

# Report on performance

## Workforce Participation



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# Outcome 3: Increased workforce participation

**As reported in relation to Outcome 1, Efficient and effective labour market assistance, changes were made to the department's outcomes and outputs after the Portfolio Budget Statements were tabled in May 2004. Among these changes was the creation of a new outcome for the department—Outcome 3, Increased workforce participation. Outcome 3 includes all labour market policy and analysis functions previously reported under Output Group 1.1, Labour market policy and analysis, and functions transferred from the Department of Family and Community Services as part of the machinery of government changes that affected the department. Outcome 3 has two output groups: 3.1, Working age policy, and 3.2, Labour market strategies.**

## Highlights

- The Welfare to Work reform measures were announced in the 2005–06 Budget.
- Significant and ongoing consultations with consumers, employment services providers and welfare sector representatives to develop the Welfare to Work policies that relate to people with a disability.
- The whole-of-government arrangements for Indigenous affairs were implemented.
- Ministers and senior officers of the department received wide-ranging economic and labour market analysis and briefing.
- The Skills Outlook Working Group was formed to facilitate the sharing of skills-related information across government agencies and industry.
- Cooperative industry projects were implemented under the Mature Age Industry Strategy to improve recruitment and retention of mature age job seekers and workers.
- New Program Funding Agreements were negotiated for the delivery of Community Development Employment Projects in 2005–06.

## Key priorities

To achieve the department's labour market outcomes, the key priority for Outcome 3 in 2004–05 was to increase participation in the workforce and in employment services, and reduce welfare dependency, for four groups:

- parents—particularly single parents
- people with a disability
- mature age Australians
- very long term unemployed people.

**CHART**  
2.8

**ORGANISATIONAL STRUCTURE FOR OUTCOME 3**  
**Department of Employment and Workplace Relations**  
as at 30 June 2005

<b>Deputy Secretary</b>	
<b>Workforce Participation</b>	
Bob Correll	
<b>Indigenous Employment and Business</b>	<b>Community Development Employment Projects Business Development</b> Christine Langsford
<b>Group Manager</b>	<b>Community Development Employment Projects Programme Management</b> Rhonda Henry
Bob Harvey	<b>Business and Policy Development</b> Jody Hamilton
<b>Labour Market Strategies</b>	<b>Economic and Labour Market Analysis</b> Chris Foster
<b>Group Manager</b>	<b>Industry Strategies Taskforce</b> Jenny Harrison
Jennifer Taylor	<b>Labour Supply and Skills</b> Ivan Neville
<b>Research, Evaluation and Legislation</b>	<b>Evaluation and Programme Performance</b> Paul Volker
<b>Group Manager</b>	<b>Payments Legislation and Costings</b> Shirley Douglas
Lynne Curran	<b>Research and Data Analysis</b> Scott Matheson
<b>Working Age Policy</b>	<b>Disability Policy</b> Barry Sandison
<b>Group Manager</b>	<b>Parent Policy</b> Alison Morehead
Graham Carters	<b>Employment Policy</b> Stephanie Bennett
	<b>Mature Age and Youth Policy</b> Diane McEwan
<b>Working Age Taskforce</b>	<b>Project Manager</b> Susan Devereux
<b>Group Manager</b>	
Bruce Whittingham	

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Workforce Participation

CHART  
2.9

THE INTERRELATIONSHIP BETWEEN OUTCOME 3, THE OUTPUT GROUPS,  
OUTPUTS AND ORGANISATIONAL UNITS

**Department of Employment and Workplace Relations**

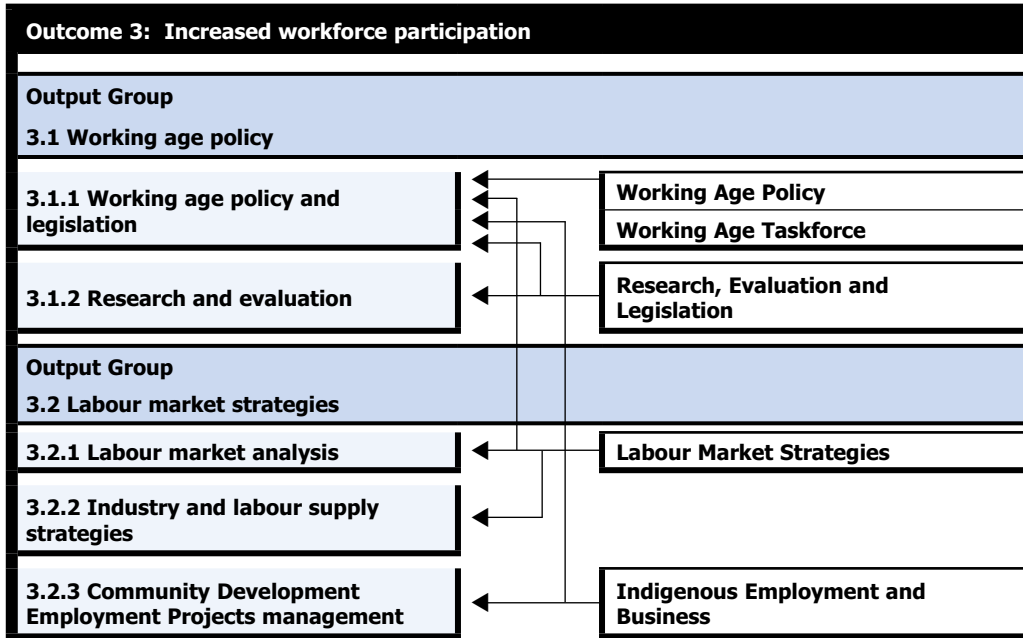
as at 30 June 2005

OUTPUT GROUPS AND OUTPUTS

ORGANISATIONAL UNIT

2  
Report on performance

Workforce Participation



**Outcome 3: financial and staffing resources summary, 2004-05**  
(\$'000)

TABLE  
2.38

	Additional Estimates			Other adjustments <sup>a</sup> 2004-05	Full-year Budget 2004-05 D = A + B + C	Actual expenses 2004-05 E	Variation 2004-05 F = E - D	Budget 2005-06 G
	Budget PBS 2004-05 A	Additional Estimates 2004-05 B	Additional Estimates 2004-05 C					
<b>Outcome 3</b>								
<b>Administered expenses<sup>b</sup></b>								
Community Development Employment Projects	0	0	0	0	0	0	0	560 642
<b>Total administered expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>560 642</b>
<b>Price of departmental outputs</b>								
<b>Output Group 3.1: Working age policy</b>								
Output 3.1.1: Working age policy and legislation	9 636	142	4 185	13 963	14 155	192	18 042	
Output 3.1.2: Research and evaluation	9 029	0	(1 734)	7 295	7 576	281	10 818	
<b>Subtotal Output Group 3.1</b>	<b>18 665</b>	<b>142</b>	<b>2 451</b>	<b>21 258</b>	<b>21 731</b>	<b>473</b>	<b>28 860</b>	
<b>Output Group 3.2: Labour market strategies</b>								
Output 3.2.1: Labour market analysis	0	0	2 818	2 818	2 779	(19)	4 934	
Output 3.2.2: Industry and labour supply strategies	0	0	6 074	6 074	6 725	651	11 145	
Output 3.2.3: CDEP management	0	0	17 508	17 508	19 252	1 744	27 266	
<b>Subtotal Output Group 3.2</b>	<b>0</b>	<b>0</b>	<b>26 400</b>	<b>26 400</b>	<b>28 776</b>	<b>2 376</b>	<b>43 345</b>	
<b>Total departmental expenses</b>	<b>18 665</b>	<b>142</b>	<b>28 851</b>	<b>47 658</b>	<b>50 507</b>	<b>2 849</b>	<b>72 205</b>	
<b>Funded by</b>								
Revenue from government (appropriations) for departmental outputs	18 665	142	28 851	47 658	50 236	2 578	72 205	
Revenue from other sources	0	3 743	(2 302)	1 441	1 364	(77)	2 086	
<b>Total price of departmental outputs</b>	<b>18 665</b>	<b>3 885</b>	<b>26 549</b>	<b>49 099</b>	<b>51 600</b>	<b>2 772</b>	<b>74 291</b>	
<b>Total for Outcome 3</b>	<b>18 665</b>	<b>3 885</b>	<b>26 549</b>	<b>49 099</b>	<b>51 600</b>	<b>2 772</b>	<b>634 933</b>	
<b>Average staffing level (number)</b>	<b>0</b>	<b>352</b>	<b>0</b>	<b>352</b>	<b>373</b>	<b>21</b>	<b>400</b>	

a Includes s. 32 transfers to and from other agencies, actual administered expenses incurred by other agencies before s. 32 transfers, and other adjustments associated with internal restructuring, all of which are associated with the machinery of government changes.

b Includes expenses incurred by other agencies before the machinery of government changes .

## Performance information: Outcome 3

As part of the machinery of government changes after the 2004 election and the creation of a new outcome—Outcome 3, Increased workforce participation, three new key performance indicators have been developed to monitor the performance of this new outcome, as summarised in Table 2.39.

