

Job Network evaluation

Stage one: implementation and market development

Evaluation and Program Performance Branch

Labour Market Policy Group

Department of Employment, Workplace Relations and Small Business

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FOREWORD

In the 1996–97 Budget, the Federal Government announced a new framework for the delivery of labour market assistance. The new system, of which Job Network is a major element, was implemented on 1 May 1998. Job Network was established as a national network of around 300 private, community and government organisations contracted by the Government to assist unemployed people, particularly the long-term unemployed, find jobs. Centrelink is the gateway to Job Network and undertakes the registration, assessment and referral of job seekers to Job Network members. Centrelink also provides job seekers with information about Job Network and the employment services available in their local region.

This stage one evaluation of Job Network examines the implementation of Job Network and describes the early market experience of the significant stakeholders. The report outlines the policy framework underpinning a contestable employment services market and begins the analysis of the establishment of a competitive framework for employment assistance. It looks at quality and access issues for job seekers, employers and Job Network members, and assesses Job Network's early efforts to attract job vacancies and to place job seekers in sustainable employment. The report also highlights areas where improvements may be needed in the design and operation of services and in market settings, while identifying issues for further research.

It needs to be emphasised that the evaluation is a study of Job Network as a whole and not of the performance of the individual service providers that were part of Job Network in this first contract period. While the first stage of the evaluation was completed around the time that the Government made offers to organisations selected from the second tender process, the evaluation was separate from the process for selecting these organisations.

The outcome of the second tender is expected to see further improvement in the performance and operation of Job Network. The market will enter a period of stability over the three-year contract period which will allow it to mature and develop further. Additionally, the emphasis on past performance in the second tender assessment process will focus providers' efforts on the need to continue to provide quality services to clients and place job seekers, especially those most disadvantaged, into employment.

The stage one evaluation is part of an evolving story, linked to later stages of the evaluation, aimed at giving a comprehensive picture of the performance and the challenges facing the Job Network. The current report has not attempted to comment in any detail on the efficiency and effectiveness of Job Network. Those issues will be analysed in the stage two (progress) and stage three (effectiveness) evaluations when more robust evaluative data are available.

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Executive summary

Background

In the 1996–97 Budget, the Federal Government announced a new framework for the delivery of labour market assistance. The new system was implemented on 1 May 1998.

The reforms involved:

- The integration of the key employment assistance functions, performed by the then separate Commonwealth Employment Service (CES) and Department of Social Security, to offer job seekers a single delivery point for accessing employment services, known as Centrelink.
- The development of a contestable market for publicly funded employment placement services, known as Job Network. This involved establishing a national tender process for the delivery of labour market services. Successful tenderers included government, private and community organisations.
- A continuum of assistance available to job seekers according to their level of disadvantage. Access to this assistance is mostly through Centrelink.

The Job Network represents a move to a much more flexible system for delivering employment assistance. In announcing these reforms in 1996, the Government's four key objectives were to:

- Deliver a better quality of assistance to unemployed people, leading to better and more sustainable outcomes.
- Target assistance on the basis of need and capacity to benefit.
- Address the structural weaknesses and inefficiencies inherent in previous arrangements for labour market assistance, and to put into effect the lessons learnt from international and Australian experience of labour market assistance.
- Achieve better value for money.

To put the reforms into place, the Government changed the delivery mechanism for income support and cashed out a number of existing labour market programs. Job brokerage delivered through the CES was also replaced with an outsourced job-matching service.

The major changes introduced under Job Network included:

- The establishment of Centrelink in 1997 as the service delivery agency that offers self-service access to job search facilities, conducts assessments of labour market disadvantage using an enhanced profiling system (the Job Seeker Classification Instrument) and refers job seekers to Job Network members.
- Contestability in the delivery of employment services.
- Replacement of labour market programs and case management services with three key employment services, Job Matching, Job Search Training and Intensive Assistance; establishment of New Apprenticeships Centres, a service providing one-stop integrated support to employers; and the continuation of the New Enterprise Incentive Scheme (NEIS), which provides training and financial support to job seekers wanting to set up their own businesses.

- A Community Support Program for job seekers with severe barriers to employment that mainstream assistance services can not address.
- Project Contracting to provide employees for the seasonal harvests. This element of Job Network is not covered in this report.

When Job Network was implemented in May 1998, more than 300 private, community and government organisations began offering a range of employment services from over 1400 sites across Australia. This was a considerable increase in the number of sites that had offered employment services under the previous labour market assistance arrangements. At 30 June 1997 there were almost 700 outlets delivering labour market related services to job seekers, including 293 CES regional and branch offices and 321 contracted case management organisation outlets.

Evaluation methodology

This report is the first stage of an evaluation strategy endorsed by the Government in December 1996 and focuses on the implementation of Job Network and early market experience. The key issues for the overall evaluation are effectiveness, efficiency, quality of services and access. These criteria will be applied through the three stages of the evaluation. An additional evaluation issue—specific to Job Network—is market development, which carries potential impacts on all of these criteria.

The stage one report addresses access and quality of services. Only limited data on outcomes have been available, so this report does not examine the effectiveness of Job Network in securing sustainable employment for job seekers, nor the extent to which Job Network delivers value for money. This report covers the first 17 months of Job Network.

Main findings

Overall, stage one of the evaluation found that Job Network was implemented well and appears to be operating successfully. This was achieved in the context of large-scale changes to the provision of employment services. While it is too early to comprehensively measure the impact of Job Network on the employment prospects of job seekers, particularly disadvantaged client groups, early performance information in terms of commencements and placements, service quality and (job) outcomes are encouraging:

- In the first 17 months of Job Network, large numbers of job seekers have been assisted. Placements under Job Matching averaged 26 500 per month in the six months to September 1999. Commencements in Job Search Training and Intensive Assistance were around 4000 and 20 000 per month respectively.
- Quality of service to job seekers appears to have improved with the implementation of the Job Network. Job seekers rated the new arrangements as better at providing a professional service, paying attention to individual needs and in terms of being treated like a person rather than a number. The Job Network was also rated as better at improving job seeker chances of getting a job and at having a large range of suitable jobs. Employers rated Job Network as better than the CES on many aspects of service—in particular, for providing a quick, individually tailored service to employers and for showing an understanding of the commercial environment.
- A preliminary assessment of cost effectiveness is available for Job Search Training. Job outcomes compare favourably to those achieved by the former labour market program, Job Clubs, and training is delivered at about half the cost-per-job. Three-month post-assistance job outcomes were 37% for Job Search Training, compared to 25% for Job Clubs. The unit

cost and cost-per-job outcomes for Job Search Training were estimated to be \$418 and \$1130 respectively. The corresponding costs for Job Clubs were \$625 and \$2500.

By the end of the first contract period, Job Network had made substantial progress towards a competitive market. Developments for the second tender round will ensure that this progress continues.

