

Report on performance

Workforce Participation

2

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Outcome 3: Increased workforce participation

The Department of Employment and Workplace Relations contributes to the achievement of Outcome 3 through high-quality labour market research and evaluation, policy formulation and advice, development and implementation of strategies to increase labour supply and employer demand for priority groups, and a reduction of long-term unemployment.

Highlights

- Through the Working Age Taskforce, the department played a primary role in coordinating the whole-of-government implementation of the Welfare to Work reforms.
- The department contributed to the introduction, management and passage of the *Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Act 2005* and the *Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) (Consequential Amendments) Act 2006*.
- The department contributed to and managed consultations associated with the development and introduction of the Welfare to Work disallowable instruments.
- The Welfare to Work amendments to the *Guide to Social Security Law* were prepared and incorporated.
- Information on the changing nature of the labour market, labour supply and skills shortages was published in *Australian Jobs 2006*. In addition the Jobs Outlook site profiled over 400 occupations.
- Demand driven labour market strategies were developed for employers and 43 demonstration projects were funded to better meet emerging needs.
- The results of the *Australians Working Together* evaluation were published.
- The Labour Market Information Portal public site, which contains a range of labour market data, was launched.
- In November 2005 the department released the *Workforce Tomorrow* report.
- CDEP organisations placed 3704 participants in paid employment, a 135 per cent increase on the preceding year.

Key priorities

In 2005–06 the key priorities for Outcome 3 were as follows:

- manage implementation of the Welfare to Work reforms to increase labour market participation and employment rates and reduce welfare dependency for
 - people with disability

- parents—particularly single parents
- mature age Australians
- very long term unemployed people
- reduce the incidence of long-term unemployment
- monitor and analyse the labour market in order to
 - identify emerging trends in workforce participation and employment rates
 - identify and forecast labour supply and skill shortages by industry, occupation and labour market region
- implement the reforms to Community Development Employment Projects to increase workforce participation and employment rates and reduce welfare dependency for Indigenous Australians
- expand business development opportunities and their take-up by Indigenous Australians
- improve labour supply to industries, occupations and regions facing supply and skill shortages
- research and evaluate labour market programme interventions and welfare reform.

CHART 2.12

Organisational structure for Outcome 3, 30 June 2006

Deputy Secretary Workforce Participation Graham Carters	
Indigenous Employment and Business Group Manager Bob Harvey	Business and Policy Development Jody Hamilton
	Community Development Employment Projects Business Development Kari Ahmer
	Community Development Employment Projects Future Directions Mary-Anne Sakkara
Labour Market Strategies Group Manager Chris Foster A/g	Economic and Labour Market Analysis Chris Foster
	Industry Strategies Taskforce Jenny Harrison
	Labour Supply and Skills Ivan Neville
Research and Evaluation Group Manager Bruce Whittingham	Evaluation and Programme Performance Paul Volker
	Research and Data Analysis Scott Matheson
Working Age Policy Group Manager Barry Sandison	Disability Policy Sharon Rose
	Employment Policy Stephanie Bennett
	Mature Age and Youth Policy Diane McEwan
	Parent Policy Alison Morehead
Working Age Taskforce	Manager Alison Durbin

CHART 2.13

Outcome 3, the interrelationship between the output groups, outputs and organisational units, 30 June 2006

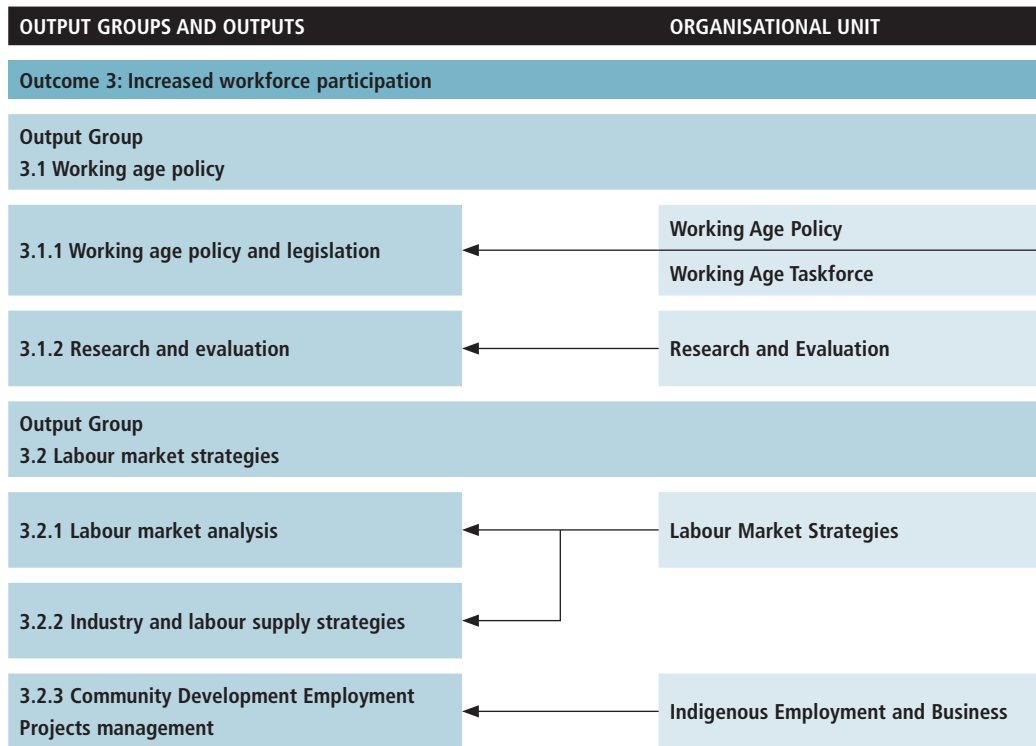


TABLE 2.28

Outcome 3: financial and staffing resources summary, 2005–06 (\$'000)

OUTCOME 3	Budget PBS (2005–06) ^a	Additional Estimates and supplementary additional estimates (2005–06) ^b	Other Adjustments (2005–06) ^c	Estimated Actual (2005–06) ^d	Actual expenses (2005–06)	Variation (2005–06)	Budget (2006–07)
	A	B	C	D = A + B + C	E	F = E - D	G
ADMINISTERED EXPENSES	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Community Development Employment Projects	560 642	0	(29 761)	530 881	536 613	5 732	574 451
Total Administered expenses	560 642	0	(29 761)	530 881	536 613	5 732	574 451
PRICE OF DEPARTMENTAL OUTPUTS							
Output Group 3.1 Working age policy							
Output 3.1.1 - Working age policy and legislation	18 042	34	229	18 305	17 353	(952)	18 902
Output 3.1.2 - Research and evaluation	10 818	21	(990)	9 849	9 765	(84)	10 070
Subtotal Output Group 3.1	28 860	55	(761)	28 154	27 118	(1 036)	28 972
Output Group 3.2 Labour market strategies							
Output 3.2.1 - Labour market analysis	4 934	10	(517)	4 427	4 049	(378)	5 915
Output 3.2.2 - Industry and labour supply strategies	11 145	22	235	11 402	10 940	(462)	14 503
Output 3.2.3 - CDEP management	27 266	51	3 604	30 922	31 664	742	33 162
Subtotal Output Group 3.2	43 345	83	3 322	46 751	46 653	(98)	53 580
Total Departmental Expense	72 205	138	2 561	74 905	73 771	(1 134)	82 552
Funded by:							
Revenue from government (appropriations) for departmental outputs	72 205	0	2 699	74 904	74 742	(162)	82 552
Revenue from other sources	2 086	0	(162)	1 924	2 574	650	1 838
Total price of departmental outputs	74 291	0	2 537	76 828	77 316	488	84 390
Total for Outcome 3	634 933	138	(27 362)	607 710	612 958	5 248	658 841
Average staffing level	400	30	0	430	432	2	448

a Original 2005–06 budget estimate, as published in the 2005–06 Portfolio Budget Statements, refer to this document for further information on estimates.

b Additional estimates, as published in the 2005–06 Portfolio Additional Estimates, for further information on changes to estimates.

c Other adjustments include \$32 transfers to/from other agencies, adjustments to departmental expenses associated with internal restructuring and prioritisation of expenditure and adjustments to administered expenses as a result of actual experience.

d Estimated actual for 2005–06, as published in the 2006–07 Portfolio Budget Statements.

Performance information: Outcome 3

Table 2.29 summarises the three key performance indicators used to monitor the performance of Outcome 3.