TABLE  
2.39

### Performance measures:

#### Outcome 3 Increased workforce participation

Impact	Performance indicator
Maximise the ability of working age Australians to participate in the workforce	<ul style="list-style-type: none"> <li>■ Labour force participation rate for civilians aged 15–64 years</li> <li>■ Employment-to-population ratio for civilians aged 15–64 years</li> <li>■ Proportion of civilians aged 15–64 years on working age income support payments               <ul style="list-style-type: none"> <li>– full rate</li> <li>– part rate</li> </ul> </li> </ul>

### The labour force participation rate and the employment-to-population ratio for civilians aged 15–64 years

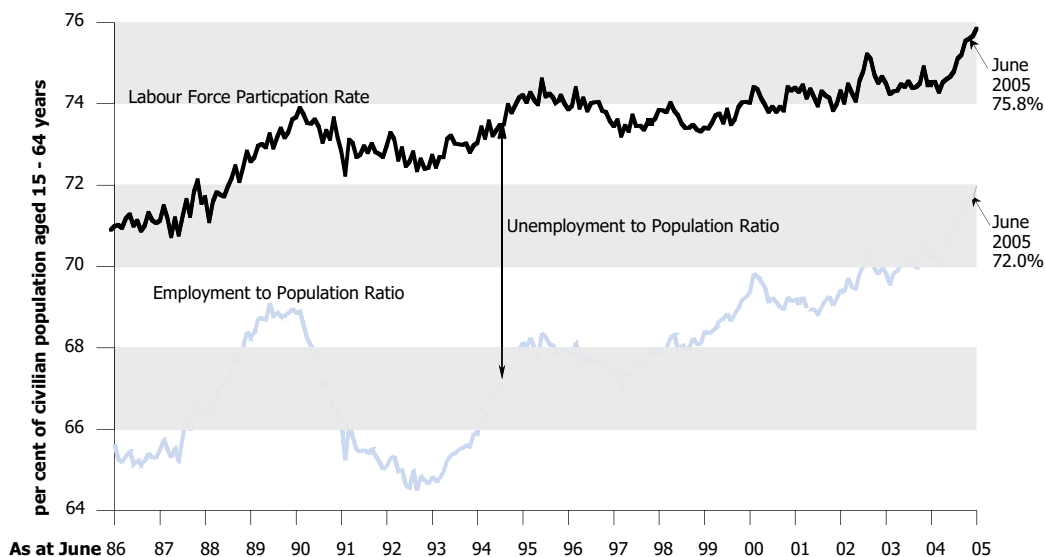
The labour force participation rate is the proportion of the working age population that is either employed or looking for work. It can be used to indicate whether an increasing proportion of the population is working or looking for work and is a good indicator of the total labour supply.

The employment-to-population ratio indicates the proportion of the working age population that is successfully participating in the workforce. The ratio is influenced by both labour demand and labour supply effects. It is encouraging to note that in 2004–05 the labour force participation rate for males aged 15–64 years increased, reversing a long-term declining trend.

Exceptionally strong employment growth in the reporting year contributed to a significant rise, of 1.8 percentage points in the employment-to-population ratio, to 72.0 per cent, for civilians aged 15–64 years. This increase in employment opportunities relative to the size of the population encouraged more active participation in the labour market. The labour force participation rate for working age civilians rose by about 1.4 percentage points in seasonally adjusted terms, to 75.8 per cent, in 2004–05 (see Chart 2.10).

**CHART**  
2.10

**Labour force participation rate and employment-to-population ratio: civilians aged 15–64 years, June 1986 to June 2005**



Source: Australian Bureau of Statistics Supertables data (Table LM8). Seasonally adjusted by department.

**Proportion of the civilian population aged 15–64 years on working age income support payments**

Working age income support payment types include:

- Newstart Allowance
- Youth Allowance—other than full-time students
- Parenting Payment
  - Single
  - Partnered
- Disability Support Pension
- Sickness Allowance
- Widow Allowance
- Mature Age Allowance
- Partner Allowance.

Table 2.40 shows the proportion of civilians aged 15–64 years on these payment types, both full rate and part rate.

TABLE  
2.40

**Percentage of civilians aged 15–64 years on working age income support payments, June 2004 and June 2005**

	Full rate	Part rate	Total
June 2004	11.79	3.54	15.32
June 2005	11.30	3.35	14.65
Trend	-4.14	-5.24	-4.39

Overall, the proportion of civilians aged 15–64 years on working age income support payments fell substantially in 2004–05. With the exception of Disability Support Pension (full and part rate) and Parenting Payment (Single) (part rate only), the proportion fell for all of the payment types just listed. These changes were the result of, at least in part, very strong labour market conditions and the continued implementation and refinement of the *Active Participation Model*. Large falls in the proportion of civilians aged 15–64 years on both Mature Age Allowance and Partner Allowance were observed during the year because of restrictions on entry to these two payment types from September 2003, as part of the *Australians Working Together* policy. Many people who otherwise would have gone onto Mature Age Allowance or Partner Allowance have probably remained on or claimed Newstart Allowance, thus dampening the fall in numbers on Newstart.

## Output effectiveness

Although output effectiveness is measured through the broad indicators just discussed, the department's performance in delivering outputs is crucial to achieving its objectives. The effectiveness of policy advice, research, business partnerships, systems and programme management all affect the department's ability to contribute to increased workforce participation. The department measures output effectiveness against a series of performance indicators and uses evaluation tools and client feedback to gauge success. Results for individual output groups for Outcome 3 are reported and discussed in the following sections.

# Output Group 3.1: Working age policy

**Working age policy outputs are information based and contribute to increased workforce participation through the provision of policy advice, research and evaluation.**

## Contribution to Outcome 3

Output Group 3.1 contributes to Outcome 3 in the following ways:

- providing policy advice and briefings to Ministers and other key stakeholders
- working with internal and external stakeholders to develop and implement the Welfare to Work reforms, which are designed to increase workforce participation and reduce welfare dependency for target groups
- contributing to the development of effective policy across the whole of government
- conducting research and analysis on topics relevant to increased workforce participation through defined or discrete research or evaluation activities, resulting in a report, a detailed brief or a measurable response. This analysis also considers the performance of employment services and contributes to Outcome 1.

## Administered items

No administered items are associated with this output group.

Output  
3.1.1

## Working age policy and legislation

**The Welfare to Work reforms were announced in the 2005–06 Budget. The reforms aim to increase workforce participation and reduce welfare dependency for key target groups—including parents, people with a disability, mature age Australians, and very long term unemployed people.**

The Working Age Taskforce was established in November 2004 to facilitate the development and implementation of the Welfare to Work reforms. It played a central role in the development of proposals to increase workforce participation and reduce the number of working age Australians on welfare for consideration in the 2005–06 Budget. Following the announcement of the Welfare to Work reform measures, the taskforce became responsible for project management and coordination of overall implementation, including whole-of-government implementation, of the reforms.

The department has played a lead role in implementing the Australian Government's new arrangements for Indigenous affairs, introduced on 1 July 2004, with a particular focus on increasing workforce participation and economic development for Indigenous Australians.

## Highlights

- Agreement was reached on the Welfare to Work reform measures announced in the 2005–06 Budget. The measures aim to increase workforce participation and reduce welfare dependency for key target groups—including parents, people with a disability, mature age Australians, and very long term unemployed people.
- The Mature Age Employment and Workplace Strategy was successfully implemented.
- The department participated in the Welfare to Work Taskforce, led by the Department of the Prime Minister and Cabinet.
- The department developed a whole-of-government implementation plan for the Welfare to Work reforms and coordinated and facilitated consultations with key stakeholders.
- Business process modelling of the core elements of the Welfare to Work reforms was carried out to inform policy and programme development.
- A risk assessment and risk management process for the Welfare to Work reforms was established.
- The whole-of-government arrangements for Indigenous affairs were implemented.

TABLE  
2.41

### PERFORMANCE RESULTS

#### Performance indicators and actual performance:

#### **Output 3.1.1, Working age policy and legislation (includes information on Output 1.1.1 subsumed into Output 3.1.1 in January 2005)**

Performance indicator	Target	Result
<b>Quality:</b> level of satisfaction of Ministers with the provision of policy advice <sup>a</sup>	Effective or above	258 briefs submitted to the Ministers, with an average rating of 4.2 (target met)
<b>Price<sup>b</sup></b>	\$14.935m	\$14.951m

a Ministers are asked to assess briefs based on their timeliness and presentation and the quality of advice. The scale is 1 (poor), 3 (effective) and 5 (excellent).

b Target figure includes the impact of all departmental funding transfers and internal restructuring associated with AAO changes but excludes expenses incurred by other agencies for the delivery of administered programmes prior to the AAO changes. The target figures previously published in the 2004–05 PBS and PAES did not fully reflect the impact of all of the funding transfers associated with the AAO changes.

## Stakeholder feedback

Performance of the department's information-based outputs is measured by feedback from stakeholders, particularly Ministers, on the quality of the information and advice provided. Feedback from Ministers is obtained through a rating system used for briefs and other documents; feedback from other stakeholders is obtained through less formal channels. During 2004–05 the average rating for the overall quality of briefs for Output 3.1.1 was 4.2, well

above the effective target of 3.0. This is the first year of this output, so there are no previous ratings for comparison.

## Commentary: policy advice

A major focus of work in 2004–05 was providing policy advice with a view to increasing participation in the workforce and in employment services and reducing welfare dependency for the key target groups for Outcome 3.