The evaluation has identified some areas where the Job Network's operation could be improved. These centre mainly on equity of access to Job Network, particularly for indigenous job seekers, and in balancing quality service and flexible delivery. Choice-driven competition would benefit from further development of a culture of informed choice for employers and job seekers.

The evaluation also suggests that further work is required to assess whether the Intensive Assistance fee structure is clearly operating as an incentive to providers to pursue cost effectiveness and equity of outcomes for all job seekers accessing this service.

Detailed findings

Setting up the market

The transition to Job Network involved unprecedented changes to the delivery of labour market assistance. It included winding up the CES and cashing out most of the previous labour market programs, undertaking Australia's largest ever employment services tender, setting up Centrelink and a corporatised public employment enterprise (Employment National) and communicating these extensive changes to the general public. At the same time, income support and services to job seekers and employers had to be maintained.

The probity adviser and the Australian National Audit Office reported favourably on the conduct of the tender process for setting up the market. The Audit Office findings also noted that measures were put in place to manage the risks to implementation from market failure and unfair advantage. In particular, the Audit Office concluded that the steps taken to reduce the risk of unfair advantage for potential tenderers and the lessons learnt from this tender process act as a guide for future contracting out exercises in the Australian Public Service.

Limited changes were made during Job Network's first 17 months of operation, and these mainly affected Job Matching. The changes included the decision in August 1998 to open Job Matching to most job seekers not on income support.

Accessing Job Network

Job seeker satisfaction with the Centrelink registration process was 75% in March 1999, similar to the level a year earlier (78%). In qualitative research, a common view held by job seekers was that they did not fully understand what employment services were available and they reported frustration with the duplication of information required to access income support and employment services. Centrelink is currently developing an electronic form designed to support once-only collection of data. Young job seekers not in receipt of income support had a lower level of satisfaction with the registration process. It appears that the number of youth registering with Centrelink who are not eligible for income support declined with the introduction of Job Network. Centrelink staff and Job Network members interviewed in qualitative research were concerned that young job seekers' contact with employment services had been reduced with the introduction of the Youth Allowance (at the same time as Job Network).

The Job Seeker Classification Instrument (JSCI) is used to identify job seekers for referral to Intensive Assistance. The profile of job seekers identified in need of Intensive Assistance or special needs assessment aligns closely with expectations. A post implementation review of the JSCI showed that the majority of job seekers were classified accurately through the JSCI. The review also identified areas for improvement and finetuning. Concerns with some aspects of the application of the JSCI were raised in a survey of Job Network members and in qualitative research for the evaluation. These need to be understood in the context of providers' expectations of the JSCI. Concerns are being addressed through implementation of recommendations from the post implementation review.

In qualitative research, the computer systems (Integrated Employment System [IES] in particular, but also the Income Security Integrated System) were criticised by Job Network members and Centrelink staff. In relation to IES, there were criticisms of data quality and system functionality. While changes have been made, users felt the system could be further improved if it was made more user-friendly and allowed for easier input and extraction of information. Work on refining the IES functionality is continuing through the Job Network Information Technology Working Group and the Systems Integration Strategic Committee.

Job Matching

Job Network vacancies lodged each month on Australian Job Search have increased from 50 700 in September 1998 to 69 800 in September 1999.

Job Network was used by 38% of employers to lodge vacancies and recruit staff in the 12 months to June 1999—this compares to 32% of employers using the CES in 1997 (although it should be noted that at this time the CES was winding down). Job Network is the third most common recruitment method (the most common method being newspaper advertisements followed by head-hunting). The most common reason employers gave for not having used Job Network was that they were content with their current methods of recruitment and saw no need to change. Employers also reported that they had sufficient numbers of applicants approaching them and they did not need to use active recruitment methods.

Job placements through Job Matching reached almost 30 000 in September 1999. Seventy-eight per cent of these went to the initial Job Network eligible target group (that is, income-support recipients, participants in Community Development Employment Projects and youth), while 22% went to job seekers eligible for Job Matching only (that is, adult job seekers not receiving income support).

Overall, 80% of employers who used Job Network thought that the service and assistance they received was of high quality. Moreover, the group of employers using the Job Network includes many who were not recent users of the CES—60% of Job Network users had not used the CES in the year prior to its cessation.

Job Network was rated significantly better than the CES at sending job applicants who were interested in the job (70% compared to 46% under the CES in 1997). In spite of this improvement, 20% of employers thought that Job Network members did not send the type of applicants they needed.

The overall level of satisfaction with Job Matching services for all job seekers who have enrolled with Job Network members was 79%. The main reason for job seeker dissatisfaction with Job Matching services was a lack of sufficient assistance in finding employment (44% of those who

were not satisfied). It should be noted that job seekers who are provided with self-help facilities often do not recognise these as a service.

Job Search Training

After completing Job Search Training, 76% of participants considered they had improved job prospects. Around 37% were employed three months after participation in Job Search Training.

Early data also suggest that Job Search Training is relatively cost effective. Job Search Training has similar objectives to the former labour market program, Job Clubs, but delivers training at about half the cost-per-job.

Recruitment of participants to Job Search Training has fallen short of expectations. At the end of September 1999, Job Search Training providers were operating at 74% of pro-rated contracted capacity. The introduction of the accelerated referral system has had a negligible effect on the level of commencements. Qualitative research suggests that commencements could be improved by Job Network members providing more information to job seekers and Centrelink. It was suggested that Job Search Training needs to be offered earlier while job seeker motivation is high and workplace experience is current. This has been factored into recent changes to eligibility criteria that halve the time before job seekers can volunteer for Job Search Training.

Intensive Assistance

Job seekers judge Intensive Assistance favourably. Eighty-one per cent of job seekers agreed that the service and assistance they received through Intensive Assistance was of high quality. Job seekers agreed that their provider was always available when they needed them (88%), gave the right kind of encouragement and support (83%), did all they could to help (85%) and took their special needs into account (79%).

Post program monitoring undertaken three months after leaving Intensive Assistance shows that for job seekers who left assistance up to the end of September 1999, around 43% were in a job (37%) or studying.

The early nature of these Intensive Assistance data and the fact that effectiveness measures have yet to be derived mean that comparisons with other forms of employment assistance should be treated cautiously. That said, early outcomes data for Intensive Assistance compare favourably to data for case management outcomes. Of job seekers who commenced Intensive Assistance between May and July 1998, 23% were either off income support or on reduced-rate allowance 13 weeks after placement in employment or study, compared to 16% of job seekers commencing case management during 1995.

While there are reasons to be optimistic about the performance of Intensive Assistance, it is not clear that all the design features are functioning to the extent that may be possible. These include job seeker driven competition and the incentives in the fee structure:

- The feasibility of using job seeker choice as a means of improving provider performance was limited in the first contract period by a lack of comparative performance information given the establishment of a new market and the need to: encourage providers to invest the necessary resources; reduce the risk of provider failure; and ensure that job seekers participate where they do not choose a provider. Other mechanisms such as competitive tendering, service standards and quality audits contribute to improving provider performance.