TABLE 2.29

Performance measures: Outcome 3

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

Labour force participation rate and employment-to-population ratio for civilians aged 15–64 years

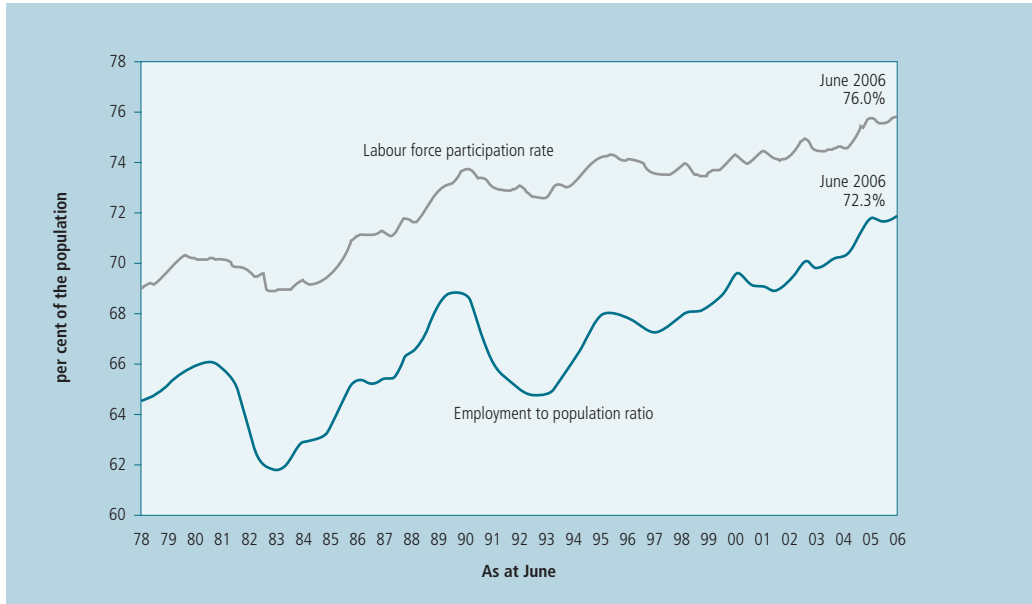
The labour force participation rate is the proportion of the working age population that is either employed or looking for work. It is used to determine whether an increasing proportion of the population is working or looking for work and is a good indicator of the total labour supply. It does not, however, include those marginally attached to the labour force.

The employment-to-population ratio shows the proportion of the working age population successfully participating in work. The ratio is influenced by both labour demand and effective labour supply factors. It is also a good summary indicator for measuring labour market performance relative to comparable countries, especially those in the OECD.

In the year to 30 June 2006 the employment-to-population ratio for civilians aged 15–64 years rose by 0.4 per cent in trend terms, reaching a record 72.3 per cent as a result of a strong labour market. In trend terms, employment grew by 1.8 per cent during the year, while the unemployment rate fell to 4.9 per cent in June 2006—the lowest rate in 30 years. Increasing 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 0.3 per cent in trend terms, to a record 76.0 per cent (see Chart 2.14).

CHART 2.14

Labour force participation rate and employment-to-population ratio: civilians aged 15–64 years, June 1978 to June 2006



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

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

The working age income support payment types are as follows:

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

Table 2.30 shows the proportion of civilians aged 15–64 years on these payment types for both full and part rate.

TABLE 2.30

Percentage of civilians aged 15–64 years on working age income support payments, June 2005 and June 2006

	Full rate	Part rate	Total
June 2005	11.57	3.52	15.09
June 2006	11.13	3.45	14.58
Trend	-3.80	-1.99	-3.38

Source: DEWR Administrative data.

Overall, the proportion of civilians aged 15–64 years on working age income support payments fell substantially during 2005–06. Part-rate payments increased for Newstart Allowance, Youth Allowance (other), the Disability Support Pension, Parenting Payment (Single) and Sickness Allowance.

The increase in part-rate payments can be attributed to more people in these groups taking on part-time work to supplement their welfare benefits. This is a positive outcome: it represents a transition from welfare to work and is indicative of strong labour market conditions. A move from unemployment or labour force inactivity to part-time employment is important for many of the department's clients, since it could represent the first step on a path towards full-time work (or at least longer hours of part-time work).

There were large falls in 2005–06 in the proportion of civilians aged 15–64 years on both Mature Age Allowance and Partner Allowance because of the cessation of entry into these two payment types from September 2003, as part of the *Australians Working Together* policy. Many people who otherwise would have gone onto one of these allowances have probably remained on or claimed Newstart Allowance, thus dampening the fall in numbers for Newstart Allowance. The falls for many of the payment types are at least partly a consequence of strong economic conditions in 2005–06 and the continued implementation and refinement of the *Active Participation Model*.

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 influences 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, with a primary focus on implementation of the Welfare to Work reforms announced in the 2005–06 Budget.

Contribution to Outcome 3

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

- providing to Ministers, senior officers of the department and other key stakeholders policy advice and briefings on implementation of the Welfare to Work reforms
- working with internal and external stakeholders on finalising and implementing the Welfare to Work reforms
- contributing to a continuing whole-of-government approach to broader policy development and delivery, with a particular focus on increasing workforce participation
- conducting research and analysis aimed at enabling effective policy, strategies and programme models to increase the workforce participation of people who have the capacity to work. This includes carrying out research or evaluation activities on both ‘macro’ and ‘micro’ policy levels and providing reports and briefs to support new policy development.

Administered items

No administered items are associated with Output Group 3.1.

Output 3.1.1: Working age policy and legislation

During 2005–06 the department managed implementation of the Welfare to Work reforms announced in the 2005–06 Budget. The purpose of these reforms is to increase workforce participation and reduce welfare dependency for parents, people with disability, mature age Australians and very long term unemployed people.

Following the passage of the *Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Act 2005*, consequential changes were required to the legislation. The *Employment and Workplace Relations (Welfare to Work and Other Measures) (Consequential Amendments) Act 2006* received assent on 22 June 2006.

In November 2005 the department made a submission to the Senate Family and Community Affairs Legislation Committee’s inquiry into the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Bill 2005 and the Family and Community Services Legislation Amendment (Welfare to Work) Bill 2005. The report of this inquiry recommended that disallowable instruments be developed. Five such instruments were introduced into Parliament on 9 February 2006 on matters pertaining to reasonable excuse for not meeting participation requirements, special circumstances relating to a person’s family,

matters that must not be included in an Activity Agreement, unsuitable work, and prospective determinations for Parenting Payment. The department received written comments and held a consultation session with key welfare, single parent and disability groups on the content of these instruments.

The *Guide to Social Security Law* was revised to reflect the changes to the Welfare to Work legislation and provide more detailed information on how the law is to be interpreted and administered. Before the guide was revised, key welfare, parent and disability groups were consulted.

The department also played a leading role in implementing the Australian Government's Indigenous Economic Development Strategy, launched on 9 November 2005. A particular focus of the strategy is improved Indigenous employment and business outcomes and wealth creation.

Highlights

- The *Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Act 2005* was passed on 7 December 2005 and the *Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) (Consequential Amendments) Act 2006* received assent on 22 June 2006.
- The department played a leading role in the successful implementation of the Welfare to Work reforms on 1 July 2006. An important aspect of this work was the cooperation between Centrelink, the Department of Human Services and DEWR to ensure timely introduction of the new measures.
- The department made a submission to the Senate Family and Community Affairs Legislation Committee's inquiry into the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Bill 2005 and the Family and Community Services Legislation Amendment (Welfare to Work) Bill 2005.
- The department managed the development of the overall policy process for the Welfare to Work reforms, including the new compliance framework, which focuses on the following groups:
 - parents—particularly single parents
 - people with disability
 - mature age Australians
 - very long term unemployed people.
- The department contributed to the revised *Guide to Social Security Law*.
- Central to the Welfare to Work reforms is the new Job Capacity Assessment process. The department worked with the Department of Human Services to develop the Job Capacity Assessment report, to ensure that it supports Job Capacity Assessors when referring job seekers with disability to the right service.

- The department participated in a whole-of-government approach across a range of matters and agencies:
 - implementation of Welfare to Work across policy and service delivery agencies
 - participation in the Council of Australian Governments Mental Health Inter-departmental Committee, led by the Department of the Prime Minister and Cabinet
 - establishment of the Employment and Education Linkages Working Group in collaboration with the Department of Education, Science and Training.

Performance results

TABLE 2.31

Performance indicators and actual performance:
Output 3.1.1, Working age policy and legislation

Performance indicator	Target	Result
Quality		
Level of satisfaction of Ministers with the provision of policy advice ^a	Effective or above	236 briefs submitted to Ministers, with an average rating of 3.9 (target met)
Price	\$18.662m	\$17.780m (4.7% below 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 (outstanding).

Stakeholder feedback

Performance of the department's information-based outputs is measured by feedback from stakeholders, particularly Ministers, on the quality of 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 2005–06 the average rating for the overall quality of briefs for Output 3.1.1 was 3.9.