### New policy proposals

The 2005–06 Budget secured funding for the following initiatives designed to increase participation in the workforce and reduce welfare dependency<sup>1</sup>. The initiatives are to be delivered by the Department of Employment and Workplace Relations, the Department of Family and Community Services and the Department of Education, Science and Training and include:

- \$389.0 million over four years from 1 July 2005 to increase employment among people who are parents of school-age children and are on income support. Of this, \$282.6 million will be spent on employment-related assistance. This measure will benefit single and partnered parents and their children by reducing welfare dependency and increasing employment
- \$562.3 million (\$482.3million for employment-related assistance) over four years from 1 July 2005 to help people with a disability increase their employment participation, including
  - expansion of services in Disability Open Employment Services, Vocational Rehabilitation and Job Network for people with a disability
  - changes to income support arrangements for people with a disability who can work substantial part-time hours
- \$6.7 million (\$5.8 million for employment-related assistance) over four years from 1 July 2005 to increase workforce participation and reduce welfare dependency for mature age people
  - new and expanded employment services, such as Employment Preparation, for mature age jobless people receiving and not receiving income support
  - mature age people not receiving income support to have the ability to access the New Enterprise Incentive Scheme, with 400 places available each year when fully implemented
- \$360.2 million over four years to help very long term unemployed job seekers on income support find jobs. From 1 July 2005 these job seekers will be given more assistance to find work, and requirements will be increased if they are found to be avoiding work. Very long term unemployed job seekers will obtain greater assistance through
  - Job Network members reviewing the circumstances of each job seeker to assess their future needs after they have completed a second period of Intensive Support customised assistance

<sup>1</sup> Funding includes administered and departmental expenses, and the capital expenditure required to support the implementation of the initiatives.

- the Wage Assist programme, which gives financial assistance to employers who take on a very long term unemployed job seeker
  - participation in full-time Work for the Dole
  - comprehensive Work Capacity Assessments and referrals to specialist services such as the Personal Support Programme, Vocational Rehabilitation and Disability Open Employment Services
- introduction of a new compliance framework for income support recipients, aimed at providing a more effective means of securing engagement than the current system. If job seekers re-engage, they will generally have their payments restored
  - \$47.7 million over three years from 1 July 2006 allocated for Employment Preparation, which is a new service especially designed to help parents, carers and people aged over 50 years to return to the workforce. The service will be available through Job Network from 1 July 2006.

## The Breaching Review Taskforce

The department provided secretariat support for and participated in the Breaching Review Taskforce, which was established in November 2003 to review the impact and the fairness of breach penalties. The taskforce was made up of representatives of the welfare sector, relevant government departments and employment services providers. It reported to the relevant Ministers in December 2004, and was tabled in the Senate on 12 May 2005. One of its recommendations was to replace the current breaching regime with a system that focuses on re-engagement and allows restoration of payment for job seekers who, after an initial failure to comply, re-engage quickly.

## A new compliance framework

As part of the Welfare to Work reform measures, the department developed a new compliance framework that takes account of the recommendations of the Breaching Review Taskforce. Under the new system, to begin on 1 July 2006, instead of incurring a breach with a fixed penalty period, a job seeker who fails to comply with requirements without good reason will have their future payment contingent on re-engagement. Further non-compliance might result in a penalty. As a deterrent to repeated and more serious failures—three or more instances of non-compliance, refusal of a suitable job offer, voluntary unemployment, dismissal for misconduct from employment, or failure to participate in full-time Work for the Dole—there will be an eight-week non-payment period. Breach penalties for failure to declare earnings correctly will also be abolished and will be replaced by a one-off 10 per cent recovery fee for any working age recipient of income support who deliberately fails to declare their earnings correctly. Centrelink will continue to be responsible for making decisions on whether a penalty should apply.

## RapidConnect

As part of the Welfare to Work reform measures, the department developed a new rapid connection regime for job seekers, to begin in September 2005. Under the new regime job seekers applying for income support from Centrelink will be required to attend a Job Network interview as soon as possible in order to improve their chances of finding a job quickly. Job seekers attending their interview will not experience any income support delays. If a job seeker does not demonstrate an active commitment to looking for work, their income support might be affected.

## The Disability Advisory Group

In 2004–05 the Disability Advisory Group's membership was expanded to reflect the machinery of government changes; there is now increased representation from disability peak bodies—including the ACE National Network, the Australian Federation of Disability Organisations, ACROD Ltd National Industry Association Disability Services and the Mental Health Council—and representation from the private sector, including a recruitment company. In 2004–05 the Disability Advisory Group provided input on the Welfare to Work reforms, with specific reference to people with a disability.

## Disability Open Employment Services

The Next Steps consultation process sought feedback from stakeholders on the future direction of Disability Open Employment Services following the machinery of government changes. The *Next Steps* discussion paper was distributed on 20 January 2005, and the consultation period closed on 25 February 2005. Nationally, over 900 people attended 14 discussion forums held in each state and territory during February. Some 140 written comments were received from peak bodies, providers and other interested agencies. As a result of the consultation process, the Australian Government decided to introduce the case-based funding model in full, with effect from 1 July 2005.

## Workforce participation forums for people with a disability

Before the 2005–06 Budget was brought down eight workforce participation forums for people with a disability were held across the country in order to obtain information on barriers to participation for people with a disability and suggestions for improving government policy relating to disability payments and employment. One hundred and eighty people were invited to the sessions and about 130 people attended, representing various disability advisory bodies, social services and disability peak bodies. Comments from the forums fed into the Welfare to Work reforms.

## The Employer Roundtable for People with Disabilities

The Australian Government established the Employer Roundtable for People with Disabilities to provide high-level advice on ways of increasing workforce participation for these people through increased employer demand. The roundtable is made up of employers and peak bodies

and is responsible for developing an action plan to promote employer demand for people with a disability. The roundtable is due to report to the Australian Government by the end of 2005.

## Research into Disability Support Pension customers

As part of the machinery of government changes at the end of 2004, responsibility for the data set of new Disability Support Pension customers was transferred from the Department of Family and Community Services to the Department of Employment and Workplace Relations. This data set was derived from a survey of a sample of people who had recently started receiving Disability Support Pension, to improve understanding of the circumstances and characteristics of this group; the survey had been commissioned by FaCS in early 2004. The department will release the preliminary analysis report on this survey in 2005–06.

Under the Social Policy Research Services Agreements, FaCS commissioned the Social Policy Evaluation, Analysis and Research Centre to carry out further analysis of the survey and commissioned the Social Policy Research Centre to hold focus groups with some survey participants. The combined results of the survey and the focus groups suggest that a large proportion of new Disability Support Pension customers aspire to work at some time in the future but that the barriers to employment are high.

Under the Social Policy Research Services Agreements, FaCS also contracted the Melbourne Institute to conduct research into ‘Understanding the nature of and factors behind exits from the DSP’. The data comprised payment records of a random sample of 50 per cent of people who received Disability Support Pension in the period January 1995 to November 2002. This exit study is nearing finalisation.

## Employment Innovation Fund projects

### Willing and Able Mentoring Programme extension

Deakin University is conducting a pilot that extends the existing Willing and Able Mentoring Programme to graduates and to people with a disability who are not in tertiary education. Programme participants are matched with mentors in their chosen field, providing access to employment networks and information for people with a disability and improving employers’ awareness of the benefits of employing people with a disability. The pilot began in September 2004 and is due to conclude in August 2005.

### Fresh Start—Reconnect to Work

The member-funded not-for-profit organisation Employers Making a Difference conducted a pilot to increase employment opportunities for people with a disability by facilitating and encouraging linkages between individuals, Centrelink, Job Network and employers. The pilot began in March 2004 and concluded in May 2005.

CASE  
STUDY

## Welfare to Work for people with a disability

The Welfare to Work reforms announced in the 2005–06 Budget will help more people with a disability who can work part time to find and maintain jobs. The reforms include a range of initiatives designed to encourage participation in the workforce, including changed payment arrangements and increased employment programmes and services.

From 1 July 2006 people able to work 15 or more hours a week at award wages in the open labour market and without ongoing assistance will be assessed for Newstart Allowance or Youth Allowance. People who cannot do this level of work will still be assessed for Disability Support Pension.

Newstart and Youth Allowance will be changed so that recipients can keep more of their payments as their income from work increases. Newstart and Youth Allowance recipients with a disability who can work part time only will also benefit: they will receive the Pensioner Concession Card and be able to keep the card for 12 months if they leave Newstart or Youth Allowance to work.

Receipt of Newstart or Youth Allowance will give people with a disability access to an expanded range of vocational and pre-vocational programmes, to help them with job preparation and job search activities. The reforms provide for increases in employment assistance for people with a disability—including \$174 million over four years for Disability Open Employment Services, \$186 million over four years for Vocational Rehabilitation, and \$87 million over four years for Job Network.

An additional \$25 million over four years for the Workplace Modifications Scheme and \$5 million over four years for the Wage Subsidy Scheme will also be provided to help more people with a disability and their employers.

The Australian Government is introducing a second level of Mobility Allowance—\$100 a fortnight. This new tier recognises that people who are unable to use public transport because of their disability could have higher costs associated with their new part-time participation requirements.

## Mature age employment

The department continues policy development in response to the ageing of the Australian workforce and successfully started the Mature Age Employment and Workplace Strategy announced in the 2004–05 Budget. The strategy is designed to increase mature age workforce participation through changing attitudes to mature age employment and encouraging more flexible workplaces.

The department continues to work with peak bodies representing employers, employees and employment services to raise awareness of the benefits of retaining and recruiting mature age people. In 2004–05 forums were held with a range of large, medium and small enterprises to help them develop strategies and tools for mature age-friendly workplaces.

## The Mature Age Employment and Workplace Strategy

The 2004–05 Budget provided \$12.1 million over four years for the Mature Age Employment and Workplace Strategy, which aims to increase mature age participation as a means of responding to the demographic challenge of an ageing population. The strategy has three main components:

- Jobwise Outreach is aimed at improving the job search techniques and the career decisions of people aged 45 or more years. It has three elements
  - labour market update seminars—designed to improve the demographic and labour market knowledge of employment service providers
  - Jobwise workshops—designed to give mature age job seekers (primarily non-allowees) and workers a knowledge of their local labour market, the available assistance and improved job search techniques
  - Jobwise self-help groups—networks of mature age job seekers, allowing them to exchange experiences, provide mutual support, develop their job search techniques and improve career decisions.