- At this stage of the evaluation and in the early days of the market, it is not possible to establish whether the fee structure is clearly operating as an incentive to providers to pursue cost effectiveness and equity of outcomes for all job seekers.

Community Support Program

Between May 1998 and September 1999, 23 500 job seekers received a special needs assessment. Of these, 60% were subsequently referred to the Community Support Program and 15% were referred for Intensive Assistance.

While only a limited number of stakeholders have been consulted so far in the evaluation, most were positive about the Community Support Program. They considered the program to be of value because it allowed participants time and space to step away from the requirements of job seeking in order to address underlying barriers to employment. The main criticism of the program concerned its level of funding, which was considered insufficient to access some local services such as counselling or interpreter services.

New Enterprise Incentive Scheme

In the first 17 months of Job Network, more than 8800 job seekers received assistance to set up their own businesses through the New Enterprise Incentive Scheme (NEIS).

Results of the job seeker satisfaction survey showed that 93% of NEIS participants considered that participation in NEIS had improved their chances of successfully running their own business and 90% also felt that the services and assistance they had received were of a high quality.

New Apprenticeships

Apprentice and trainee commencements have increased from 60 000 in 1994–95 to 125 100 in 1997–98 and 189 600 in 1998–99. The number of apprentices and trainees in all age groups has increased with the greatest proportional increases in the 25 years and over group. Since 1996–97, there has been a rise in the proportion of females and a fall in the proportion of indigenous job seekers in apprenticeships and traineeships.

The industry groupings with the highest proportion of apprentices and trainees are wholesale and retail trade (20%), property and business services (18%) and manufacturing (14%).

Sixty-three per cent of employers, surveyed in June and July 1999, were not aware of New Apprenticeships Centres and 20% of employers who had used a New Apprenticeships Centre did not understand their role, suggesting the need for further marketing, which has now commenced.

Eighty-two per cent of employers who had recruited an apprentice or a trainee reported that they were satisfied with the service from New Apprenticeships Centres, while 13% said they were dissatisfied. Eighty-one per cent of employers said they would use the same centre again.

Breaching and compliance

The activity test is a means to enforce job search requirements and participation in active labour market assistance. The scope of this evaluation is to consider the role of Job Network members in the application of the activity test. A broader evaluation of the activity test is being undertaken by the Department of Family and Community Services.

Between July 1998 and August 1999, 97 700 activity test breach recommendations were made by Job Network members. Of these, Centrelink applied 43%. Breaches are not applied for a

variety of reasons—the main ones being because the job seeker provided Centrelink with sufficient evidence to support their claim (34%) and insufficient documentation was provided by the Job Network member (13%). The rate of breach recommendations remained fairly constant (between eight and nine per 1000 job seekers) between October 1998 and May 1999. The rate was almost 14 per 1000 in August 1999. Most breach recommendations are because job seekers do not turn up to the provider they have been referred to.

Some Job Network members in qualitative research reported that they are reluctant to recommend a breach because of the administrative burden involved, the potential this has for interfering with the relationship they have developed with the job seeker and lack of feedback from Centrelink on the reasons breach recommendations are overturned. Regarding feedback, it should be noted that Privacy Act requirements restrict the amount of information that can be passed to Job Network members. Initiatives to address concerns about the administrative burden and complexity of breaching are underway. They include a joint agency study of the process at some Centrelink sites, seminars for Job Network members conducted by Centrelink and a quality assurance project.

Broader issues

Disadvantaged job seekers under Job Network

One of the key objectives of Job Network is to target effective assistance to job seekers on the basis of need and capacity to benefit. Given the extent of change, an important test of the success of formulating and implementing a system that will achieve this goal is to examine how disadvantaged groups have fared (job seekers from a non-English-speaking background, job seekers with a disability, young and older job seekers, and indigenous Australians).

Job seekers from a non-English-speaking background were generally more satisfied than other job seekers with the services from Centrelink and Job Network members. However, this group was somewhat more critical than other job seekers of the ability of Job Network members to take clients' individual needs and circumstances into account. Further research should assess, in particular, whether it is appropriate to use the Community Support Program to address language or English literacy problems.

Satisfaction with Centrelink was above average for job seekers with a disability, while their satisfaction with all Job Network services was similar to the average. Selection rates for Intensive Assistance for job seekers with a disability were above average. This is expected given their greater level of disadvantage compared to all Job Network eligible job seekers.

Young people appeared more satisfied than other job seekers with Centrelink services, although qualitative research reveals that young job seekers are more confused about the services and obligations associated with Job Network and are less likely to complain than older job seekers. Young people were more critical than other job seekers when surveyed about the level of information Job Network members provided on their rights and responsibilities and relevant rules and regulations. The rate of assessment and the rate at which youth are selected for Intensive Assistance are below that for other job seekers. These trends may partly be explained by the fact that participation is voluntary for young people not on income support.

Older workers' satisfaction levels with employment services were similar to those of other job seekers, although many thought that they could be better marketed by Job Network members to employers who they perceive to be reluctant to take on job seekers older than 45. In qualitative

research, some older workers expressed concern about the appropriateness and content of some Job Search Training courses.

Compared to other job seekers, indigenous Australians were less likely to have been assessed. Those who have been assessed had a high rate of selection for Intensive Assistance, but many referred to Intensive Assistance did not commence. For indigenous Australians who participate in Intensive Assistance, concerns have been raised in qualitative interviews with Job Network members, Centrelink staff and indigenous job seekers about the quality and type of assistance delivered.

The Government has responded to concerns about indigenous job seekers' access to employment services by introducing a number of reforms, including the Indigenous Employment Policy (in July 1999), changes to Job Network in the second tender round and new initiatives for Centrelink.

Progress on implementing the reform principles

While this report has focused on the implementation of Job Network and the experiences of stakeholders, it has also started consideration of some of the broader issues about building a competitive market. The principles that underpin the reforms include integration of income support and labour market assistance, targeting job seekers at risk of remaining unemployed (discussed above), flexibility in service delivery, contestability through competitive tendering, local choice-driven competition between multiple providers, and performance-based funding that rewards desirable outcomes.

Establishment of Centrelink achieved integration of income support and access to labour market assistance; the Government did not pursue integration of the delivery of employment services. The evaluation found that some job seekers and some employers did not fully understand how Job Network operates or the full range of the services available. However, this needs to be viewed in light of the magnitude of the changes undertaken and the early stage of market development.

Eligibility restrictions ensure limited resources are targeted to job seekers most in need. Devolution is a key element of allowing providers the flexibility appropriate to meeting job seeker needs. However, because providers make judgments about how much assistance to provide this can affect equity and quality of service to job seekers.