Commentary: policy advice

The primary focus for Output 3.1.1 during 2005–06 was provision of policy advice, in collaboration with other areas of the department, to support implementation of the Welfare to Work reforms. This was done in a number of ways:

- supporting the introduction of the Welfare to Work legislation, including the new compliance framework, in the key policy areas of
 - parents—in particular, single parents
 - people with disability
 - mature age Australians
 - very long term unemployed people.
- preparing associated documentation—such as training and communications material

- providing advice to programme managers, system analysts, Centrelink and the Department of Human Services
- developing new material for the *Guide to Social Security Law* to reflect changes in legislation
- providing commentary and analysis on a wide range of income support policy matters affecting people in receipt of working age payments
- advising on policy and arrangements for compliance and activity testing under the Welfare to Work measures.

New policy proposals

The 2006–07 Budget secured funding that builds on the measures already announced under the Welfare to Work reforms. The measures are to be delivered by the Department of Employment and Workplace Relations, the Department of Family and Community Services and Indigenous Affairs and the Department of Education, Science and Training and include the following:

- \$0.6 million over four years to extend full Job Network eligibility to adult prisoners in pre-release centres who are available for work on partial or day release. (About 400 prisoners are expected to benefit from this measure each year.) The measure has one-off costs in 2006–07 because it provides earlier assistance to people leaving prison but does not change the number of people using employment services or the amount of time individuals have access to services
- \$1.8 million over four years to strengthen social security legislation, to ensure that the principal carer of a dependant child—for example, a grandparent, a member of the child’s extended family or a foster carer—can gain easier access to Parenting Payment, the Newstart Allowance ‘with child’ rate and Newstart Allowance (principal carer) to assist with their caring responsibilities
- \$2.9 million over four years for the Supported Wage System, to enable an estimated 1400 additional workers with disabilities to gain access to independent wage assessments
- \$5 million over four years to allow more than 1750 deaf employees to have an Auslan interpreter attend their induction training, occupational health and safety training and team meetings. The funding will also enable 3500 of their co-workers to attend introductory deafness awareness training and Auslan courses. Employers who are otherwise unable to afford interpreter services to employ deaf people will benefit from the availability of the interpreter and training services
- \$9.8 million over four years for non-resident parents on Newstart Allowance and related payments (Newstart Mature Age, Sickness Allowance and Youth Allowance) to receive the ‘with child’ rate of income support if they share caring responsibilities. They will also have access to a health care card, the Medicare Safety Net and Rent Assistance
- \$10.9 million over four years from 1 July 2007 to expand access to Job Network’s Employment Preparation and Job Search Training services for age pensioners who wish to return to the workforce. A total of 2500 places will become available each year

- \$40 million over five years as part of the Government’s contribution to the Council of Australian Governments mental health package to fund
 - an additional 2500 places in the Personal Support Programme
 - additional post-placement and job-in-jeopardy support for people with mental illness, through the Disability Employment Network (formerly Disability Open Employment Services) and Vocational Rehabilitation Services
 - evaluations of projects that demonstrate the most effective ways of providing employment assistance to people with mental illness.

Commentary

Parents

Increasing the workforce participation of parents of school-age children and in receipt of income support is an important element of the Welfare to Work reforms introduced on 1 July 2006. The majority of Parenting Payment recipients do not participate in the workforce, and the department has developed policies to increase their participation and improve their job prospects. To overcome employment barriers, extra assistance is now available through increased funding for parents in the Disability Employment Network and Vocational Rehabilitation Services and more places in the Personal Support Programme. A new Employment Preparation service, together with a new service quality guarantee, will also be available within Job Network.

CASE STUDY

The Halls Creek 'Engaging Families' trial

The Minister for Employment and Workplace Relations announced in December 2005 that a new trial would commence in 2006. The new trial 'Engaging Families' sought to encourage parents on Parenting Payment (Single or Partnered) with children at the local Halls Creek District School to become involved in work-related activities while encouraging improved school attendance. Engaging Families was a purely voluntary approach and no parent could have their income support suspended as a result of participating in the trial.

The trial began at the start of the 2006 school year and ended on 7 July 2006. It was an action research project involving 29 families on Parenting Payment (Partnered) or Parenting Payment (Single) who have children at the Halls Creek District School.

The time-consuming recruitment exercise was carried out by Centrelink. The reasons for joining the trial varied. In the end most parents joined the trial because they liked and trusted the local Centrelink Participation Adviser.

All parents in the trial were referred to Job Network, where they discussed and set their work and/or training goals in an interview. The parents were given the opportunity to:

- participate in the Working Life training course run through Job Network
- meet the Centrelink social worker
- attend a joint DEWR – Job Network Jobs Expo in Halls Creek to meet local employers and training providers
- attend an interview with their child's teacher
- seek employment, participate in TAFE courses, engage in volunteer work at the school, and participate in Community Development Employment Projects.

DEWR worked closely with Centrelink, Job Network, the Indigenous Coordination Centre in Kununurra, the Halls Creek District School, WA Education and other Halls Creek service providers via a Local Steering Group to ensure that participants were given the best opportunity to succeed in the trial.

The Local Steering Group was supervised by the Inter-agency Group in Canberra, which consisted of representatives of DEWR, Centrelink, the Department of the Prime Minister and Cabinet, the Department of Human Services, the Department of Treasury, the Department of Education, Science and Training, and the Department of Families, Community Services and Indigenous Affairs.

People with disability

The department is building on the Welfare to Work policy measures to encourage and help people with disability to participate in the workforce. Policy analysis and development are focusing on enabling more people with disability to share in the rewards and benefits of employment—for example, a higher income, an improved standard of living, better links to the community, and greater self esteem and wellbeing. The department recognises that improving employment outcomes for people with disability requires early intervention and both supply- and demand-side responses. Although these responses focus on the many benefits of encouraging people with disability to participate in the workforce, the department's policy development activities also take into account the crucial role of the income support safety net for people who are unable to support themselves financially.

CASE STUDY

JobAccess: a new one-stop shop

A major achievement during 2005–06 was the development of JobAccess, an initiative of the Employer Demand Strategy for people with disability. Based on the US Job Accommodation Network, the Australian version was developed with the help of the Human Rights and Equal Opportunities Commission and others and was launched on 3 July 2006.

JobAccess is an information and advice service that offers practical workplace solutions for people with disability and their employers. It is a comprehensive, easy-to-use website with a free telephone and email information and advice service offering job seekers confidential, expert advice on all disability employment matters. WorkFocus Australia won the tender to provide the JobAccess telephone and email advice on disability employment matters.

The JobAccess website has information about the full range of Australian government services and incentive schemes for employment of people with disability. It also has step-by-step guides to recruitment, job searching, adjusting a workplace, understanding rights and responsibilities at work, and more. Visit JobAccess on the web at <www.jobaccess.gov.au> or call the JobAccess advisers on 1800 464 800 for more information.

JobAccess will be expanded in 2006–07, with resources focusing on mental health and increasing employer demand for people with disability.

The Disability Advisory Group

Membership of the Disability Advisory Group did not change during 2005–06; the members represent disability peak bodies, service provider peak bodies and employers. Throughout the year the group provided advice to the portfolio Ministers and the department on matters relating to implementation of the Welfare to Work reforms.

The Employer Roundtable for People with Disabilities

The Employer Roundtable for People with Disabilities advised the Minister on ways to increase employer demand for people with disability. It reported at the end of 2005.

The mature age workforce

In response to the ageing of the Australian workforce, the department has continued the Mature Age Employment and Workplace Strategy announced in the 2004–05 Budget. The strategy is designed to increase the workforce participation of mature age Australians through changing attitudes to mature age employment and encouraging more flexible workplaces.

The department continued 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 2005–06 forums were held with a range of large, medium and small enterprises to help them develop strategies and tools for mature age–friendly workplaces.

Age Management Training programmes have been developed by the department to promote age-balanced workforces. The Manager programmes will help employers and team leaders introduce flexible workplace practices that increase the attraction and retention of mature age workers. The Experienced Worker programme will help mature age people plan and implement a phased retirement.

CASE STUDY

The Mature Age Employment and Workplace Strategy

The reporting year was the second year of the Mature Age Employment and Workplace Strategy. The 2004–05 Budget provided \$12.1 million over four years to increase mature age Australians' workforce participation as a means of responding to the challenge of an ageing population. The strategy has three main components:

- The Jobwise Outreach Strategy is aimed at improving the job search techniques and career decisions of people aged 45 or more years. It has two main elements
 - 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 their career decisions.

During 2005–06, 15 mature age workshops were held to attract participants to self-help groups. As a result, 25 self-help groups were established in nine regions of Australia.