Fourteen labour market update seminars, Jobwise workshops and Jobwise self-help groups were conducted in 10 Mature Age Employment and Workplace Strategy regions. A post-implementation review found that 36 per cent of Jobwise self-help group participants found a job following attendance.

- The *Mature Age Workplace Strategy* is aimed at redressing entrenched employer views and encouraging mature aged–friendly workplaces. Achievements in 2004–05 include the following
  - business learning networks—networks of small to medium enterprises designed to foster a culture of mature age best practice, information, idea sharing, and the rapid promulgation of success stories among local businesses. Fourteen such networks were established during the reporting year
  - the Jobwise website <jobwise.gov.au>—dedicated to promoting mature age employment options and support for job seekers, workers and employers. The website was redeveloped in March 2005, leading to a substantial increase in page views
  - employer champions—businesses that have a strong record of successfully implementing age-positive policies and practices. Five new businesses were recognised by the Minister as Champions for Mature Age Employment during the year.
- The *Mature Age Industry Strategy* manages cooperative industry initiatives that improve recruitment and retention for mature age job seekers and workers. Twenty-one projects were conducted during the year.



*Magnet Mart employee Kevin Gale speaking at 14 March 2005 Mature Age Workers Champion Employer Awards*

## Youth

The department provided policy advice and contributed to the work of various committees, such as the Secretaries' Advisory Group on Youth and the Longitudinal Surveys of Australian Youth. It also worked closely with the Department of Education, Science and Training to improve school-to-work transition—particularly to increase employment and apprenticeship opportunities for young people who are at risk.

The department funded a Youth Work Transition pilot, starting in November 2004, with a view to developing best-practice methods of helping disadvantaged young people, including homeless young people, start apprenticeships and employment or return to education. By the end of June 2005 the pilot had already made significant linkages between youth service providers, TAFE, schools, and Job Network in Melbourne, Sydney and Adelaide. The pilot concludes in August 2005 and by 30 June 2005 had already exceeded its overall target of 90 placements, having around 110 placements.

Additionally, the department worked to strengthen assistance available to young people through improved linkages with related programmes. For example, it worked with other agencies to strengthen ties between the Supported Accommodation Assistance Programme and employment services. The department also informed the delegates to the International Labour Organization's Tripartite Meeting on Youth Employment about Australia's youth employment policies and programmes.

## Commentary: the Working Age Taskforce

The Working Age Taskforce was established in November 2004 to facilitate the development and implementation of the Welfare to Work reforms.

The Taskforce helped establish and provides secretariat support for two whole-of-government steering committees:

- The Welfare to Work Steering Committee, chaired by the Secretary, oversees whole-of-government implementation of the Welfare to Work reforms and provides feedback to the Australian Government.
- The Strategic Project Management Group, chaired by the Deputy Secretary, Workforce Participation, supports the Welfare to Work Steering Committee and is responsible for whole-of-government implementation, coordination and planning.

The Welfare to Work Steering Committee and the Strategic Project Management Group have representatives from the departments of Education, Science and Training; Family and Community Services; Finance and Administration; Human Services; the Prime Minister and Cabinet; and Treasury; as well as Centrelink.

The Working Age Taskforce also provides secretariat support for the department's internal Welfare Reform Steering Committee, chaired by the Deputy Secretary, Workforce Participation. This steering committee has three primary responsibilities:

- providing strategic direction for implementation of the Welfare to Work measures for which the department has responsibility
- monitoring implementation of initiatives and providing a mechanism for resolution of emerging risks and problems
- reporting outcomes and progress to the Employment Management Committee.

## Commentary: labour market implications of Australia's Migration Program

During 2004–05 the department provided policy advice on the labour market implications of the Migration Program and related policy matters. This involved ongoing consultation with the Department of Immigration and Multicultural and Indigenous Affairs on the Migration Occupations in Demand List (aimed at improving occupational targeting in the Skill Stream of the Migration Program) and the composition of the Skilled Occupations List, the Employer Nomination Scheme Occupations List, and the Employer Sponsored Temporary Entry List.

The department also provided written labour market advice to DIMIA on more than 600 applications across a range of sponsored temporary and permanent migration arrangements, finalised 28 new labour agreements, and monitored over 90 labour agreements with employers and industry associations seeking to recruit overseas workers. Labour agreements include detailed employer or industry commitments to promote employment, training and career path progression opportunities to Australians and cover a wide range of occupations and industries.

Additionally, the department has been involved in implementing the recommendations of the Joint Standing Committee on Migration Review of Australia's Skilled Labour Migration and Temporary Entry Programs and the DIMIA Review of Settlement Services for Migrants and Humanitarian Entrants.

## **Commentary: initiatives to improve outcomes for Indigenous Australians**

In 2004–05 the department played a central role in implementing the new whole-of-government arrangements for Indigenous affairs and continues to work closely with representatives of the Office of Indigenous Policy Coordination and other agencies.

The department has allocated solution brokers for every Indigenous Coordination Centre location. These solution brokers are responsible for promoting and implementing innovative employment, training and enterprise opportunities for Indigenous Australians in their region. Brokering partnerships between other Australian government agencies, as well as with state and territory governments and external organisations, is a crucial requirement of the position. Solution brokers also work in a whole-of-government environment in contributing to the development of Shared Responsibility Agreements.

In addition, the department supported the development of practical tools to help Indigenous Coordination Centre staff operate in the whole-of-government environment. In this respect, the department conducted an extensive training needs analysis in October 2004 to identify training requirements for ICC staff. Since completing the analysis the department has made available a variety of formal and on-the-job training for staff on a needs basis.

## **Commentary: legislation**

As a result of the Administrative Arrangements Orders of 24 June, 26 October and 16 December 2004, some aspects of social security law became the department's responsibility. Although the department has sole responsibility for certain payment types (for example, Newstart Allowance, Youth Allowance (other than students) and Parenting Payment), it shares responsibility for various other provisions with the Department of Family and Community Services and the Department of Education, Science and Training (for example, the provisions dealing with the income test, debts and a large portion of the *Social Security (Administration) Act 1999*).

# Research and evaluation

**Employment assistance and working age payments administered by the department are continually reviewed and evaluated so as to enhance the quality of programme management and policy development. Performance measurement uses two techniques:**

- **evaluations of programme performance and estimation of post-assistance outcomes**
- **research into and evaluation of service quality.**

## Highlights

- An analysis of job seekers' engagement with Job Network explored the use of new technologies and processes for connecting job seekers with jobs and with Job Network.
- The performance of Job Network's Fee-for-Service and Flexible Servicing Arrangements in remote labour markets was assessed.
- A study was conducted to determine best-practice strategies in Job Network.
- There was ongoing analysis of the performance of the Job Seeker Account.
- The report of the Mobile Phone Trial was released.
- A departmental officer delivered the keynote address to the European Union Profiling Seminar in Nuremburg, Germany; it dealt with Australia's experience using job seeker profiling as a method of targeting employment assistance.
- *Australians Working Together* was evaluated; this involved the development and completion of a number of commissioned research consultancies covering
  - personal advisers
  - the Personal Support Programme
  - a client survey on *Australians Working Together*
  - the impact of activity requirements for Parenting Payment recipients on their children aged 13–15 years
  - a Service System Study.
- The Disability Support Pension and Early Intervention and Engagement Pilots were evaluated.
- A research partnership with the Melbourne Institute of Applied Economic and Social Research was established to further the department's understanding of working age participation and maximise analysis of longitudinal data sets.
- There was ongoing coordination, collection and dissemination of research and evaluation findings to Ministers, external stakeholders and executive officers of the department—including contributions to policy development and implementation across the workforce participation portfolio.

TABLE  
2.42

## PERFORMANCE RESULTS

## Performance indicators and actual performance:

**Output 3.1.2, Research and evaluation (includes information on Output 1.1.2 subsumed into Output 3.1.2 in January 2005)**

Performance indicator	Target	Result
<b>Quality:</b> level of satisfaction of Ministers with the provision of research and evaluation <sup>a</sup>	Effective or above	77 briefs submitted to the Ministers, with an average rating of 4.1 (target met)
<b>Price<sup>b</sup></b>	\$8.057m	\$8.208m (1.8% over budget)

- a Ministers are asked to assess briefs based on their timeliness and presentation and the quality of advice. The scale is 1 (poor), 3 (effective) and 5 (excellent).
- b Target figure includes the impact of all departmental funding transfers and internal restructuring associated with AAO changes but excludes expenses incurred by other agencies for the delivery of administered programmes prior to the AAO changes. The target figures previously published in the 2004-05 PBS and PAES did not fully reflect the impact of all of the funding transfers associated with the AAO changes.

## Stakeholder feedback

Performance of the department's information-based outputs is measured by feedback from stakeholders, particularly Ministers, on the quality of the information and advice provided. Feedback from Ministers is obtained through a rating system used for briefs and other documents; feedback from other stakeholders is obtained through less formal channels. During 2004-05 the average rating for the overall quality of briefs for Output 3.1.2 was 4.1. This is the first year of this output, so there are no previous ratings for comparison.

## Commentary

### Monitoring outcomes and service quality

The department's Post Programme Monitoring survey has operated since 1988 and provides detailed performance information on the employment and education outcomes of labour market assistance. Results from the survey are reported in the sections of this report that cover the performance of individual programmes and are regularly released on the internet at the Australian Workplace portal <[www.workplace.gov.au](http://www.workplace.gov.au)>.