Flexibility also means that Job Network members can pursue innovative ways of assisting job seekers, particularly in Intensive Assistance. Flexibility, however, needs to be balanced against ensuring sufficient accountability for expenditure and equity of servicing, particularly for hard-to-place job seekers. This balance is pursued in Job Network through a range of contractual provisions, quality assurance processes, rigorous performance monitoring arrangements and a complaints mechanism.

The open tendering process resulted in a substantial increase in the number of sites and range of providers of employment services compared to previous arrangements. Employers and job seekers can make their own choices about providers. This practice will improve over time, with the release of performance information and increasing familiarity with the process of choosing.

Use of outcome payments provides incentives to Job Network members in two ways. First, they provide a financial reward and, second, they are a clear measure enabling comparison with other

providers. This is important given the weight placed on performance in the second tender round. Equity and value for money can be a concern in Intensive Assistance should the fee structure not provide sufficient incentive to help the most disadvantaged. Further analysis is planned to see if changes to the fee structure in the second tender round facilitate greater equity in service provision.

Areas for further research

Further research is warranted on a number of broader policy issues not covered in detail in this report. This includes examining:

- *How well the current mechanisms for maintaining service quality in a competitive environment are working.* These mechanisms include service standards, use of information on past performance in assessing tenders, the provider code of conduct, complaints mechanisms, quality auditing, and the feedback and performance improvement processes.
- *How competition and devolution impact on quality and effectiveness.* For example, while providing a strong incentive for improvements in service, competition may restrict the amount of information sharing between providers. Furthermore, large and small providers may have different approaches to information sharing based on their capacity to research the most effective forms of assistance for job seekers.
- *The role of Government in developing and sharing information.* Given the flexibility in Job Network for providers to trial different approaches to assisting job seekers, how can the Government distribute this information to all Job Network members while supporting a competitive environment?
- *Whether there are effective alternatives to the full open tender process, such as extension of contracts for high performing providers.*
- *The operation of Job Network at the local labour market level in order to measure regional variations in access, responsiveness and market development.*

There are other aspects of the implementation of Job Network that may require further examination. These include the development of relationships between stakeholders involved in the effective functioning of an integrated employment assistance and income support system, and the impact of performance information on job seeker choice during the second contract period. In addition, the Department of Employment, Workplace Relations and Small Business is currently doing further research into the type and volume of assistance provided to job seekers in Intensive Assistance.

1 Introduction

1.1 The policy framework

1.1.1 Reforming employment assistance

As part of the 1996–97 Budget, the Federal Government announced a new framework (the Employment Services Market or Job Network) for the delivery of labour market assistance in Australia (Vanstone 1996). The changes proposed were radical and comprehensive, involving the most significant reorganisation of labour market assistance arrangements since the establishment of the Commonwealth Employment Service (CES) in 1946. The reforms involved:

- Changes to the delivery of Commonwealth services to job seekers, integrating key functions performed by the separate CES and the former Department of Social Security networks into a single national network of offices, known as Centrelink.
- The development of a fully contestable market for publicly funded employment placement services including private firms, community organisations and a corporatised public provider (Job Network members).
- New arrangements for the delivery of assistance to job seekers by Job Network members, including new and more flexible forms of assistance, new approaches to the targeting of that assistance, and significant reforms to payment and incentive arrangements for providers.

The primary objective of the reforms was to ensure that labour market assistance has a clear focus on unsubsidised job outcomes and genuinely makes a difference to those assisted. The Government intended clients to benefit from higher standards of service, more flexible and customised assistance and, ultimately, better and more lasting employment outcomes.

1.1.2 Policies for growth, productivity and social cohesion

The creation of the Job Network is part of the Government's larger policy framework for supporting employment growth, raising productivity and strengthening social cohesion. This framework includes:

- *Workplace reform*: creating flexible and fair workplaces. Workplace reform aims to contribute to economic growth and job creation by promoting innovative and efficient workplaces.
- *Support for small business*: maximising the opportunities for small businesses to grow and create jobs. The Government's policies are broadly targeted at improving the operating environment for small business, reducing red tape and enhancing small business skills.
- *An Indigenous Employment Policy*: working with employers to generate job opportunities in the private sector and supporting the growth of indigenous small business.
- *Mutual Obligation*: encouraging self-reliance and personal responsibility amongst certain recipients of income support. Mutual Obligation aims to encourage more active job search and participation in activities which will improve skills and work habits and contribute to the Australian community.

1.2 The motivation for reform

Australian governments have had considerable experience with active labour market policies. They have devoted significant resources to labour market programs and services, and tried a

variety of approaches including direct job creation, wage subsidies, job search assistance and vocational training. However, the impact of these policies in Australia, as elsewhere, has often been disappointing. In Australia's address to the 1997 meeting of Organisation for Economic Cooperation and Development (OECD) labour ministers, the then minister, Dr David Kemp, explained that:

A multitude of different programs mushroomed over the years, often bewildering in their acronyms and complexity, but few seemed to make any significant or lasting difference in getting unemployed people back into regular employment. Increasingly, Governments came to question what was wrong, and whether the major resources devoted to these policies were yielding fair value for money (Kemp 1997).

The minister also explained that rather than simply cutting spending within the existing policy framework, the Government sought improvements in efficiency and effectiveness through structural reform.

1.2.1 The need for change

Since the 1970s, many OECD countries, including Australia, have pursued active labour market policies. However, only relatively recently has empirical research played a leading role in guiding policy development. In a recent OECD paper, John Martin observed that:

Much of the evaluation literature relates to the United States and Canada where there is a long-standing tradition of evaluating labour market programs. Indeed, in both countries, there is effectively a mandatory requirement on the public authorities to evaluate their programs. Few European countries have carried out rigorous evaluations until recently. This unsatisfactory situation is changing slowly, as tight fiscal constraints make it imperative to get better value for public spending on active labour market policies (1998, p. 13).

The evaluation findings for training programs have been particularly disappointing. Rigorous United States studies have found that some programs actually have a negative impact on employment outcomes and that very few achieve more than a small impact (and then only for particular client groups). Notable exceptions, such as the Greater Avenues for Independence (GAIN) program in Riverside County California, were carefully targeted, linked to the needs of individual local employers and emphasised immediate job placement (Riccio et al. 1994). Direct job creation is another measure which, though widely implemented, has proved disappointing. Martin's research noted that 'the evaluation literature shows fairly conclusively that this measure has been of little success in helping unemployed people get permanent jobs in the open labour market' (1998, p. 21).

Australian evaluations have tended to confirm these international findings. For example, a 1993 evaluation of the SkillShare program found evidence of an impact on employment outcomes but no evidence that training added to the effectiveness of the program (Department of Employment, Education and Training 1993). Commenting on the program's guidelines (which insisted on training), the report noted that these 'may, in some instances, actually direct resources away from effective modes of assistance'. The evaluation went on to suggest that decisions about the type of assistance provided would be best made at the local level, reporting that 'project staff should have the flexibility to provide the mix of assistance they judge to be appropriate' (Department of Employment, Education and Training 1993, p. 36).