- The Mature Age Employment Workplace Strategy is aimed at redressing entrenched employer views and encouraging mature age–friendly workplaces. Achievements in 2005–06 include the following
 - the Wise Workforce programme—established at a regional level to raise the profile of demographic concerns, skills shortages and the benefits of mature age workers, particularly for small and medium-sized enterprises, and providing follow-up support to help businesses implement policies and practices aimed at increasing recruitment and retention of mature age people. Wise Workforce programmes were run in 11 regions during the year, and 82.8 per cent of participants reported that they would seriously consider hiring mature age workers. In fact, 77.6 per cent of participants who had employed staff in the preceding 12 months had hired at least one mature aged person
 - the Jobwise website <www.jobwise.gov.au>—dedicated to promoting mature age (over 45 years) employment. The website contains a wealth of information for employers, mature age job seekers and mature age workers. In March 2006 and again in June 2006 the website was upgraded to allow linkages to Jobwise employer vacancies on Australian Job Search and more direct and timely updating of the website's content
 - employer champions—businesses with a strong record of successfully implementing age-positive policies and practices. Three new businesses were recognised by the Minister as Champions for Mature Age Employment during the year, bringing the total to ten.

CASE STUDY (CONTINUED)

- The Mature Age Industry Strategy provides funding for projects in specific industry sectors to develop good-practice recruitment and retention strategies to increase the workforce participation of mature age people in order to meet the demand for labour and skills. The strategy has two main elements
 - mature age recruitment—it is expected that from 16 recruitment projects in 2005–06 479 mature age job seekers will be placed into work
 - mature age retention strategies—from three retention projects (one in the childcare industry in Victoria, one in the manufacturing sector in Ballarat in Victoria and one in the civil construction industry in Tasmania), 40 mature age workers had an opportunity to improve their skills and remain in their respective industries.

Youth

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

The department funded a Youth Work Transition pilot study designed to find ways of helping disadvantaged young people (including those who are homeless) start apprenticeships, find work or resume education. The pilot finished at the end of 2005 and is now being evaluated.

Additionally, the department improved the assistance available to young people by forging links with related programmes. For example, it worked to strengthen ties between the Supported Accommodation Assistance Programme and employment services.

People of culturally and linguistically diverse background

The department contributed to the National Action Plan to Build on Social Cohesion, Harmony and Security, a development initiated by the Council of Australian Governments, and supported the Muslim Community Reference Group, which was established in order to provide input to the National Action Plan. It also ran Better Connections workshops in regions with high populations of Muslims. The workshops generated positive reactions from business, community and government representatives who attended.

Very long term unemployed people

Increasing the labour force participation of very long term unemployed job seekers is a central component of the Welfare to Work reforms introduced on 1 July 2006. These job seekers account for a growing proportion of the unemployed population, and the department has developed policies to improve the job prospects of those who complete two periods of Intensive Support customised assistance in Job Network. The department also helps overcome

employment barriers through wage subsidies, referral to the Disability Employment Network , Vocational Rehabilitation Services, and more places in the Personal Support Programme. If job seekers demonstrate a pattern of work avoidance they can, however, be required to participate in full time Work for the Dole.

The Employability Skills Project

The Employability Skills Profiler is a user-friendly online decision support tool designed to help service providers gain a better understanding of a job seeker’s employability.

A successful pilot was conducted in late 2005 on a sample size of 160 job seekers from a variety of backgrounds. Nationwide roll-out to Job Network members began in February 2006 and, by the end of June 2006, 70 Job Network members had it installed and were planning to use it across an estimated 391 sites.

Customised support continues to be provided to employment service providers through a range of measures. The Project Team made a series of visits to Job Network members in Adelaide, Brisbane, Canberra, Melbourne and Sydney and held teleconferences to ensure a smooth roll-out. Further support was offered through comprehensive direct and online training. An employment service provider Profiler Best Practice Model was also developed to provide to Job Network management practical suggestions on how the profiler could be incorporated in their existing service model.

The Working Age Taskforce

The Working Age Taskforce developed a project and risk management framework for implementation of Welfare to Work. It provided progress reports on implementation to the department’s Welfare Reform Steering Committee, chaired by the Deputy Secretary, Workforce Participation. The Taskforce also provided secretariat support to three whole-of-government committees:

- The Welfare to Work Steering Committee, chaired by the DEWR Secretary, oversees implementation of the Welfare to Work reforms across agencies and provides feedback to the Australian Government.
- The Strategic Project Management Group, chaired by the Deputy Secretary, Workforce Participation, is responsible for whole-of-government implementation, coordination and planning of the Welfare to Work reforms.
- The Welfare to Work Consultative Forum, comprising representatives from the business, community, government and academic sectors, advises Ministers at a broad strategic level on the design of services to ensure government policy objectives are achieved.

Labour market implications of the Australian Migration Program

During 2005–06 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 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 DIMA on some 300 applications across a range of sponsored temporary and permanent migration arrangements, finalised 23 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 provided detailed submissions to the Senate Employment, Workplace Relations and Education Committee's Review of Pacific Regional Seasonal Contract Labour and the independent Evaluation of the General Skilled Migration Categories.

Initiatives to improve outcomes for Indigenous Australians

In 2005–06 the department played a key role in participating in various whole-of-government forums and activities associated with improving outcomes for Indigenous Australians. Specific tasks included supporting the department's involvement in the Ministerial Taskforce on Indigenous Affairs, the Secretaries' Group on Indigenous Affairs, and the Senior Executive Service Taskforce. The department's work in supporting Indigenous Coordination Centres and Solution Brokers also represents a considerable investment of resources.

The focus of the Australian Government's Indigenous Economic Development Strategy is achieving Indigenous economic independence through improving employment, self-employment, business development, and asset and wealth management.

As the first step in delivering on the Australian Government's election commitment to reduce passive welfare in Indigenous communities, DEWR, in collaboration with other Australian government departments, has been gradually removing remote area exemptions for activity-tested income support recipients in remote communities across Australia. During 2005–06 the department worked with communities, Centrelink and employment service providers to remove these exemptions and provide employment training and other opportunities for activity-tested income support recipients in 10 communities. A further 16 communities have been consulted.

The department continued to promote the Australian Government's strategic partnership with the Minerals Council of Australia, as attested to by the five-year memorandum of understanding signed in June 2005. Much of the activity to date has focused on the development of regional partnership agreements for the regions identified in the strategy.

A series of introductory business development workshops entitled Turning Dreams into Sustainable Businesses were held across the country, showcasing successful Indigenous-owned and -operated businesses. The workshops linked emerging Indigenous entrepreneurs with key players in economic development, with the aim of fostering relationships and creating business partnerships.

In addition, the department's communications products for Indigenous employment and economic development programmes were redeveloped to promote 'employment and economic development solutions' rather than individual programmes. Practical examples that draw logical connections between the audience and the assistance available are presented. Employers are a primary target of the strategy, and specific products are designed to increase employer demand and build on industry strategies for this purpose.

2

Output 3.1.2: Research and evaluation

Employment assistance and working age payments administered by the department are continually reviewed and evaluated with the aim of improving the quality of programme management and policy development. Among the performance measurement techniques are evaluation of programme performance and estimation of post-assistance outcomes and research into and evaluation of service quality and the impacts of policy changes.

Highlights

- A study of the sustainability of outcomes found that job seekers placed into work through labour market programmes are likely to stay in employment.
- A study of outcomes for Disability Support Pension and Parenting Payment (Single) recipients found that for both groups the number of participants in customised assistance in 2005 was more than six times higher than the number of participants in intensive assistance in 2002.
- The department continued to study the performance of the Job Seeker Account and evaluate the *Active Participation Model* for different job seeker groups.
- The Disability Support Pension and Early Intervention and Engagement Pilots were further evaluated.
- Surveys of job seekers and service providers were conducted to assess the service quality and overall satisfaction with Job Network, Centrelink and the department.
- The report of the *Australians Working Together* evaluation was published and further reports supporting the evaluation were released.
- A monitoring and evaluation strategy was developed to assess the performance and effectiveness of the Welfare to Work reforms.
- Data were collected to support the monitoring and evaluation; this included the new Longitudinal Pathways Survey of income support recipients.
- Various projects were completed by the Melbourne Institute of Applied Economic and Social Research under contract to the department.

Performance results

TABLE 2.32

Performance indicators and actual performance: Output 3.1.2, Research and evaluation

Performance indicator	Target	Result
Quality		
Level of satisfaction of Ministers with the provision of research and evaluation ^a	Effective or above	40 briefs submitted to Ministers, with an average rating of 3.9 (target met)
Price	\$10.036m	\$9.968m (0.7% below 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 (outstanding).

Stakeholder feedback

Performance of the department's information-based outputs is measured by feedback from stakeholders, particularly Ministers. 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 2005–06 the average overall rating for the quality of briefs for Output 3.1.2 was 3.9.

Commentary

Monitoring outcomes and service quality

The department conducted a range of surveys and studies to support its monitoring and evaluation activities.

THE POST PROGRAMME MONITORING SURVEY

The department's Post Programme Monitoring survey has operated since 1988 and provides detailed information on the employment and education outcomes of labour market assistance. The results of the survey are discussed in the various sections of this annual report that cover the performance of individual programmes. The survey report is regularly released on the internet at the Australian Workplace portal <www.workplace.gov.au>. In 2005–06 the Personal Support Programme and the Disability Employment Network (formerly Disability Open Employment Services) were included in the Post Programme Monitoring survey for the first time.