Since 1998-99 the department has monitored service quality to ensure that assistance is effective and meets the diverse needs of clients. This ongoing monitoring is conducted through surveys designed to obtain information about the following:

- job seekers' satisfaction with the employment services provided by Centrelink and Job Network
- Job Network service providers' satisfaction with services provided by the department
- employers' satisfaction with Job Network services.

## The Job Seeker Omnibus Survey

The Job Seeker Omnibus Survey measures job seekers' perceptions of and satisfaction with the employment services provided by Centrelink and Job Network. In 2004–05 the survey changed from a monthly to a quarterly survey, with a sample of over 1500 job seekers who had contact with Centrelink or a Job Network provider.

The survey results are reported under Outcome 1. This includes the Customer Satisfaction Index, which is a weighted, composite measure of the full range of attributes that contribute to overall job seeker satisfaction with employment services provided by Centrelink, which is reported under Output 1.2.2, Employment services. Job seekers' satisfaction with Job Network services is also reported under Output 1.2.2. Other performance results from the survey are reported under Output 1.2.1, Information, referral and support services.

From time to time, as part of the Job Seeker Omnibus Survey, the department examines a range of operational matters. Three such matters were examined in 2004–05:

- job seekers' perceptions of and experiences with the administration of Vocational Profiles and the Automatch System
- job seekers' perceptions of and experiences and satisfaction with the Job Network member's Code of Practice, Service Guarantee and the complaints process
- job seekers' perceptions of and experiences with the suspension and rapid reconnection process.

## The Service Provider Survey

Service providers' satisfaction with the department's delivery of contracted information, advice and support services is measured through the annual Service Provider Survey. In the final quarter of 2004–05 work began on interviewing staff at the sites of about 800 Job Network providers, Community Work Coordinators and New Enterprise Incentive Scheme providers that are involved in delivering the full range of employment services. The results of this survey are reported under Output 1.2.1, Information, referral and support services.

## The Employer Survey

The department's 2004 Employer Survey (conducted in the reporting year) canvassed 6000 employers about their recruitment methods, their awareness and use of Job Network and Australian JobSearch services, and their policy on and practices in hiring job seekers with a disability and Indigenous and mature age people. The survey findings on employer satisfaction with Job Network services are reported under Output 1.2.1, Information, referral and support services.

## Continuous improvement of evaluation practices

The evaluation area of the department maintains three research panels, which consist of suitable organisations contracted for a two-year period to conduct general qualitative research, general quantitative research and specialised research into Indigenous matters. The evaluation area also provides to other areas of the department advice on the use of the research panels, appropriate research methodologies and statistical clearing house issues.

One aspect of the department's work in improving evaluation practices has been to assess different ways of gathering data. During 2004–05 the department carried out a study to assess the feasibility of conducting surveys via the internet of service providers contracted to the department. The study provided useful information about the management of internet-based surveys in relation to respondent acceptance and burden, data quality and survey management.

## Evaluation of the Active Participation Model

The department has an ongoing strategy for evaluating the performance of the *Active Participation Model*. As part of this evaluation, a number of studies were conducted during the reporting year.

### **The Job Network best-practice study**

The best-practice study of Job Network performance compared the strategies and practices of high-performing providers with those of lower performing providers. The results of the study will help Job Network members improve their future servicing arrangements.

### **Connecting with Job Network**

The Connecting with Job Network study involved a survey of job seekers' engagement with Job Network in order to explore the role of new technologies and compare the findings with those of a baseline survey in 2003. The research looked at how comfortable job seekers were with the new technology and the benefits it potentially offers in terms of contact between job seekers, their employment service providers and employers.

### **Performance of the Job Seeker Account**

Job Network members can use the Job Seeker Account to fund assistance for job seekers. The analysis conducted throughout 2004–05 examined the forms of assistance Job Network members buy using the Job Seeker Account. It found that half the assistance provided through the account falls into the categories of wage subsidies and training. Other significant items were clothes and equipment and reverse marketing. The study also examined the means by which Job Network members reach decisions about the assistance to provide to job seekers, the types of assistance job seekers receive, and the impact this assistance has on job seekers' labour market outcomes. The study is ongoing and is measuring both longer term employment outcomes and the impact of assistance on reliance on income support.

### **Assessment of Fee-for-Service and Flexible Servicing Arrangements**

In locations where labour market opportunities are limited—including remote locations with large numbers of Indigenous job seekers—Job Network services can be delivered under Fee-for-Service or Flexible Servicing Arrangements. Research into the delivery of these services has involved consultations with Indigenous communities in northern Australia, as part of an assessment of the performance of these elements of Job Network. The results of the study will guide the development of future servicing arrangements.

## **Job Placement Services**

Research into Job Placement Services revealed strong growth in job placements in 2004–05 and the increasing role of Job Placement Licence Only providers. The research also highlighted the need to provide vacancy details to job seekers quickly, with mobile phone text message auto-match messages being the most effective delivery method, especially for mature age job seekers.

### **The Mobile Phone Trial**

Electronic notification of job opportunities is a central feature of the *Active Participation Model*. A study was undertaken to determine the impact of providing a mobile phone to job seekers who had limited or no access to a mobile phone. The results show improved job search activity and speed of notification of job vacancies and a small improvement in employment prospects. The final report on the trial is available through the internet at the Australian Workplace portal <[www.workplace.gov.au](http://www.workplace.gov.au)>.

### **Evaluation of the Job Network Disability Support Pension Pilot**

The department released the results of its interim evaluation of the Job Network Disability Support Pension Pilot in November 2004. The evaluation provided an assessment of the pilot's performance in achieving job placements and examined the significant disincentives and lack of knowledge that inhibit the uptake of work opportunities. The *Interim evaluation report* is available at the Australian Workplace portal. More information on the pilot can be found under Output 1.2.2, Employment services.

A further progress report, due for completion in August 2005, will focus on the employment experiences of pilot participants, reporting on progress with placements and early findings on sustainability. A final report in early 2006 will examine the sustainability of employment in greater depth.

### **The Early Intervention and Engagement Pilot evaluation**

The Early Intervention and Engagement Pilot tested a consolidated assessment approach that combined existing separate assessments and enabled direct referral to interventions. It was primarily targeted at Disability Support Pension applicants and reviews and Newstart and Youth Allowance applicants for medical exemptions. The effectiveness of the consolidated approach in improving opportunities for workforce participation through early engagement is being evaluated. The results will be used to guide the design of the Comprehensive Work Capacity Assessment measure, announced as part of the Welfare to Work reforms for implementation in 2006–07. During 2004–05 a range of qualitative and quantitative instruments were used to gather information on pilot operations from participating assessors, Centrelink and service providers.

## Evaluation of Indigenous employment services

In 2004–05 the focus of evaluation activity in relation to Indigenous employment services was on programmes and employment services not included in the broad evaluation of the Indigenous Employment Policy. This included a study of the Indigenous Small Business Fund, which documented outcomes and practices contributing to outcomes.

Research into the outcomes achieved by Indigenous job seekers across all employment services showed that outcomes have risen substantially over time. The average number of Indigenous employment outcomes per month rose from around 800 before the introduction of the *Active Participation Model* to about 1800 by June 2005.

## The attitudinal survey of job seekers

In 2004–05 the department completed its analysis of a longitudinal survey of approximately 4000 job seekers. The survey results will assist in programme and service development and contribute to best practice by service providers through a greater understanding of job seekers' attitudes.

## Activities transferred to the department

As part of the machinery of government changes, in late 2004 the following activities were transferred unchanged from the Department of Family and Community Services to the Department of Employment and Workplace Relations.

## The *Australians Working Together* evaluation

The *Australians Working Together* evaluation assesses the initiative's effectiveness in increasing levels of participation and decreasing reliance on income support among working age recipients of income support and in relation to its four key target groups—parents, people with a disability, mature age job seekers and Indigenous Australians. A range of evaluation projects have been completed, and their findings contributed to the development of the Australian Government's Welfare to Work reforms announced in the 2005–06 Budget.

During 2004–05 the department commissioned and/or completed a number of research consultancies to inform the *Australians Working Together* evaluation, among them longitudinal surveys and qualitative research among personal advisers and their clients; Personal Support Programme staff focus groups, surveys and participant interviews; a qualitative study of the service delivery systems operating in the community and at the state and territory and federal levels (the Service System Study); and a survey of community attitudes. A general customer survey on the initiative and an evaluation of the impact of activity requirements for Parenting Payment customers on their children aged 13–15 years were also completed.

## Research coordination and dissemination

Output 3.1.2 coordinates and manages commissioned and non-commissioned research relating to the workforce participation agenda and disseminates research and evaluation findings to Ministers and the departmental executive. Dissemination of research results has played a central role in policy development associated with the Welfare to Work reforms.

## The 2005–2009 Social Policy Research Services Agreement

The Social Policy Research Services Agreement with the Melbourne Institute of Applied Economic and Social Research was established to enhance the department's ability to analyse aspects of current policy and to maximise the value of major investments in longitudinal data. The Melbourne Institute contributes expertise in statistical analysis, experience with administrative data sets, and a strong knowledge of participation policy issues.