In designing Job Network, the Government announced that it would pursue an evidence-based approach to reform, stating that 'the object was not merely to learn the lessons of past

experience, but actively to search out the policy ingredients of best practice and the most promising opportunities for structural reform' (Kemp 1997).

1.2.2 Learning from best practice

By the early-1990s, many of the shortcomings of the prevailing regime of labour market programs had become obvious. The 1993 Green Paper *Restoring Full Employment* identified 'an undue emphasis on meeting targets by processing clients rather than meeting their needs' (Committee on Employment Opportunities 1993, p. 143). The paper also criticised the complexity and lack of flexibility inherent in the system. While some of the mid-1990s reforms tended to exacerbate these problems, others such as the introduction of contracted case management represented promising opportunities for further reform.

The Government sought to build on the most promising features of earlier reforms and learn from recent experience. This included:

- *The role of targeting:* screening and classification tools were developed as part of the *Working Nation* reforms, in order to determine the level of assistance offered to each job seeker. This meant that the most expensive forms of assistance to job seekers could be targeted to those who were most at risk of long-term unemployment.
- *The results from individualised assistance:* under *Working Nation* the system of case management fostered greater flexibility and a focus on the needs of individual job seekers. Many case managers responded by shifting away from placements in vocational training programs towards supporting job search. A report on best practice in case management noted that 'there seems to be a recognition that the skills most needed by job seekers to re-enter the workforce are job search skills rather than job specific skills' (Employment Services Regulatory Authority 1997, p. 15).
- *The difficulty of assisting job seekers who would not be able to benefit from the assistance available:* research on case management under *Working Nation* found that case managers regarded a significant minority of their case load as unmanageable. While these clients may require immediate assistance with literacy, housing, health, substance abuse or other problems, they may not be ready to benefit from assistance which is focused on employment outcomes in the short term. Research suggested that employment assistance should be focused on job seekers who can benefit most from it. When it was not, the needs of the most vulnerable job seekers were too often ignored (Department of Employment, Education, Training and Youth Affairs 1996d).

1.2.3 Objectives of reform

Job Network represents a move to a much more flexible system for delivering employment assistance. In making these reforms, the Government set four key objectives. These were to:

- Deliver a better quality of assistance to unemployed people, leading to better and more sustainable employment outcomes.
- Target assistance to job seekers who need the assistance and who can best benefit from it.
- Address the structural weaknesses and inefficiencies inherent in prevailing arrangements for labour market assistance, and to put into effect the lessons learnt from international and Australian experience.
- Achieve better value for money (especially in a tight budgetary environment).

The reforms sought to maximise performance on four criteria: effectiveness, efficiency, responsiveness (quality) and equity (including access). On this basis, job seekers should receive assistance which genuinely helps them to find and keep paid work; taxpayers should receive value for money; job seekers should be treated professionally and with respect; and resources for assistance should be allocated fairly, going to those who need them most.

1.3 Putting principles into practice

Emerging trends in public sector reform—including contestability, frameworks which separate purchaser from provider, outcome-based funding and a stress on individualised assistance and quality of service—informed the way these principles were put into practice.

1.3.1 *Centrelink*

In 1997, the Government established the service-delivery agency—Centrelink—to deliver a range of government services to the public. The Government sought to make the income-support arrangements more active by integrating the delivery of income-support payments with labour market assistance.

The separation of access to employment services and income support in the previous labour market assistance arrangements was considered to have limited their effectiveness. The integration of CES and the then Department of Social Security service delivery was intended to make a clearer link between receipt of income support and active job search. This approach was strongly supported in the consultations undertaken on the reforms to labour market assistance conducted in 1996 (Department of Employment, Education, Training and Youth Affairs 1996c). Many public submissions applauded the integrated approach which was expected to lead to substantial improvements in efficiency and the quality of service delivery, and a reduction in the complexity of dealing with two separate networks. It was also consistent with the findings of OECD research (Organisation for Economic Cooperation and Development 1996).

By separating policy making and other departmental functions from service delivery, the Government also aimed to create an organisation with a much stronger customer-service culture. The reform created a purchaser/provider relationship between government departments and Centrelink, intended to enable departmental policy makers to focus on results rather than day-to-day management issues.

In countries such as the United States, governments have already carried privatisation and contestability through to the delivery of income-support services (for example, in Wisconsin's W-2 initiative).¹ As purchasers, Commonwealth departments could decide to turn elsewhere for the services now sourced through Centrelink. The possibility of competitors entering the market creates an incentive for Centrelink to improve efficiency and effectiveness.

The Government was drawn to the one-stop shop concept as a way of improving service quality. Ultimately, the shift to one-stop shops would mean that clients could access income support, job matching and other employment services from a single office. However, this ideal was not seen to be compatible with competition between employment-services providers at a local level. The Government therefore chose a combination of a competitive market for employment services and the one-stop-shop approach. Centrelink, which is akin to a first-stop shop, is responsible for delivering income support and serves as a gateway to the Job Network.

¹ Wisconsin Works (W-2) combines economic support with employment and training services. Case managers under W-2 (known as financial and employment planners) determine eligibility for W-2. A number of the agencies contracted to provide these case-management services are for-profit companies (Wisconsin Department of Workforce Development 1999, Dodenhoff 1998).

1.3.2 *Employment services*

The Government wanted to boost the effectiveness of labour market assistance while at the same time making significant cuts to spending (Kemp 1997). The bulk of expenditure in the previous system was tied up in the job brokerage function of the CES and in labour market programs—two areas which the Government regarded as inefficient and/or ineffective. In pursuing greater efficiency, the Government decided to replace the existing labour market program system and the CES monopoly of government-funded job brokerage. They were to be replaced by a market for employment services, with the employment department as regulator and purchaser. Four features were built into this market in an effort to achieve greater effectiveness at lower cost:

- *Contestability*: providers—including the government-owned Employment National—were invited to tender for contracts, with most services tendered for on a price-competitive basis. In the case of one service, Intensive Assistance, prices were fixed.
- *Local competition*: where the market could support more than one service provider, the Government wanted service providers to compete for job seekers and to attract vacancies from employers. Instead of providing funding linked to job seeker processes, the new system tied funding to services provided to job seekers or for outcomes. Competition for job seekers was aimed at linking viability and profitability to a provider's responsiveness to the needs of individual job seekers.
- *Performance-based funding*: the Government linked funding to results rather than process. The new system included payments for sustainable employment outcomes as well as some payments for service delivery.
- *Flexibility*: while much of the old system relied on volumes of highly prescriptive guidelines, the Government wanted Job Network members to have a far greater degree of flexibility. Contestability, competition and performance-based funding were intended to ensure that services were efficient, effective and of high quality. Based on these mechanisms, there would be little need for the purchaser to closely prescribe how the service was delivered. Given greater flexibility, the Government expected providers to pursue more innovative solutions to problems faced by job seekers in securing employment.

