



Job Commitment Bonus for Young Australians Evaluation: Departmental response to findings

Job Commitment Bonus context

The Job Commitment Bonus for Young Australians (the Bonus) started on 1 July 2014, delivered jointly by the (then) Department of Employment¹ ('the department') and the Department of Human Services. The Department of Employment led policy design, development and legislation, and was responsible for monitoring and evaluation. The Department of Human Services was responsible for program delivery and communications.

The Bonus was a demand-driven and uncapped program. It provided lump-sum incentive payments to encourage long-term unemployed young people (18-30) to leave welfare and stay employed. The first payment was conditional on staying off welfare for 12 months, with a second payment after another 12 months off welfare.

As a payment to already employed individuals to motivate them to sustain a job, the Bonus differed markedly from the Australian Government's usual approach of supporting young people into employment. Other government initiatives to increase youth employment generally support job seekers to improve their employability or connect with jobs.

Take-up of the Bonus was low. Over the life of the program, only \$21.4 million was expended from an initial budget of \$287.9 million. Reasons examined in the **Job Commitment Bonus for Young Australians Evaluation**, included the limited effectiveness of communication with eligible young people, complex eligibility criteria and the varying perceived value of the Bonus to the individual. The evaluation found the Bonus created limited incentive for young job seekers to either gain employment and/or to remain in employment.

The Government determined it could redirect the funds to more efficient and beneficial services to support young job seekers. It therefore ceased the program as part of the *Budget Savings (Omnibus) Act 2016*. The program formally ceased on 31 December 2016.

Continuing focus on addressing youth unemployment through other measures

The Government continues to invest in programs and initiatives to address different aspects of youth unemployment. These include: Transition to Work and Empowering YOUth Initiatives, funded through the \$331 million Youth Employment Strategy in the 2015–16 Budget; Youth Jobs PaTH funded through the

¹ Now the Department of Jobs and Small Business.

\$840 million Youth Employment Package announced in the 2016–17 Budget; and continuing investment in youth-specific wage subsidies.

- **Transition to Work** started in February 2016. It is designed to improve the work readiness of young people 15 to 21 years of age and help them get into work (including apprenticeship and traineeships) or education. Transition to Work is tailored to young job seekers and designed to build their skills, confidence and work readiness. Eligible young job seekers can participate in Transition to Work instead of jobactive and some can volunteer into the program.
- **Empowering YOUTH Initiatives** provides funding for organisations to pilot diverse innovative approaches that may help young people at any stage of their transition to employment. The first initiatives started in April 2016. The program aims to assist vulnerable young people aged 15 to 24 years, who are long-term unemployed or at risk of long-term unemployment, into employment or onto the pathway to employment.
- **Youth Jobs PaTH** provides a flexible pathway to work for young people, through three elements:
 - Prepare—this element addresses the work-readiness needs of young people who may struggle to find jobs through Employability Skills Training.
 - Trial—employment service providers arrange internships of 4 to 12 weeks for young job seekers to build workplace skills and work experience, give employers a chance to try out young potential employees, and allow job seekers to experience different occupations.
 - Hire—employers receive incentives to hire young job seekers through youth-specific wage subsidies of up to \$10,000 (GST inclusive).

Youth Jobs PaTH principally targets young job seekers' self-efficacy, but also provides an added incentive to job seekers through an additional \$200 per fortnight on top of their standard income support payment during their internship. The payment method is simple and regular.

- **SelfStart** is an online hub to support and inspire young people who wish to explore and develop their ideas into successful businesses. It helps connect them to services and programs in their region, and provides information to assist them to start a business.
- **Entrepreneurship Facilitators** offer free mentoring and business support, engage with relevant community organisations to increase community awareness of the opportunities available through self-employment, and refer Australians to the most appropriate assistance available to them in the region, including to the New Enterprise Incentive Scheme (NEIS). Currently, Entrepreneurship Facilitators work in three areas (Cairns - Queensland, the Hunter including Newcastle - NSW, and Launceston and North-East Tasmania) with high youth unemployment and lower than average business activity to promote entrepreneurship and self-employment among young people. From January 2019, an additional 20 facilitators will encourage entrepreneurship and self-employment among older Australians. The new facilitators will focus on providing support to mature age people, but anyone wanting to start their own business can access the services.
- **Exploring Being my Own Boss Workshops** – are two week long workshops which provide young people with a taste of what is involved in self-employment and starting a business. After these

workshops, participants will have the opportunity to gain first-hand experience in running a small business

- **Wage subsidies** provide financial incentives for businesses employing eligible unemployed (for more than six months) young job seekers (aged less than 30 years) in sustainable positions. These wage subsidies for youth in jobactive have been in place since November 2015. In January 2017 the Government introduced a higher value youth wage subsidy for job seekers aged between 15 and 24. The original youth wage subsidy remained available for job seekers aged 25 to 29 years.

Employers can now receive wage subsidies of up to \$10,000 (for job seekers aged 15 to 24 years or who are Indigenous Australians or aged 50 years or over) or up to \$6,500 (for job seekers aged 25 to 29 years or who are parents or registered with employment services for at least 12 months) to employ eligible job seekers from jobactive or Transition to Work who have been unemployed for at least six months.

- **ParentsNext** is a pre-employment program that connects parents of young children to services in their local community to help them plan and prepare for employment by the time their children start school. The program operated in 10 Local Government Areas across Australia from April 2016 and expanded nationally from July 2018. The ParentsNext program is delivered in the 51 Employment Regions covered by jobactive providers with a more intensive service in 30 locations which are highly disadvantaged or have a high proportion of Parenting Payment recipients who are Indigenous.

Next steps and future policy development

In the future, the department will draw on its experience implementing the Bonus and the program's evaluation lessons when developing interventions focused on youth employment, particularly any initiatives involving financial incentives for people to remain in employment. The Department of Human Services has also considered the findings and notes that learnings from the evaluation have already been used to shape future delivery modernisation initiatives.

As an example, insights from the evaluation have already been used by the department to inform awareness-raising and communication and will be applied to future initiatives. The Youth Jobs PaTH national advertising campaign, for example, ran from November 2017 to May 2018. Advertisements appeared on radio, online video (including catch-up television), print and digital, channels, and took a testimonial approach, featuring real job seekers and employers speaking positively about their experiences with Youth Jobs PaTH. Evaluation research showed that the campaign drove a significant increase in traffic to the Youth Jobs PaTH website, and increased positive sentiment amongst employers towards hiring young job seekers.