SUSTAINABILITY OF OUTCOMES

A study of the sustainability of outcomes found that job seekers who are placed into work through programmes are likely to stay in employment. The study covered all the department's main labour market programmes and found high levels of outcome sustainability.

OUTCOMES FOR DISABILITY SUPPORT PENSION AND PARENTING PAYMENT (SINGLE) CLIENTS

A study of outcomes for Disability Support Pension and Parenting Payment (Single) clients has revealed strong results. The number of DSP clients participating in customised assistance in 2005 (9800) was over nine times the number participating in intensive assistance in 2002, and the number of PPS clients has increased sixfold, to 36 000. Employment outcome levels were good: 37.1 per cent of DSP recipients and 51.5 per cent of PPS recipients were in employment at the three-month post-programme mark.

THE JOB SEEKER OMNIBUS SURVEY

The department conducts the Job Seeker Omnibus Survey to gather information about job seekers' experiences and satisfaction with the 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.

In 2005–06, as part of the Job Seeker Omnibus Survey, the department explored the perceptions and experiences of job seekers who were only eligible for JobSearch Support in Job Network.

THE SURVEY OF EMPLOYMENT SERVICE PROVIDERS

The annual Survey of Employment Service Providers collects respondents' views in order to determine how satisfied service providers are with the quality of the department's services. In the final quarter of 2005–06 work began on interviewing staff at the sites of about 850 Job Network providers, Community Work Coordinators and New Enterprise Incentive Scheme providers involved in delivering the full range of employment services.

THE EMPLOYER SURVEY

The department's 2005 Employer Survey (conducted in the reporting year) canvassed 6000 employers about their awareness and use of Job Network and Australian JobSearch services and their recruitment practices. It specifically examined policy and practices in relation to hiring job seekers with disability, Indigenous Australians and mature age people.

THE LONGITUDINAL PATHWAYS SURVEY

The Longitudinal Pathways Survey tracks over time the experiences of income support recipients, including those who leave income support. The survey involves five waves of data collection at six-monthly intervals; the first collection took place in the final quarter of 2005–06 and involved interviews with over 10 000 recipients. To reflect the staged implementation of the Welfare to Work changes, an additional group of respondents will be introduced at each of the second and third survey waves. Information collected from recipients will supplement administrative data to support the evaluation of Welfare to Work.

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.

PERFORMANCE OF THE JOB SEEKER ACCOUNT

Job Network members use the Job Seeker Account to fund assistance for job seekers. The analysis carried out throughout 2005–06 examined the effectiveness of the forms of assistance Job Network members provided using the Job Seeker Account. This ongoing study measures both long-term employment outcomes and the impact of assistance on income support dependency.

EVALUATION OF THE *ACTIVE PARTICIPATION MODEL* FOR DIFFERENT JOB SEEKER GROUPS

The performance of the *Active Participation Model* was examined for different job seeker groups and for providers specialising in assisting disadvantaged job seekers. The objective was to determine the extent to which the model has helped disadvantaged job seekers find employment. The study will also provide baseline data for research into the effectiveness of Welfare to Work.

EVALUATION OF THE INTRODUCTION OF JOB PLACEMENT LICENSED ORGANISATIONS

The *Active Participation Model* introduced a number of initiatives designed to increase the effectiveness of employment services in securing employment for job seekers and to ensure that job seekers who remain unemployed are engaged in ongoing job seeking. This research evaluated the introduction of Job Placement licensed organisations and examined the model's effect on job search behaviour.

THE JOB NETWORK DISABILITY SUPPORT PENSION PILOT EVALUATION

The department issued its *Job Network Disability Support Pension (DSP) Pilot: progress report* in October 2005. The report provided an assessment of the employment experiences of participants in the pilot, reporting on progress with placements and early findings on sustainability. Three notable conclusions emerged:

- Recent labour market experience increases the likelihood of obtaining employment.
- Employers with experience of employing people with disability have a positive attitude to hiring.
- More could be done to increase awareness of government support available to employers who hire people with disability.

THE EARLY INTERVENTION AND ENGAGEMENT PILOT EVALUATION

The Early Intervention and Engagement Pilot introduced a new process that combined assessment of a person's work capacity when making a claim for income support with direct referral to a rehabilitation or employment assistance provider. It was primarily targeted

at Disability Support Pension applicants and reviews and Newstart and Youth Allowance applicants seeking medical exemptions. The pilot was evaluated, and the results demonstrated the benefits of helping job seekers with disability connect quickly with rehabilitation or employment services. The results were used as a basis for design of the Job Capacity Assessment measure announced as part of the Welfare to Work measures for implementation in 2006–07.

The *Australians Working Together* evaluation

The *Australians Working Together* evaluation assessed the initiative's effectiveness in increasing workforce participation and reducing reliance on income support among the four target groups of working age income support recipients—parents, mature age job seekers, people with disability, and Indigenous Australians.

A report released on 9 November 2005 presented an overview of the evaluation findings from a range of projects. It found that *Australians Working Together* was a useful first step towards increasing workforce participation among the working age income support population. Across all working age income support recipients, however, there was little improvement in participation in paid work, and reliance on income support remains high.

In addition to the final report, results of the following research projects undertaken to inform the *Australians Working Together* evaluation were released on the internet at the Australian Workplace portal <www.workplace.gov.au>:

- The Personal Adviser Study assessed the effectiveness of the Personal Adviser measure in individualising service delivery.
- The Personal Support Programme study examined how the programme met its objective of enabling people with multiple non-vocational and vocational barriers to achieve economic outcomes.
- The Service System Study investigated the operation of 10 local service networks across Australia, providing a snapshot of how they responded to the Personal Advisers Study and the Personal Support Programme Study.
- A Customer and Community Attitudes Survey examined community attitudes towards the changes to the welfare system following implementation of the *Australians Working Together* reforms.
- A study of the impact of activity requirements for Parenting Payment recipients on their children aged 13–15 years assessed the impacts on children of requiring recipients of Parenting Payment to undertake agreed activities.

Welfare to Work monitoring and evaluation

The department developed a comprehensive strategy for monitoring and evaluating the impact of the Welfare to Work reforms. The strategy involved the following:

- regular and timely monitoring of key performance indicators that reflect the objectives of Welfare to Work
- assessment of the effectiveness of Welfare to Work in achieving its objectives of increasing workforce participation and reducing reliance on income support among working age income support recipients
- examination of Welfare to Work initiatives, including an assessment of their contribution to achieved outcomes.

The four Welfare to Work priority groups are key reporting groups for monitoring and evaluation purposes:

- people with disability
- principal carer/parents
- mature age job seekers
- very long term unemployed people.

Information sources to support monitoring and evaluation were developed; among these are administrative databases and the newly commissioned Longitudinal Pathways Survey.

Research coordination and dissemination

Output 3.1.2 coordinates and manages commissioned research relating to workforce participation. The findings of this research are disseminated to Ministers and throughout the department.

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 improve the department's ability to analyse aspects of current policy and to maximise the value of major investments in longitudinal data. The institute contributes expertise in statistical analysis, experience with administrative data sets, and a strong knowledge of participation policy.

Projects are developed in partnership with the institute in each calendar year and focus on areas of interest to the current workforce participation agenda. Agreement on the 2006 research plan saw the following research projects approved:

- income support recipients' use of informal childcare and decisions about work
- Stepping Stones—whether low-paid jobs lead to increased earning and lower welfare dependency over time
- possible cost shifting from workers compensation to income support for people with work-related disabilities

- mature age employment and workplace strategy
- the location economics of income support recipients
- skill shortages and the absence of wage pressures
- Working Credits—a low-cost alternative to universal income tax credits
- the link between changes in employment and changes in income support.

RESEARCH PANELS

During 2005–06 the department selected research panels to be contracted for three years to conduct research and evaluation projects when required. Each research panel is split into three fields—quantitative, qualitative and Indigenous. The department’s own research area maintains the panels and provides advice to other areas of the department on matters such as the processes involved in using a research panel and the appropriate research methodologies.

Outlook for 2006–07: Output Group 3.1

In 2006–07 the department will continue to lead implementation of the Welfare to Work reforms, to ensure that greater workforce participation is achieved—in particular, for single parents, people with disability, mature age Australians, and very long term unemployed people.