The old system was administered through a range of programs and institutional structures: government-provided case management, contracted case management (regulated separately by the Employment Services Regulatory Authority), individual labour market programs, the SkillShare network and the CES. With the introduction of the Job Network in May 1998, the major government-funded employment program and services structure was simplified to three main components:

- *Job Matching*: the successor to the CES job brokerage function where providers were intended to compete with each other for job seekers as well as for job vacancies.
- *Job Search Training*: a service based on the cost-effective Job Clubs model.
- *Intensive Assistance*: a service providing individual assistance which embodied the pay-for-performance approach and allows providers an unprecedented degree of flexibility in pursuing employment outcomes. Under Intensive Assistance, two-thirds of the potential fee for each job seeker is dependent on placement and retention in unsubsidised employment.

These three components were intended to form a continuum of assistance which directed Job Network resources to job seekers who needed them most. The least disadvantaged job seekers could only access Job Matching services; those who were ready for work but less likely to find it on their own could be referred to Job Search Training; while disadvantaged job seekers who

required assistance to become job-ready could be referred to Intensive Assistance. The services are described in more detail in Chapters 4–6 and in Attachment A.

1.3.3 Community Support Program

Under *Working Nation*, the Government aimed to provide jobs or program placements for an entire category of long-term unemployed job seekers. In implementing this policy, it became clear that a small but significant group of people had such severe barriers to employment that mainstream employment assistance was ineffective and frequently counterproductive. Many of these people had barriers to employment which had to be addressed before they were able to move onto assistance aimed at finding paid work. Such barriers could include poor mental health, substance abuse or other personal problems. Forcing vulnerable people through a system which focused on employment, while at the same time exposing them to the risk of income support sanctions, was regarded as unfair and a misuse of resources.

The Community Support Program was established in conjunction with the Job Network to give service providers the flexibility to pursue realistic outcomes. Providers have a high degree of discretion and clients enter assistance voluntarily. Rather than directly fund the range of services which can meet such a diverse range of needs, the program operates on a brokerage model. Providers link their clients with appropriate local services.

1.3.4 The Job Seeker Classification Instrument

An important way of boosting the efficiency and effectiveness of employment assistance is to target it to those job seekers for whom it is most likely to make a difference. The majority of job seekers who register as unemployed do not remain unemployed for long. Most will find employment whether they receive assistance or not. A smaller proportion require help to avoid becoming long-term unemployed.² A still smaller group is unlikely to be in a position to benefit from employment assistance. Where these groups of job seekers can be reliably distinguished, then resources can be targeted to where they are most likely to produce results. In countries such as the United States and Australia, government agencies have developed increasingly sophisticated tools to identify at-risk job seekers as soon as possible after they register as unemployed.

The Job Seeker Classification Instrument (JSCI), like the profiling instruments used in the United States, is a tool for identifying job seekers who are most likely to remain unemployed.³ The purpose of the JSCI is to identify job seekers who are most in need of Intensive Assistance and to classify them into appropriate Intensive Assistance funding levels. Information gathered for the JSCI is also used in the process of identifying job seekers for Job Search Training and identifying job seekers who may have special needs.

Recognising that a questionnaire-based instrument is too blunt a technique for assessing job seekers with problems such as poor mental health and some physical disabilities, the JSCI is supported by the availability of more thorough in-depth secondary assessments conducted by professionals such as occupational psychologists.

Detailed discussion of the development and application of the JSCI is provided in Chapter 3.

² At any one point in time, long-term unemployed job seekers will make up the largest share of the Job Network's case load. However, over an extended period of time (for example, a year), the majority of job seekers in the system will have been short-term unemployed. For every job seeker who remains in the system over the entire period there is a greater number who will flow in and out.

³ In the United States, this profiling forms a part of the Unemployment Insurance system. In 1993, Congress enacted legislation requiring each State to set up its own Worker Profiling and Reemployment Services system (Dickson et al. 1997).

1.3.5 The New Enterprise Incentive Scheme

The New Enterprise Incentive Scheme (NEIS) provides training and financial support to job seekers wanting to set up their own businesses. The program has been operating since 1985 and was largely unchanged in the move to Job Network. Self-employment programs differ from other labour market programs in that they have the potential not only to provide ongoing work for the participant but to generate additional jobs.

Evaluation suggests that NEIS is an effective scheme when restricted to job seekers with viable business proposals (Department of Employment, Education and Training 1992). Moreover, NEIS fulfils needs separate from those addressed through other Job Network services.

1.3.6 New Apprenticeships Centres

The objective of the New Apprenticeships Centres is to streamline services to employers by providing a one-stop integrated support service. Streamlining aims to save time and effort for employers and to support an increase in the number of apprenticeships and traineeships. New Apprenticeships Centres also process Commonwealth program payments and work with State and Territory training authorities.

1.3.7 The transition to the Job Network

The Government allowed 17 months (from announcing the policy in December 1996 to the start of Job Network in May 1998) for the transition to the new arrangements. In this interim period, the Government needed to ensure that job seekers continued to receive assistance while potential providers and staff from the Department of Employment, Education, Training and Youth Affairs prepared for the introduction of the Job Network.

Early in the transition period, the Government undertook formal public consultations to seek the views of interested parties on how the new arrangements could best achieve the stated objectives. A ministerial statement issued in August 1996 identified specific issues to serve as the basis for this process. Subsequently, consultations were held during September 1996 in all capital cities and a number of major regional centres. Interested people had the opportunity to provide written comments and submissions on the Government's reforms. A report on the public consultations was published in 1996 (Department of Employment, Education, Training and Youth Affairs 1996c).

Legislation was introduced into Parliament to support implementation of the Job Network. However, after the Senate proposed a number of amendments to the legislation, the Government decided in July 1997 to implement the reforms under existing legislation and administrative authority.

The key steps in the transition to Job Network are discussed in detail in Chapter 2.

1.4 Evaluating the Job Network

When the Job Network was created, the Government made a commitment to a full evaluation. The evaluation continues an evidence-based approach to policy adjustment and reform. A number of policy changes have already been made in response to performance information (Attachment A).

1.4.1 Overall scope of the evaluation strategy

This report is the first stage of an evaluation strategy endorsed by the Government in December 1996. The strategy was developed under the auspices of several Australian Public Service

agencies and, following a series of public consultations with stakeholders, was published in April 1998 (Department of Employment, Education, Training and Youth Affairs).