Projects undertaken in partnership with the Melbourne Institute focus on key areas of interest to the current workforce participation agenda. Agreement on the 2005 research agenda saw the start of the following research projects in 2004–05:

- an examination of income support reliance in Australia
- research into the previous income support experience of Disability Support Pension recipients
- an examination of welfare transitions using the first three waves of HILDA—the Household, Income and Labour Dynamics in Australia Survey
- a study of the dynamics of jobless households using HILDA data from 2001 to 2003 to assess causes and consequences of persistent joblessness
- an examination of labour force outcomes for the mature age population
- a synthesis of the Melbourne Institute's research conducted between 2000 and 2004 and relevant to the workforce participation agenda.

Reports on these projects are due in 2005–06.

# Outlook for 2005–06: Output Group 3.1

Implementation of Welfare to Work reforms will be managed so as to contribute to increasing labour market participation and employment rates and reduced welfare dependency through the following measures:

- introducing changes to income support arrangements, participation requirements and new services for
  - parents—particularly single parents
  - people with a disability who are able to work part time
  - mature age Australians
  - very long term unemployed people
- the Employer Roundtable for People with Disabilities delivering by the end of 2005 an action plan to drive employer demand for people with a disability
- the development of a jobs accommodation service—including a website and phone service linked to experts in workplace adjustment—to assist employers seeking to employ people with a disability
- streamlining the Workplace Modifications Scheme to allow for easier access to workplace modifications for employers and employees. The scheme will be expanded to provide modifications for more people with a disability
- managing the legislation process that will give effect to the Welfare to Work measures announced as part of the 2005–06 Budget.

The newly formed Parent Policy Branch will help to implement the Welfare to Work reforms as they relate to parents. There will be strong emphasis on consulting with welfare groups, peak bodies and parents in general when developing and implementing policy to reduce welfare dependency and increase parents' employment. Relevant service providers and stakeholders will be assisted by receiving advice on policy development, implementation and directions.

An important focus for 2005–06 will be continuing to increase the workforce participation of mature age people through continuation of the Mature Age Employment and Workplace Strategy, further development of employment assistance programmes to encourage more mature age people back into the workforce, re-skilling of workers to help them enjoy remaining at work, and developing tools to help employers recruit and retain mature age people.

Following the machinery of government changes, there will also be a focus on monitoring and analysing a range of working age income support payments and allowances and their interaction with the broader tax-transfer system, including child support, with particular emphasis on their effect on workforce incentives.

During 2005–06 further consideration will be given to areas for improvement—including for quality assurance processes—in relation to legal and related services Centrelink provides to the department in the context of social security law matters. The department will continue to provide legal advice and services in relation to income support matters, including managing the portfolio social security law review and appeal function.

Among the priority activities for the Working Age Taskforce during 2005–06 are continuing to project manage and coordinate overall implementation of the Welfare to Work reforms, including whole-of-government implementation. This will involve the following:

- finalising the business modelling of the core elements of the Welfare to Work reforms and using this information to guide operational policy and systems development
- developing and monitoring a risk assessment and management plan—including a whole-of-government plan
- continuing to provide secretariat support to the Welfare to Work Steering Committee, the Strategic Project Management Group, the Welfare Reform Steering Committee and the Welfare to Work Consultative Forum
- working closely with other areas of the department on various aspects of implementation—including policy development, communications, systems development and service delivery.

Research, evaluation and reporting activities will include the following:

- preparing a monitoring and evaluation strategy for the Welfare to Work reforms. This will entail
  - commissioning a number of surveys
  - developing the administrative data information systems to carry out analysis
  - developing evaluation methodologies to provide ongoing monitoring and evaluation of Welfare to Work
- preparing a consolidated report on the findings to date of the evaluation of the *Active Participation Model*
- analysis of the Community Development Employment Projects programme's performance and effectiveness
- continuing examination of job seekers' perceptions of and experiences with employment services delivered by Centrelink and Job Network members
- analysis of employers' attitudes to employing different client groups
- continuing management of the 2005 research agenda under the Melbourne Institute of Applied Economics and Social Policy Research services agreement and establishment of new agendas for the 2006 and 2007 calendar years
- moving forward with work on the case-based funding evaluation for Disability Open Employment Services
- ongoing coordination of research activities and dissemination of the findings to Ministers, the departmental executive and other departmental staff.

# Output Group 3.2: Labour market strategies

**Output Group 3.2 produces two main outputs—information based and project based. Information based outputs contribute to increased workforce participation through research and analysis and the dissemination of information. Project based outputs involve the development and implementation of industry and labour supply strategies and Community Development Employment Projects.**

## **Contribution to Outcome 3**

Output Group 3.2 contributes to Outcome 3 in the following ways:

- conducting research and analysis and reporting on labour market trends and developments
- providing labour market analysis that guides policy development and implementation
- providing to Ministers, senior officers of the department and other key stakeholders briefings on labour market and related economic matters
- providing information, education and communication services through publications—including on the internet
- carrying out projects to develop tailored solutions to employers' labour and skill needs in selected industries and regional areas
- managing Community Development Employment Projects that offer a unique mix of activities that match local needs and job opportunities and increase workforce participation.

## **Administered items**

There are two administered items associated with this output group:

- Community Development Employment Projects
- the Business Development and Assistance Programme.

In the case of Community Development Employment Projects, financial reporting was under Output Group 1.2 until 30 June 2005. The Business Development and Assistance Programme was transferred to Indigenous Business Australia on 28 March 2005. Financial reporting for this programme was also reported under Output Group 1.2 until that date.

Output  
3.2.1

# Labour market analysis

**The department monitors the labour market and undertakes analysis to promote improved labour market effectiveness by identifying emerging issues and changing trends in the labour market, identifying labour supply and skill shortages, informing policy development and implementation, and targeting interventions through the *Active Participation Model*.**

## Highlights

- During 2004–05 a wide range of economic and labour market analysis and briefings were provided to Ministers and senior officers of the department.
- A departmental submission was presented to the Productivity Commission’s final research report *Economic implications of an ageing Australia*.
- The 2004 *Job outlook* publications—an edition especially for young people as well as the general edition—were released and *Job outlook* online was updated and improved.
- The Skills Outlook Working Group was formed to facilitate sharing of skills-related information across government agencies and with industry.

TABLE  
2.43

### PERFORMANCE RESULTS

#### Performance indicators and actual performance:

#### Output 3.2.1, Labour market analysis

Performance indicator	Target	Result
<b>Quality:</b> level of satisfaction of Ministers with the provision of analysis and advice <sup>a</sup>	Effective or above	112 briefs submitted to the Ministers, with an average rating of 4.4 (target met)
<b>Price<sup>b</sup></b>	\$3.059m	\$2.886m (5.7% under target)

a Ministers are asked to assess briefs based on their timeliness and presentation and the quality of advice. The scale is 1 (poor), 3 (effective) and 5 (excellent).

b Target figure includes the impact of all departmental funding transfers and internal restructuring associated with AAO changes but excludes expenses incurred by other agencies for the delivery of administered programmes prior to the AAO changes. The target figures previously published in the 2004–05 PBS and PAES did not fully reflect the impact of all of the funding transfers associated with the AAO changes.

## Stakeholder feedback

Performance of the department’s information-based outputs is measured by feedback from stakeholders, particularly Ministers, on the quality of the information and advice provided. Feedback from Ministers is obtained through a rating system used for briefs and other documents; feedback from other stakeholders is obtained through less formal channels. During 2004–05 the average rating for the overall quality of briefs for Output 3.2.1 was 4.4, above the satisfactory target of 3.0. This is the first year of this output, so there are no previous ratings for comparison.

## Commentary

### Monitoring labour market trends

Throughout 2004–05 the department monitored and analysed the labour market and the broader economic situation in order to promptly identify emerging issues and changes in longer term trends. Labour market developments were analysed extensively to support policy development and implementation, with the Ministers and executive being briefed regularly on new developments and ongoing matters.

The following other important aspects of the labour market were also examined:

- the ageing of the population and the impact this will have on the labour market
- labour force participation and employment rates
- developments in key industries—including construction, mining and agriculture
- the labour force experience of selected groups—including sole parents, youth, the long-term unemployed, people not in the labour force, and mature age workers
- ongoing analysis of the performance and integrity of the Job Seeker Classification Instrument
- development of methods for monitoring the three new key performance indicators for Outcome 3
- trends in non-traditional forms of employment—such as casual and labour hire work
- Indigenous labour force status.

The department also presented a submission to the Productivity Commission's final research report *Economic implications of an ageing Australia*. It provided evidence that increased labour force participation has a positive role to play in responding to the ageing of the population and information on how departmental policies and programmes are contributing to increased workforce participation.

In December 2004 the department was a major sponsor of the Australian Labour Market Research Workshop in Perth. A departmental representative also presented a paper, providing evidence of a positive link between labour productivity and enterprise and individual agreements.

International labour market trends and developments in employment policies are also monitored and analysed by the department, which participates in the Organisation for Economic Co-operation and Development's Employment, Labour and Social Affairs Committee. Australia participated in the reassessment of the OECD Jobs Strategy, which is scheduled to be completed and presented to the 2006 Ministerial Council Meeting. The Minister, the Hon. Kevin Andrews MP, attended the Employment, Labour and Social Affairs Committee's Social Policy Ministerial, held in Paris on 31 March and 1 April 2005.

Australia is one of 21 OECD countries participating in the Thematic Review of Policies to Improve Labour Market Outcomes for Older Workers, covering both supply-side and demand-side barriers to older people's participation in the labour market. The OECD review team

visited Australia in February and December 2004 to present respectively its preliminary and final reports on Australia's ageing and employment policies.