The department will continue to provide policy advice and develop strategies to further increase workforce participation for these groups through the following measures:

- monitoring progress with the Welfare to Work measures, to identify and analyse emerging policy issues and, as necessary, recommend refinements. Particular responsibilities are activity testing and compliance policy, including financial case management and income support
- progressively reviewing other policy settings in the context of the Welfare to Work reforms, to ensure alignment with the broad policy objectives and a whole-of-government context
- conducting ongoing research into and analysis of workforce incentives and disincentives, particularly for long-term income support recipients
- releasing to employment service providers an improved version of the Employability Skills Profiler in late 2006. Evaluation of the profiler will begin in late 2006 and will assess its functionality (that is, how easy it is both for job seekers and employment service providers to use and how long it takes to complete it) and its effectiveness (that is, whether it is used for its intended purpose and how well it meets this purpose)
- continuing research currently under way to ascertain the reasons for and measure the extent of some young people’s disengagement with Job Network, which will assist in the development of strategies for further engagement
- working closely with the Department of Families, Community Services and Indigenous Affairs, the Department of Human Services, the Attorney-General’s Department and other agencies to implement the Australian Government’s child support reforms

- monitoring childcare places to ensure availability for parents seeking to move from welfare to work.

The following research, evaluation and reporting activities are planned:

- monitoring and examining trends for the Welfare to Work priority groups in relation to their experience with the new services and initiatives. This will provide early information on the performance of the Welfare to Work reforms
- continuing to develop the longitudinal administrative data sets to facilitate research and evaluation—in particular, in relation to Welfare to Work
- collecting and analysing information about income support recipients' experiences with and attitudes to welfare, work and family through the Longitudinal Pathways Survey
- focusing research on how the *Active Participation Model* is meeting the needs of the Welfare to Work target groups and how this is affecting overall assistance
- researching the effectiveness of programme assistance for Indigenous job seekers, to examine the differences in service provision and outcomes for metropolitan, rural and remote areas—including the interaction between Community Development Employment Projects and mainstream employment services
- releasing outcomes data for the Personal Support Programme and the Disability Employment Network (formerly Disability Open Employment Services)
- continuing to evaluate client satisfaction with the provision of services by Job Network, Centrelink and the department
- continuation of the Melbourne Institute of Applied Economic and Social Research agreement to improve the department's ability to analyse aspects of current policy and to maximise the value of investments in longitudinal data.

Work towards achieving Indigenous economic independence will continue in the following ways:

- working to reduce dependency on passive welfare and stimulate employment and economic development opportunities for Indigenous individuals, families and communities—including opportunities associated with housing
- supporting the removal of remote area exemptions in up to 50 communities across Australia. The participation opportunities will help people develop skills that will help them gain employment
- exploring opportunities to reform labour market servicing of all Indigenous Australians, to help strengthen pathways to employment and retention in jobs
- pursuing a number of targeted industry strategies to more closely link Indigenous communities with industries and employment opportunities in their region.

Output Group 3.2: Labour market strategies

Output 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 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 to assist policy development and implementation
- preparing briefings for Ministers, senior officers of the department and other key stakeholders
- providing information, education and communication services through publications and the internet
- developing tailored solutions to employers' labour and skill needs in selected industries and regional areas
- managing the department's involvement in labour market adjustment interventions
- managing Community Development Employment Projects that offer activities to match local needs and job opportunities, with the aim of increasing workforce participation.

Administered items

Community Development Employment Projects is the only administered item associated with Output Group 3.2.

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 skills shortages, informing policy development and implementation, and developing interventions to meet specific labour market circumstances.

Highlights

- In 2005–06 the department published *Workforce Tomorrow*, detailing the results of the first Australian research that specifically analyses the medium-term effects of population ageing on the labour market by occupation, industry and region.

- A wide range of economic and labour market analyses and briefings were provided to Ministers and senior officers of the department.
- Departmental submissions were presented to the House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation's Inquiry into Employment in the Automotive Component Manufacturing Sector and the Senate Employment, Workplace Relations and Education References Committee's Inquiry into Pacific Region Seasonal Contract Labour.
- Analyses of developments in the youth labour market and regional labour market conditions contributed to an Australian government submission to the Fair Pay Commission on Junior Rates and Minimum Wages.
- The Labour Market Information Portal public site, containing a range of labour market data at the national, state and territory and regional levels, was launched.
- The department continued to develop the Skills Australia website, which is expected to be launched early in 2006–07, in partnership with the Department of Education, Science and Training, other government agencies and peak industry bodies. Information about industry employment characteristics, trends and prospects has been prepared as a 'centrepiece' of Skills Australia.

Performance results

TABLE 2.33

Performance indicators and actual performance:
Output 3.2.1, Labour market analysis

Performance indicator	Target	Result
Quality		
Level of satisfaction of Ministers with the provision of analysis and advice ^a	Effective or above	240 briefs submitted to the Ministers, with an average rating of 3.9 (target met)
Price	\$4.713m	\$4.173m (11.5% below 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 (outstanding).

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 2005–06 the average rating for the overall quality of briefs for Output 3.2.1 was 3.9.

Commentary

Monitoring labour market trends

Throughout 2005–06 the department monitored and analysed a broad range of economic and labour market data in order to promptly identify emerging labour market issues and changes in longer term trends. Labour market developments were analysed extensively to support policy development and implementation, with Ministers and the executive being briefed regularly on new developments and ongoing matters.

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

- labour force participation and employment rates
- regional labour market conditions and trends
- the labour force experience of selected groups—including sole parents, youth, long-term unemployed people, people not in the labour force, and mature age workers
- developments in key industries—including the mining, construction and agriculture sectors.

The department participates in the work of the OECD's Directorate for Employment, Labour and Social Affairs. This work is facilitated through the department's support of the Minister-Counsellor (Employment) in the Australian Permanent Delegation to the OECD in Paris.

Australia was one of around 20 countries that participated in the OECD's thematic review of older workers. The OECD report, *Ageing and Employment Policies: Australia*, was released in June 2005 and the synthesis report, *Ageing and Employment Policies: live longer, work longer*, based on the country studies, was released in February 2006. Australia is currently participating in the OECD thematic review of sickness and disability policy.

Australia participated in the OECD re-assessment of the OECD's jobs strategy. In June 2006 the OECD published its findings and the reassessed jobs strategy in a policy report entitled *Boosting Jobs and Incomes: policy lessons from reassessing the OECD jobs strategy* and in the *2006 OECD Employment Outlook*.

During 2005–06 the department appeared before and made a submission to the House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation Inquiry into Employment in the Automotive Component Manufacturing Sector. The committee is expected to report on the inquiry by the end of 2006.

The department conducts a range of Regional Skills in Demand Surveys to collect information on the recruitment experiences of employers at the regional level. To date, mail or phone surveys have been conducted in 41 regions across Australia. In addition, the department has been working with the Department for Victorian Communities to identify skills in demand in 11 areas in regional Victoria.

The information collected as part of these surveys contributes to an understanding of regional labour markets and is used to support the development of departmental strategies for improving employment programmes and outcomes at the regional level. The results also complement the skills-in-demand research undertaken at the national and state and territory levels. The

survey results are usually presented at the department's Better Connections Workshops, to help participants develop solutions to meet the needs of the local labour market.

Labour market research and publications

During 2005–06 the department produced a broad range of labour market publications, among them the monthly online *Vacancy Report*, which provides information on trends in skilled vacancies; *Small Area Labour Markets*, which presents quarterly unemployment data for statistical local areas; and *Australian Regional Labour Markets*, which reports on broader labour force regions. Also produced by the department were the *Leading Indicator of Employment* and *Australian Jobs*.

A Labour Market Information Portal, containing a range of labour market data at the national, state and territory and regional levels, was launched by Minister Dutton at the 2005 National Employment Services Association Conference. The portal is available to all contracted employment service providers. As part of the Employer Demand Strategy, a publicly available portal <www.workplace.gov.au/lmip> was launched by Minister Andrews on 17 May 2006.

Australian Jobs 2005 was released in August 2005. This publication presents information about the Australian labour market, including past employment trends, job prospects, and projected employment growth by industry and occupation. It was distributed to Job Network members, secondary schools and careers intermediaries and was also posted on the Workplace website.

The monthly *Vacancy Report* provides information on skilled, ICT and Australian JobSearch vacancies, including for the states and territories. The department also produces the quarterly *Australian Labour Market Update*, which provides an overview of the labour market for people seeking jobs in Australia, particularly migrants. Forward-looking information on characteristics, trends and prospects for all occupations is updated annually in *Job Outlook* online <www.jobsearch.gov.au/joboutlook>.

Occupational and skills analysis

With the Australian Bureau of Statistics and Statistics New Zealand, the department participated in finalising the new occupational structure in the Australian and New Zealand Standard Classification of Occupations, to be released in September 2006. The new structure reflects emerging occupations in growth areas such as information and communication technology. It is used in the August 2006 Census and from August 2006 in the Australian Bureau of Statistics Labour Force Survey.