The main features of the strategy are:

- *Stage One: Implementation report:* this report assesses the implementation of Job Network, issues arising therefrom and early market experience. While initially planned for early 1999, the timing was deferred to allow a consideration of the impact of the changes to Job Network announced in August and December 1998.
- *Stage Two: Progress report:* this is to be available in December 2000 and will examine how well the new arrangements are progressing.
- *Stage Three: Effectiveness report:* this is to be available in December 2001 and will provide a comprehensive evaluation of the effectiveness of Job Network in improving the employment prospects of job seekers on a sustainable basis.

The strategy also foreshadowed an independent review of the policy framework to assess the strengths and weaknesses of the policy, to determine how it can be improved and to consider the extent that it could be applied to other areas of service delivery. A report from this review is planned for December 2001.

1.4.2 Management of the evaluation

The evaluation is being undertaken by the Department of Employment, Workplace Relations and Small Business (DEWRSB) and overseen by a steering committee involving DEWRSB and the Departments of Education, Training and Youth Affairs, the Prime Minister and Cabinet, Finance and Administration, the Treasury, and Family and Community Services, as well as Centrelink, the Aboriginal and Torres Strait Islander Commission and the Australian Bureau of Statistics.

1.4.3 Overall evaluation criteria

The key issues for the evaluation of the Job Network can be grouped into four standard evaluation criteria: effectiveness, efficiency, quality of services and equity. These criteria will be applied through the three stages of the evaluation strategy in the following ways.

- *Effectiveness:* relates to sustained employment outcomes for job seekers. This will involve before-and-after analyses, studies of the impact of assistance on the employment prospects of job seekers (by attempting to isolate from other influences, the contribution of employment assistance to job seeker outcomes), and changes over time in the numbers of people in receipt of income support and officially measured as unemployed.
- *Efficiency:* value for money considerations will be assessed by examining the unit costs of assistance compared (where possible) to previous arrangements, cost effectiveness and the income-support savings achieved.
- *Quality of service:* this includes responsiveness to individuals' circumstances and preferences and is one of the key principles in the design of the Job Network, particularly Intensive Assistance. It is important because good quality service supports efficiency and effectiveness. Quality is being examined by measuring customer satisfaction with service and through analysis of the actual assistance received, particularly by job seekers in Intensive Assistance. Quality can also be judged by the sustainability of longer-term outcomes after outcome payments have been made.
- *Equity:* this covers access to assistance and achieved outcomes. Access to assistance by individuals and disadvantaged client groups will be assessed by examining communication,

eligibility assessment, targeting and the resulting use of services by job seekers. Some indication of value for money in directing resources to those groups in most need will be examined, for example through comparing the shares of assistance for groups such as indigenous Australians, people from non-English-speaking backgrounds, sole parents, youth, older job seekers and the long-term unemployed.⁴ The employment outcomes achieved by these groups will also be considered.

An additional evaluation issue is the market development of Job Network which carries potential impacts on all of the above criteria. For example:

- High quality and efficient service is especially reliant on a range of successful providers operating within a marketplace.
- If a substantial proportion of Job Network members receive commencement payments but do not achieve outcomes, the overall effectiveness of Job Network may be affected. However, related factors, such as the impact of compliance and indirect outcomes, may also need to be factored in.

1.4.4 Scope of the stage one report

This report begins to address the key evaluation issues outlined above by analysing data available during the implementation of Job Network, issues arising from the implementation process and early market experience. The report includes analysis of each element of the new arrangements to assess whether it has been implemented and is working as intended. It provides information on the quality and responsiveness of services, equity and access to assistance by client groups, and current market development. Progress with establishing a competitive framework for employment assistance and its impact on quality and access is examined. The report points to improvements that may be needed in the design and operation of services, contract management and market settings.

Evaluative information on effectiveness and efficiency is limited in the report because of the early stage of market development. Any current impressions gained about effectiveness are unlikely to represent the performance of a fully developed market system. The report includes some performance information on post-assistance outcomes (three months after participants have left assistance). Longer-term outcomes (up to 12 months after assistance) for all services will not be comprehensively available until the stage three report on effectiveness. Comments on effectiveness and efficiency are also limited by the need to control for the impact of labour market trends on employment assistance outcomes. Attachment B contains a description of recent trends in the labour market but, in view of the relatively short time that Job Network has operated, the evaluation has not yet attempted to control for these trends.

1.4.5 Methods and data sources

This report draws on existing data sources and a number of studies specifically developed for this stage of the evaluation. Major data sources are noted below and discussed in more detail in Attachment C.

- A large-scale qualitative study examined stakeholder views of the Job Network. Fieldwork for the study was conducted in July–August 1998 and again in April–May 1999. More than 1000 Job Network stakeholders including job seekers, employers, contracted Job Network

⁴ In this report, long-term unemployed generally refers to job seekers who have been in receipt of full or part-rate income support for at least a year. For job seekers not on income support, duration of unemployment is measured in terms of the length of time since last registering with Centrelink.

members, staff in Centrelink and DEWRSB, and Area Consultative Committees participated in focus groups or interviews for the study.

- Surveys of client satisfaction with Job Network (including Centrelink) services were conducted with job seekers, employers and Job Network members.
- An employer survey involving around 11 000 employers examined employers' recruitment practices, usage and perceptions of Job Network.
- Post-assistance monitoring data which reflects the extent to which clients who receive assistance are placed in jobs and remain in employment over the longer term.
- Post implementation reviews of the JSCI, Job Network Access and the Employment Services Request for Tender conducted in 1998.
- Case studies of Intensive Assistance as provided to indigenous Australians.
- Analysis of data from DEWRSB and the Department of Family and Community Services administrative systems and Australian Bureau of Statistics data.

2 Setting up the market

Highlights

- The transition to Job Network involved unprecedented changes to the delivery of labour market assistance. In addition to the tender process to select Job Network members, the transition included establishing Centrelink and Employment National, communicating the changes to the general public, and creating measures to ensure services to job seekers and employers were maintained while the Commonwealth Employment Service (CES) was being wound up.
- The probity adviser and the Australian National Audit Office reported favourably on the conduct of the tender process for setting up the market. The Audit Office noted that measures were put in place to manage the risks to implementation from market failure and unfair advantage. In particular, the Audit Office concluded that the steps taken to reduce the risk of unfair advantage for potential tenderers and the lessons learnt from this serve as a guide for future contracting out exercises in the Australian Public Service.
- A limited number of enhancements were made to Job Network in its first nine months, focused primarily on Job Matching.

2.1 Transition

2.1.1 Transitional arrangements

Background

The objective of the transition to the new labour market assistance arrangements was to ensure that those affected by the changes were fully consulted and had time to adapt their operations to the new environment. A period of 17 months was allowed for the transition to Job Network.

During this period, the Department of Employment, Education, Training and Youth Affairs (DEETYA) conducted a process of public consultations, put in place the infrastructure and support arrangements for the new market, and conducted a tender process covering the major employment services. At the same time, elements of the existing labour market assistance arrangements (including job brokerage, labour market programs and case management) were maintained until the implementation of Job Network. Employment National and Centrelink were also established.