The department co-sponsored a study visit by the World Association of Public Employment Services in Sydney from 24 to 26 November 2004, allowing members to gain a better understanding of the Australian model for the delivery of public employment services. The radical transformation of public employment service delivery in Australia is without parallel in OECD countries—particularly in relation to employment services contestability and the use of innovative technology. Thirty visitors from 20 overseas countries attended presentations by departmental staff and industry representatives, discussion forums, and visits to Job Network members and Centrelink offices. They reported positively on the study visit programme, its organisation and the fruitful exchange of information.

The department also hosted visits by 19 delegations from Asia, Europe and the Middle East that are interested in Australia's *Active Participation Model*.

### Labour market research and publications

During 2004–05 the department prepared and published a range of labour market publications to facilitate the effective operation of the labour market and increased participation in it. The monthly online *Vacancy report* provides information on trends in skilled vacancies; *Small area labour markets* presents quarterly unemployment data for statistical local areas; and *Australian regional labour markets* reports on broader labour force regions. Also produced by the department were the *Leading Indicator of Employment* and *Australian jobs update*.

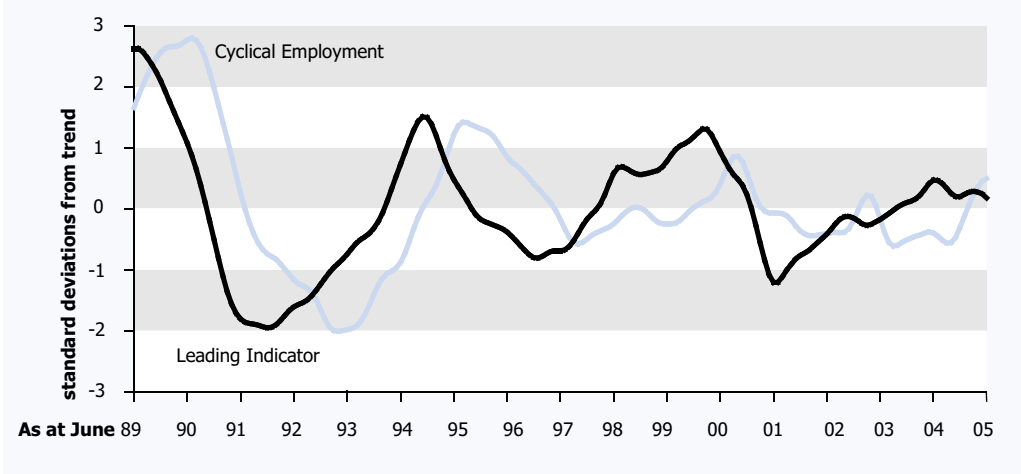
**CASE STUDY**

## The Leading Indicator of Employment

The Leading Indicator of Employment was developed to give advance warning of turning points in cyclical employment. It is a composite indicator combining the cyclical elements of six component series: new motor vehicle sales, dwelling approvals, ANZ newspaper job advertisements, Australian Bureau of Statistics job vacancies, DEWR skilled vacancies, and real gross domestic product lagged three months. These series have been shown to lead employment consistently in the past two decades. The Leading Indicator of Employment is available on the department’s Australian Workplace website

<[www.workplace.gov.au/workplace/Category/ResearchStats/LabourMarketAnalysis/LeadingIndicatorEmployment/](http://www.workplace.gov.au/workplace/Category/ResearchStats/LabourMarketAnalysis/LeadingIndicatorEmployment/)>.

### The Leading Indicator of Employment, June 1989 to June 2005



## Occupational and skills analysis

The department collects and disseminates information on occupational characteristics, trends and prospects and advises on skill shortages and future skill needs. Skill shortage research is done for trades and professional occupations and information and communication technology skills. Information on skill shortages is used by labour market intermediaries, education and training providers and careers advisers, as well as to help target Australia’s skilled migration.

In 2004–05 the Skills Outlook Working Group was formed, with representation from government agencies and industry, to draw together information on the future demand for and supply of skills and to facilitate the exchange of skills-related data. The working group is guiding the development of a Skills Australia website in order to provide, for industries and regions, improved information on skills and skill shortages.

Forward-looking information on characteristics, trends and prospects for all occupations was updated for the year on *Job outlook* online. Data on trends in skilled vacancies—including the Skilled Vacancies Index and the Information and Communication Technology Index—were provided in the monthly *Vacancy report*. Skill shortage lists for professions and for ICT skills, which provide information about shortages nationally, by state and territory and for metropolitan and non-metropolitan areas, were updated on the Australian Workplace site <[www.workplace.gov.au](http://www.workplace.gov.au)>.

Together with the Australian Bureau of Statistics and Statistics New Zealand, the department participated in a continuing review of the occupational structure, known as the Australian and New Zealand Standard Classification of Occupations, or ANZSCO. The proposed structure has been finalised, and feedback is being sought from users with a view to refining the classification and occupational definitions in the lead-up to the 2006 Census of Population and Housing.

Output  
3.2.2

## Industry and labour supply strategies

**The Industry Strategies Taskforce works in collaboration with employers and employment service providers—in particular Job Network—to develop tailored solutions to employers' labour and skill needs in selected industries and regional areas.**

This demand-led approach to improving the operation of the labour market focuses on high-growth industries where there are strong job prospects for job seekers registered with employment service providers but where Job Network's share of the jobs filled is low. The priority is to place job seekers from disadvantaged groups—people with a disability, the mature aged, Parenting Payment recipients, young people, the very long term unemployed, and Indigenous Australians.

During 2004–05 the taskforce also conducted 16 Better Connections workshops in selected regions, providing a wide range of localised labour market and demographic information to enable employment service providers and other stakeholders to tailor their interventions and assistance to meet local labour and skills needs.

In addition to developing industry and regional strategies for meeting employers' needs, the taskforce coordinated the provision of labour adjustment packages to help employees who work in industries affected by restructure—the sugar industry; the textile, clothing and footwear industry; and Mitsubishi Motors Australia.

The taskforce is also responsible for the department's Mature Age Industry Strategy, which provides for cooperative industry initiatives that improve the recruitment and retention of mature age job seekers and workers. This strategy is part of the department's wider Mature Age Employment and Workplace Strategy, announced in the 2004–05 Budget.

## Highlights

- Twenty-one cooperative industry projects were developed and successfully implemented under the Mature Age Industry Strategy to improve the recruitment and retention of mature age job seekers and workers in key growth industries. The projects are expected to result in the recruitment of nearly 700 mature age job seekers in these industries in 2004–05 and 2005–06.
- The reporting year saw a significant expansion in the work of the Industry Strategies Taskforce, including the development of dozens of demonstration projects to recruit job seekers from disadvantaged groups for key growth industries. Sixteen successful Better Connections workshops were also run around Australia to help address regional employment issues.
- The department coordinated the provision of labour market adjustment packages to former Mitsubishi Motors Australia workers and workers affected by sugar industry reform and coordinated the development of the Textile, Clothing and Footwear Labour Adjustment Programme for workers affected by tariff reform, to apply from 1 July 2005.
- As a result of a single project, 138 disadvantaged young people were placed in apprenticeships in the Illawarra region of New South Wales. The initiative exceeded its target and has been extended.
- Late in the reporting year four projects that focus on employment for people with a disability were developed. One project involves training and placing 30 job seekers with a disability in the retail sector in south-east Queensland; another, on the Central Coast of New South Wales, involves training and placing 15 job seekers with a disability in the food retail sector. In addition, at the local level, the Gippsland Area Consultative Committee has been funded to develop a strategy to explore the barriers to employment for people with a disability and, at the national level, the Mental Health Council of Australia has been funded to conduct two employer forums to explore barriers to employing people with a mental illness.

TABLE  
2.44

### PERFORMANCE RESULTS

#### Performance indicators and actual performance:

#### Output 3.2.2, Industry and labour supply strategies

Performance indicator	Target	Result
<b>Quality:</b> level of satisfaction of Ministers with the provision of policy advice <sup>a</sup>	Effective or above	24 briefs submitted to the Ministers, with an average rating of 4.4 (target met)
<b>Price<sup>b</sup></b>	\$6.481m	\$6.951m (7.3% over target)

a Ministers are asked to assess briefs based on their timeliness and presentation and the quality of advice. The scale is 1 (poor), 3 (effective) and 5 (excellent).

b Target figure includes the impact of all departmental funding transfers and internal restructuring associated with AAO changes but excludes expenses incurred by other agencies for the delivery of administered programmes prior to the AAO changes. The target figures previously published in the 2004–05 PBS and PAES did not fully reflect the impact of all of the funding transfers associated with the AAO changes.

## Stakeholder feedback

Performance of the department's information-based outputs is measured by feedback from stakeholders, particularly Ministers, on the quality of the information and advice provided. Feedback from Ministers is obtained through a rating system used for briefs and other documents; feedback from other stakeholders is obtained through less formal channels. During 2004–05 the average rating for the overall quality of briefs for Output 3.2.2 was 4.4, above the satisfactory target of 3.0. This is the first year of this output, so there are no previous ratings for comparison.

## Commentary

### The retail industry

The retail industry, which is characterised by a high proportion of part-time workers, offers good employment opportunities for disadvantaged job seekers—especially those with a disability, the mature aged and Parenting Payment recipients. In May 2005 the department contracted the National Retail Association to conduct a pilot project to help people with a disability enter the retail workforce. The Ready and Able project involves the provision of pre-employment training to 30 job seekers on the Disability Support Pension and their marketing to retail employers in south-east Queensland.

Training began in early June 2005 and consisted of eight weeks' training and six days' paid work experience with a retailer. The National Retail Association reports that training attendance is outstanding—far in excess of the association's experience with other employment training courses—and that employers are very receptive. At the end of the project the association will prepare an evaluation report to assist in the development of a national programme to help people with a disability enter retail employment in other locations.