Workforce Tomorrow

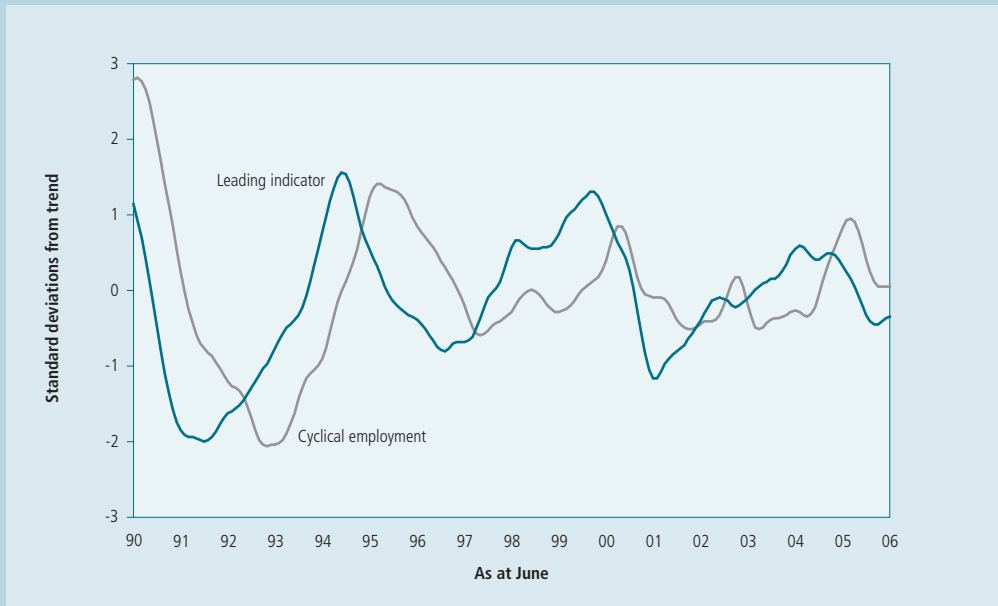
The *Intergenerational Report* and the Productivity Commission's *Economic Implications of an Ageing Australia* have highlighted the long-term implications of an ageing population. Of more immediate interest, however, are the implications for employers in the next five years. To this end, the department commissioned the Centre for Policy Studies at Monash University to provide projections of Australian employment growth both with and without population ageing. The results of this study are published in *Workforce Tomorrow*, the first Australian research publication to specifically analyse the medium-term effects of population ageing on the labour market by occupation, industry and region.

CASE STUDY

The Leading Indicator of Employment

The department’s Leading Indicator of Employment was developed to foreshadow 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 consistently lead employment in the past two decades.

The Leading Indicator of Employment, June 1990 to June 2006



Note: The data presented are revised data from the July release of the Leading Indicator of Employment, since this includes the latest release of the Australian Bureau of Statistics job vacancies, which has had a large effect on the series.

The Leading Indicator recorded four consecutive increases following an unconfirmed turning point in March 2006, after 11 consecutive falls from March 2005. No turning point can be confirmed until six months of consecutive data in the same direction have been reported. If, however, a turning point is confirmed, it would imply that cyclical employment could increase, causing employment growth to rise during the next eight months, above its six-year trend growth rate of 2.2 per cent. In association with the fall in cyclical employment over the 11 months to March 2006, current annual employment growth is 1.5 per cent.

CASE STUDY (CONTINUED)

Review of the Leading Indicator of Employment

The department is reviewing its Leading Indicator of Employment, to test its robustness and assess its effectiveness in predicting turning points in employment. As part of this periodic review, the performance of each existing component is being evaluated and checked against potential new ones, in order to improve the indicator. A DEWR economist presented a paper to the Australian Labour Market Workshop in early December 2005, detailing some of the challenges of the existing Leading Indicator in the light of technological and structural changes. The resultant comments and suggestions formed an important input to the department's review.

Output 3.2.2: Industry and labour supply strategies

The Industry Strategies Taskforce works in collaboration with industry and government-funded employment service providers—in particular, Job Network—to encourage employers to meet their labour and skill shortages by employing disadvantaged job seekers, especially those receiving welfare payments.

A key focus of the taskforce in 2005–06 was implementing elements of the government's Employer Demand and Workplace Flexibility Strategy, a four-year \$50 million package of measures designed to improve employment opportunities for priority groups—mature age people, parents, people with disability, and very long term unemployed people. The strategy is a component of the Australian Government's \$3.6 billion Welfare to Work reforms, announced in the 2005–06 Budget.

The taskforce's primary activity involved developing innovative employment demonstration projects in selected industries to stimulate employer demand for job seekers from the four priority groups. The seven selected industries are retail; manufacturing; health and community services; property and business services; accommodation, cafés and restaurants; mining; and building and construction.

An important stimulant of employers' interest in a more diverse workforce was the release in November 2005 of the *Workforce Tomorrow* research report on the ageing of the Australian population. The report noted the need for employers to start recruiting from non-traditional labour sources if they are to remain competitive as the labour market tightens in response to population ageing. The taskforce helped coordinate a series of industry and employer breakfasts around the country from February 2006 to spread this important message.

In addition to its industry-focused activities under the Employer Demand and Workplace Flexibility Strategy, the Industry Strategies Taskforce also conducted a series of Better Connections workshops in selected regions. These workshops provided a wide range of localised labour market and demographic information to help employment service providers

and other stakeholders tailor their interventions and assistance to meet local labour and skills needs. Four of the workshops were held in areas with high populations of Muslims, to focus on their particular needs.

The workshops are supported by regional and labour skills shortage surveys, which are conducted before the workshops, and the Labour Market Information Portal, which provides a wide range of labour demand and supply information at the local level.

Policy development work was completed for the announcement in the May 2006 Budget to provide insurance cover for disadvantaged job seekers doing short-term work experience. Findings from employer surveys have shown that a lack of relevant work experience is a major barrier for job seekers when applying for jobs. This initiative, to be implemented from January 2007, will help job seekers who have been unemployed for 12 months or more, Indigenous Australians, people with disability and some parents on income support get work experience. It will also help employers experiencing labour shortages as a result of the ageing population gain access to a larger pool of potential employees.

As well as developing industry and regional strategies for meeting employers' needs, the taskforce continued to coordinate the provision of labour adjustment packages to help employees who work in industries affected by restructuring.

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

Highlights

- Forty-three employer demonstration projects were approved for funding during 2005–06 under the Employer Demand and Workplace Flexibility Strategy. The projects are expected to result in about 3450 training or employment outcomes.
- Thirty-four Better Connections workshops were held around Australia to help address regional labour market demand and supply, including four focusing on areas with a high population of Muslim people.
- Twenty-five *Workforce Tomorrow* industry and employer breakfasts were held to help spread the message from the *Workforce Tomorrow* report—that employers need to consider employing people from a diverse range of backgrounds because of the impact of the ageing population on the labour market.
- The Industry Strategies Taskforce assumed responsibility for three additional labour market adjustment packages for retrenched workers during the year: workers displaced by changes to tariff arrangements for the textile, clothing and footwear industry; employers affected by cyclone Larry; and retrenched workers at the Beaconsfield gold mine in Tasmania. This is in addition to the existing packages for former Mitsubishi Motors Australia workers and General Motors Holden workers and workers affected by sugar industry reform.

- Nineteen cooperative industry projects were developed and 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 recruitment or retention of about 500 mature age job seekers in these industries during 2005–06 and 2006–07. A further two projects involve the promotion of mature age employment.
- Development work for the initiative announced in the May 2006 Budget to provide insurance cover from January 2007 for disadvantaged job seekers undertaking short-term Work Experience placements.

Performance results

TABLE 2.34

Performance indicators and actual performance:
Output 3.2.2, Industry and labour supply strategies

Performance indicator	Target	Result
Quality		
Level of satisfaction of Ministers with the provision of analysis and advice ^a	Effective or above	131 briefs submitted to the Ministers, with an average rating of 3.9 (target met)
Price	\$11.866m	\$11.651m (1.8% below 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 (outstanding).

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 2005–06 the average rating for the overall quality of briefs for Output 3.2.1 was 3.9.

Commentary

Accommodation, cafés and restaurants

During 2005–06 the Industry Strategies Taskforce worked with the hospitality industry in a wide range of locations to initiate several demonstration projects for mature aged job seekers, parents returning to work, people with disability, and very long term unemployed people.

In Cairns, Townsville and south-east Queensland, Restaurant & Catering Queensland is implementing a commercial cookery project targeting the mature aged, parents returning to work, and very long term unemployed people. This is being supplemented in each location by a restaurant and café front-of-house project that is being fully funded by industry and the Job Network Job Seeker Account.

Fish on Friday, an intensive two-week programme offering participants practical skills, experience and a professional edge when applying for hospitality positions, continues to successfully operate throughout New South Wales. The cost of the training is funded by industry and the Job Seeker Account, and the training is provided by Restaurant & Catering New South Wales. The programme has been extended to many regional centres in New South Wales, among them Albury, Broken Hill, Dubbo and Newcastle. Over 80 job seekers have participated in the programme, and more than half the participants in regional areas have been successfully placed in employment.

