support prior to exiting from services, about 90 per cent, drops to about 35 per cent by the last payment period immediately prior to exit (jobactive 35.6%, JSA 36.1%). This drop is consistent with participants exceeding the maximum amount of earnings for receipt of income support prior to exiting.

Because of this drop, the end of the last non-zero income support period was chosen as the point at which participants cease being reliant on income support. For participants who are exiting to employment, the non-zero income support date should also be closer to when participants commence employment than program exit or income support end date (which is often later than the end of the non-zero rate).