### The childcare industry

There is significant employment growth in the childcare industry, and demand for skilled childcare workers is outstripping supply. Although many job seekers would like to work in childcare, they do not have the necessary skills or experience to obtain jobs. In Victoria the Child Care Industry Employment Initiative was established to bridge the gap between the industry's need for people and the aspirations of job seekers. In conjunction with the Victorian Government, as part of the initiative the department funded a pilot project to train and place 25 people in childcare traineeships in the state by the end of November 2004.

The programme coordinated the placement of job seekers with employers who were keen to recruit staff. The job seekers underwent a four-week pre-employment training programme consisting of work experience and centre-based training provided by the Lady Gowrie Child Care Centre. At the end of the pre-employment programme the centre in which the job seekers did their work experience employed the job seekers as trainees. The trainees then go on to complete two years of on- and off-the-job training in children's services competencies to gain a Diploma in Children's Services. By 30 June 2005, 22 job seekers had been placed in traineeships.

## The accommodation, cafes and restaurants industry

In conjunction with Restaurant & Catering NSW and a local employment service provider, the department established in Wagga Wagga a project to help the local restaurant and catering industry secure trained staff. Fish on Friday is an intensive two-week programme that gives participants practical skills and experience and thus a professional edge when applying for positions. Participants graduate by providing a fish meal for invited members of the hospitality industry, to show the competencies they have acquired.

The cost of the training was funded by the Job Seeker Account, and the training was provided by Restaurant & Catering NSW. The Country Comfort motel in Wagga Wagga provided the training facilities. The course was extremely successful: 18 of the 19 people who completed the course subsequently received a job in the industry.

Given the success of the programme, the department is working with Restaurant & Catering NSW to conduct the training in other regional areas in New South Wales and with the industry in other states to roll out the programme nationally.

## The manufacturing industry and mature age job seekers

There is a range of cooperative projects under way around Australia as part of the taskforce's Mature Age Industry Strategy. For example, in Toowoomba, in south-east Queensland, and in the western suburbs of Sydney the department is working with the Australian Industry Group to help mature age job seekers obtain formal recognition for previous work experience in the manufacturing industry and secure employment. Under the programme, eligible mature age job seekers with at least three years' experience in the manufacturing trades receive 'gap' training to update their skills and then enter an accelerated apprenticeship of about two years with participating employers.

The project also contributes to implementation of the department's New Apprenticeships Action Plan, which aims to increase sustainable employment outcomes for job seekers and increase participation of those groups not engaged in the labour market or at risk of disengaging from it, through providing greater access to outcomes offered by New Apprenticeships. Two further courses are planned for Brisbane early in 2005-06.

## The Better Connections workshops

The taskforce conducts regular Better Connections workshops in selected regions of Australia to bring together local employment service providers and relevant stakeholders to develop local solutions to labour and skill issues and discuss workforce participation and other relevant matters. Sixteen workshops were held in 2004-05, in such places as Wagga Wagga, Port Lincoln, Darwin, Dubbo, the Atherton Tableland, and Cairns.

The department encourages and supports local employment initiatives arising from the workshops. For example, the participants in the workshop held at Kwinana-Rockingham, south of Perth, decided to conduct a survey of local labour needs, which the department subsequently decided to make a feature of all workshops. Following the Gippsland, Victoria, workshop,

a project was developed to train and place up to 120 mature age job seekers with Eastlink, including at its concrete pre-casting facility in Morwell. A second project is also under way to develop a business plan to increase the participation of disadvantaged groups in the local labour market.

Output  
3.2.3

## CDEP management

**The Community Development Employment Projects programme provides for unemployed Indigenous people activities designed to meet community needs and develop participants' skills to help them to move into employment outside CDEP. These activities can also lead to the development of business enterprises. CDEP was transferred from the Aboriginal and Torres Strait Islander Services to the Employment and Workplace Relations portfolio on 1 July 2004.**

### Highlights

- The *Building on success: CDEP discussion paper (2005)* was released by Minister Andrews on 21 February 2005. This was followed by a public consultation process, including face-to-face consultations in over 40 locations around Australia involving more than 2100 stakeholders.
- The *Building on success: CDEP—future directions* paper was released on 22 April 2005, outlining changes to CDEP following the public consultation process.
- The administration of CDEP was relocated from Adelaide to Canberra on 8 April 2005.
- In May and June 2005 the department's state and territory offices negotiated new programme funding agreements with organisations selected to deliver CDEP in 2005–06. The agreements incorporate changes to CDEP for 2005–06, including a new funding model and targets for achievements under the key performance indicators, which are employment, community activities and business development.

TABLE  
2.45**PERFORMANCE RESULTS****Performance indicators and actual performance:****Output 3.2.3, CDEP management**

Performance indicator	Target	Result
<b>Quality:</b> level of satisfaction of Ministers with provision of policy advice <sup>a</sup>	Effective or above	22 briefs submitted to the Ministers, with an average rating of 4.4 (target met)
<b>Quantity:</b> utilisation of programme places	37 100	34 775 (94%). Actual participation over the 2004–05 contract period was 60 701
<b>Price<sup>b</sup></b>	\$17.508m	\$19.542m (11.6% over target) Above budget due to transitional issues associated with the transfer of the Business Development and Assistance Programme and Community Development Employment Projects to the department

a Ministers are asked to assess briefs based on their timeliness and presentation and the quality of advice. The scale is 1 (poor), 3 (effective) and 5 (excellent).

b Target figure includes the impact of all departmental funding transfers and internal restructuring associated with AAO changes but excludes expenses incurred by other agencies for the delivery of administered programmes prior to the AAO changes. The target figures previously published in the 2004–05 PBS and PAES did not fully reflect the impact of all of the funding transfers associated with the AAO changes.

## Stakeholder feedback

Performance of the department's information-based outputs is measured by feedback from stakeholders, particularly Ministers, on the quality of the information and advice provided. Feedback from Ministers is obtained through a rating system used for briefs and other documents; feedback from other stakeholders is obtained through less formal channels. During 2004–05 the average rating for the overall quality of briefs for Output 3.2.3 was 4.4, above the effective target of 3.0. This is the first year of this output, so there are no previous ratings for comparison.

## Commentary

At 30 June 2005 there were 34 775 CDEP participants in 225 CDEP-contracted organisations. Total CDEP programme funding for 2004–05 was \$550 million, and 1575 CDEP participants began mainstream employment.

In releasing the CDEP discussion paper, the Australian Government acknowledged that, although the programme has become an important part of many Indigenous communities, it is necessary to build on this success. Improvements are needed to provide opportunities for all participants to find, wherever possible, non-CDEP jobs to help organisations support community activities, make use of funding opportunities and establish commercially viable businesses that can generate income independent of CDEP.

Feedback on the discussion paper was received at consultation sessions in more than 40 locations, and over 100 written submissions were received by email, fax and post. Overall, the feedback was constructive and wide ranging, with most stakeholders noting the ongoing value of the programme, particularly in remote locations. There was also a strong view that change was needed and that this change should be made at a pace that takes account of the capacity of CDEP organisations and their environment.

The department negotiated with applicants for CDEP funding for 2005–06 to establish targets for the three key areas of employment, community activities and business development. It also negotiated with CDEP organisations to reduce the number of non-Indigenous programme participants.

## Outlook for 2005–06: Output Group 3.2

The department's work in 2005–06 will focus on the following:

- analysing labour market trends—including the impact of demographic and policy changes on the labour market, employment and labour force participation, and the labour force experience of specific target groups, such as single parents, people with a disability, mature age people and the long-term unemployed
- providing analytical support for the development of targeted industry-based strategies to facilitate improved links between employers and job seekers
- development of a new Job Seeker Classification Instrument to reflect changes resulting from the introduction of the Welfare to Work reforms announced in the 2005–06 Budget
- preparation of a paper on the effects of population ageing, skill demand and supply, and other labour supply developments on Australia's workforce in the next five years, to support the coming employer contact campaign
- better provision of, and access to, forward-looking information on skill needs for industries, occupations and regions
- analysing skill needs and trends in the labour market—including labour market migration
- the publication *Australian jobs 2005*, previously called *Job outlook*, providing up-to-date labour market information to assist job seekers and reinforcing the strong industry focus of the Australian Government's Employer Demand Strategy by providing industry-level information.

Industry strategies will involve the following:

- the Industry Strategies Taskforce working with industry bodies and individual employers in selected industries to develop, with small grant funding, innovative recruitment, employment and retention strategies that can be applied nationally for job seekers from disadvantaged groups. This follows the announcement in the 2005–06 Budget of the Industry Strategies Taskforce assuming responsibility for a component of the Australian Government's new four-year, \$50 million Employer Demand Strategy
- the Industry Strategies Taskforce developing a web portal and running a further series of Better Connections workshops to provide a range of information about labour market demand and supply, to help employment service providers and others better service industry, employers and job seekers in order to redress regional labour and skill shortages. About 30 workshops are planned for 2005–06.

In 2005–06 the CDEP programme will:

- remain flexible—with emphasis on a unique mix of employment, community activities and business development
- have a stronger emphasis on results—particularly in relation to off-CDEP job outcomes
- use a new funding model—with emphasis on funding going to activities
- involve a partnership between the department and CDEP organisations—to improve results and meet community needs
- link to a range of other programmes and services and shared responsibility agreements where possible
- support CDEP organisations in working towards realistic goals for 2005–06—taking account of the local job opportunities and the services available.