Property and business services

The Complex Training Academy, a registered training organisation based in Victoria, was funded during 2005–06 to train and place 100 Parenting Payment recipients, mature age and long-term unemployed job seekers in employment in the security industry. Candidates receive a Certificate II in Asset Security, the entry-level qualification for the sector. Although only under way for a few months, the project has already secured 75 places from employers and has candidates in training to fill those positions.

Health and community services

Towards the end of 2005–06 the department provided funding to the Health and Community Services Industry Skills Council to implement the MAGIC (Mature Aged Workers Giving in Care) programme for the recruitment, training and retention of mature age workers and parents returning to the workforce in the community care (aged care and disability) industry in Dandenong and Frankston and on the Mornington Peninsula in Victoria.

The project aims to recruit a minimum of 150 people for training and employment and has a target of at least 100 people entering Australian Apprenticeships or other employment options. The project also seeks to increase the involvement of Job Network and other employment service providers in the MAGIC programme, to ensure its sustainability and to provide resources and information to encourage employers to take up the model in other locations.

Manufacturing

The department helped develop a project with AMTIL (the Australian Manufacturing Technology Institute Limited), an industry organisation, to provide up to 40 hours of TAFE training for about 180 people on welfare to enable them to enter the precision machine tooling and machine tool supply sectors of the manufacturing industry. The project involves significant financial support from the Queensland, New South Wales, Victorian and South Australian Governments and is demonstrating how governments and other stakeholders can work with industry to simultaneously redress skill shortages and pursue the Welfare to Work agenda.

By 30 June the details of all four state TAFE courses had been settled, the employment service providers were successfully involved, and suitable participants were identified.

The building and construction industry

EastLink (formerly known as the Mitcham Frankston Project) is the largest urban infrastructure project in Australia. Located in Melbourne and the La Trobe Valley in Gippsland, the project seeks to recruit and place 120 mature age job seekers in its workforce of 2500. By the end of June 2006 more than 210 mature age job seekers had been placed by the project.

Better Connections workshops

Thirty-four Better Connections workshops were conducted in 2005–06 under the Employer Demand and Workplace Flexibility Strategy to develop local solutions to regional labour and skill shortages. Thirty more workshops will be conducted in each of the coming two years.

The workshops are outcome focused, and participants are encouraged to develop and take charge of local action plans. Each workshop is supported by a local labour and skill shortage survey conducted immediately beforehand.

The department also encourages and supports local employment initiatives arising from the workshops. For example, in Gladstone employment service providers are working with the Queensland Government through the local TAFE to develop a project that will provide candidate selection, training up to Certificate 1 in Workplace Access and 240 hours of vocational placement in heavy manufacturing for 14 highly disadvantaged job seekers, most of whom will be Indigenous Australians. Six local heavy-industry employers will provide on-the-job training and supervision for candidates, and it is expected that job seekers will be rotated through all six workplaces, maximising their exposure to employers and broadening their workforce experience.

Muslim Better Connections workshops

In late 2005 the Department of Immigration and Multicultural Affairs provided to DEWR additional funding to conduct four Better Connections workshops in areas with high populations of Muslims. On the basis of Australian Bureau of Statistics census data from 2001, DIMA settlement data and consultations with local officers and Islamic organisations, four locations were chosen—Bankstown in Sydney, Preston in Melbourne, Mirrabooka in Perth, and South Brisbane.

Nearly 200 people attended the workshops, and there was strong representation from employment service providers and Muslim community-based organisations. Evaluations showed that most respondents found the information presented easy to understand, valuable and useful—particularly information on local labour market surveys and growth industries in the local area. Respondents also reported that they had made new contacts with other organisations, and a large majority said they would participate in follow-up work from each workshop.

Output 3.2.3: CDEP management

The purpose of the Community Development Employment Projects programme is to help unemployed Indigenous Australians develop their employability, with the aim of achieving economic independence. CDEP participants engage in activities that are designed to meet community needs and can lead to the development of business initiatives.

Highlights

- Reforms to the CDEP programme were implemented on 1 July 2005 following extensive public consultation and the release of the *Building on Success: CDEP—future directions* paper.
- In 2005–06 CDEP organisations across Australia placed 3704 participants in paid employment, a 135 per cent increase on the preceding year.
- The proportion of non-Indigenous participants in the CDEP programme fell from 7 per cent to 4 per cent during the reporting year.
- More than 20 viable businesses were established through the CDEP programme during 2005–06, and approximately 50 additional businesses were identified and progressed towards viability.
- To build on the success of the initial reforms, Minister Andrews announced further improvements to the programme. The changes, which came into effect on 1 July 2006 introduced youth rates for new participants aged 20 years or less in all locations, a requirement that participants in urban and regional centres register with Job Network, and the development of participant plans with all CDEP participants in other areas of Australia.
- A more rigorous and competitive purchasing process was developed for CDEP to allow for evaluation of applicants against specific criteria and for managing the process against an assessment and probity plan. Consistency was ensured through training for state and territory office staff involved in the purchasing process.
- Within a whole-of-government framework, work continued to help achieve outcomes for Indigenous Australians through the department's contribution to over 56 Shared Responsibility Agreements across Australia.
- More effective communication methods were established during the year, to ensure that both internal and external stakeholders had access to information about the CDEP programme. The information products were electronic and paper based and targeted CDEP organisations and participants, other service providers, and departmental staff.

Performance results

TABLE 2.35

Performance indicators and actual performance: Output 3.2.3, CDEP management

Performance indicator	Target	Result
Quality		
Level of satisfaction of Ministers with the provision of policy advice ^a	Effective or above	45 briefs submitted to Ministers, with an average rating of 4.5
Quality		
Utilisation of programme places	100%	92%
Price	\$31.552m	\$32.773m (3.9% above budget)
Administered funds		
– Community Development Employment Projects	\$530.881m	\$536.613m (1.1% above 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 (outstanding).

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 2005–06 the average rating for the overall quality of briefs for Output 3.2.3 was 4.5.

Commentary

During 2005–06 there were 34 791 CDEP programme places in over 220 CDEP organisations, and total expenses for the programme amounted to \$536 million.

CDEP reforms in 2005–06 were undertaken within the framework of the Indigenous Economic Development Strategy, which was developed to help Indigenous Australians achieve economic independence through a whole-of-government approach. The reforms were introduced after extensive public consultation throughout Australia in early 2005 and were announced in the *Building on Success: CDEP—future directions* report, released in April 2005.

During 2005–06 CDEP organisations were successful in helping 3704 Indigenous people leave the programme and move into employment, a 135 per cent increase on 2004–05.

There was also a big reduction in the number of non-Indigenous participants in the programme—from approximately 2300, or 7 per cent of the total, at the end of 2004–05 to 1376, or 4 per cent, at the end of 2005–06.

More than 20 viable businesses were established through the CDEP programme and a further 50-plus were identified and progressed towards viability during 2005–06.

The department introduced a new purchasing process for the delivery of the CDEP programme for 2006–07, with the aim of improving services and increasing employment and economic outcomes through CDEP organisations.

Outlook for 2006–07: Output Group 3.2

Output Group 3.2, Labour market strategies, will focus on the following in 2006–07:

- monitoring and analysing labour market outcomes for priority groups—including developments internationally
- identifying emerging trends in the labour market—including changes in workforce participation and employment rates
- monitoring the operation of the Job Seeker Classification Instrument and making adjustments if necessary
- identifying and forecasting—through carrying out regional labour and skill needs surveys—labour supply and skill shortages by industry, occupation and labour market region. Advice on local labour markets will be provided in order to help redress labour and skill shortages and increase the workforce participation of unemployed job seekers in those markets
- analysing and providing advice on labour market aspects of Australia’s migration arrangements and matters related to ‘skills in demand’
- continuing the Industry Strategies Taskforce’s work with industry bodies and employers in the seven selected industries by developing innovative strategies that use job seekers from disadvantaged groups to redress skill shortages in those industries. This will be the second year of the three-year Employer Demand and Workplace Flexibility Strategy, and an important focus will be promoting projects from the first year and replicating these across industries
- for the Community Development Employment Projects programme
 - continuing to build on the reforms of 2005–06 by focusing on employment outcomes that help Indigenous Australians achieve economic independence
 - continuing to improve non-CDEP job outcomes for participants, particularly through the requirement for new participants to register with Job Network in urban and regional centres
 - introducing time-limited participation for new participants in urban and regional centres who are required to register with Job Network for up to a maximum of 52 weeks in total
 - improving incentives for young people to complete their education by introducing youth participant rates
 - helping participants who are not required to register with a Job Network member to develop targeted participant plans, to identify work readiness levels and outline a plan to move in to non-CDEP employment
 - continuing to expand CDEP participants’ workforce participation rates and business development opportunities
 - continuing to link with a range of other programmes and services and shared responsibility agreements.