The transition period was extended from December 1997 to 1 May 1998 when legislation to support implementation of Job Network did not secure passage by Parliament. This meant a change in design to some features of Job Network, including the need to rework policies and processes, and to reproduce tender documentation.

Centrelink

Centrelink was established as a statutory authority under the *Commonwealth Services Delivery Agency Act 1997*. The Act came into effect on 1 July 1997 and Centrelink was formally launched on 24 September 1997. A board of management governs Centrelink. Its relations with purchaser client departments are governed by purchaser/provider or partnership arrangements set out in service agreements. The agreements cover:

- Funding arrangements for services purchased from Centrelink.
- Expected performance outcomes.
- Protocols relating to issues such as information sharing and product design.

Nationally, Centrelink has more than 400 sites and employs around 24 000 staff, including some 3000 CES staff who transferred between May and July 1997 (Centrelink 1998a). From December 1997, Centrelink's network commenced assessing entitlements to income support, as well as registering people looking for work, determining their level of disadvantage and referring them to labour market assistance in preparation for implementation of Job Network on 1 May 1998.

Employment National

The government-owned Employment National Ltd was incorporated on 4 August 1997. As noted in Employment National's first annual report, the company's prime focus after incorporation was the preparation of its response to the Employment Services Request for Tender (Employment National Limited 1998). After lodging the Request for Tender, the company incorporated its wholly owned subsidiary, Employment National (Administration) Pty Ltd, to provide the infrastructure, services and human resources to the parent company, Employment National Ltd. Employment National (Administration) Pty Ltd employed about 1200 employees in preparation for the commencement of the market with more than half of these having transferred from the CES network.

Job brokerage contracts

During the five months leading up to the commencement of Job Network, a job brokerage service was delivered on a fee-for-service basis. Employment National was contracted to manage the CES over this period and competed with contracted case management organisations to deliver job brokerage (referred to as Job Matching under Job Network).

Of the existing 316 contracted case management organisations, 308 accepted job brokerage contracts. These contracts allowed for a fixed-outcome payment of \$250 for each eligible job seeker placed.

2.1.2 Level and quality of service

DEETYA was sensitive to the possibility that the transition to the Job Network might affect the level and quality of services to job seekers and employers. A strategy was put in place to maintain service during the transition period and after the announcement of successful tenderers.

Efforts to maintain service quality included the use of a one-stage tender process and having a short period of time between the tender announcement and the start of Job Network. Both approaches were aimed at reducing the potential impact on service delivery of unsuccessful tenderers amongst those already providing labour market assistance.

Service to job seekers

Job seeker satisfaction with CES services was maintained during the transition. Overall, 77% of job seekers surveyed were satisfied with the standard of service they received from the CES in 1997, similar to the levels recorded in 1995 (76%) and 1993 (75%) (Department of Employment, Education, Training and Youth Affairs 1996b). After the introduction of Centrelink, job seeker satisfaction levels improved. Their satisfaction with overall services delivered by Centrelink during the transition period (from December 1997 to May 1998) was 84%. According to job

seekers, the establishment of Centrelink meant that registering for unemployment was considerably easier than in the past. The fact that job seekers now only had to go to one location to register for income support and as looking for work may have contributed to the improved satisfaction level at this time.

Service to employers

CES service to employers during the transition period seems to have declined. This was evident from increasing employer dissatisfaction with CES services. In the period 1994 to 1996, around 16% of employers were dissatisfied with the service from the CES. This increased to more than 20% in 1997 and may have been influenced by the impending closure of the CES.

2.1.3 The communications strategy

To inform the community of the changes to labour market assistance arrangements under the first Job Network contract period, the Government implemented a communications strategy. At a cost of around \$11 million, the strategy included:

- A media campaign to inform job seekers, employers and the general community about the introduction of Job Network. The media campaign began on 26 February 1998 and involved national advertising for television, print and radio.
- An ethnic communications campaign, focused on ethnic radio advertising, pamphlets and articles in ethnic press. A task force was set up to liaise with ethnic community representatives and to disseminate Job Network information products.
- A communications campaign of radio advertising and a Job Network information kit which was distributed to 1200 indigenous community organisations for indigenous Australians.
- Setting up a Job Network information line on a free call 1800 number to explain Job Network to job seekers, employers and the general public.

A review of the media campaign by Worthington Di Marzio measured employer, job seeker and community awareness of Job Network advertising, including the Job Network concept and logo, and knowledge of changes to labour market assistance arrangements. Measurement occurred in March to April 1998 (before Job Network started), in May to June 1998 (at the start of Job Network) and in May 1999 (after a year of Job Network). Broad recognition of the Job Network advertising was high among employers and job seekers.

The results from research conducted three months after the release of the campaign were positive. Around 80% of employers and job seekers recognised the press and/or television advertising in June 1998, an increase of 10 percentage points for employers and 20 percentage points for job seekers from March to April 1998.

Fewer job seekers and employers were familiar with what the changes meant to the delivery of labour market assistance. By June 1998, only 27% of employers and 23% of job seekers reported that they were familiar with the changes. This result was consistent with findings of qualitative research for the evaluation conducted in July and August 1998. Most employers and job seekers in this research did not know about the specific changes or how these changes affected them. For example, there was confusion about the role of Employment National with many job seekers and employers reporting that Employment National was the Job Network.

A year after the implementation of Job Network, employer and job seeker awareness of the changes was similar to that in May to June 1998—73% of employers and 82% of job seekers

surveyed in relation to the media campaign knew of Job Network, but most only knew the name or a little about it. Again, qualitative research around this time confirmed the findings of the communication review.

2.2 The tender for employment services

2.2.1 *Main features of the tender*

On 4 August 1997, DEETYA released the Employment Services Request for Tender 1997.⁵ It covered services in 29 labour market regions. Its value was estimated at \$1.7 billion over a 19-month contract period (this was later extended to 22 months).

The tender covered five main employment services:⁶

- A labour exchange service—Job Matching.
- Assistance for job seekers to improve job search skills—Job Search Training.
- Support to help disadvantaged job seekers obtain and hold a job—Intensive Assistance.
- The New Enterprise Incentive Scheme (NEIS) aimed at helping eligible unemployed people establish and run a viable small business.
- Entry Level Training Support Services aimed at streamlining services to employers, apprentices and trainees subsequently referred to as New Apprenticeships Centres.

The tender was different from any previously undertaken by the Department. It was developed in a changing legislative and policy environment. The content of the Request for Tender was complex, reflecting both the radical changes in service delivery and the need for its contents to withstand public scrutiny. A probity plan was released publicly as part of the Request for Tender and an independent probity adviser, Blake Dawson Waldron Lawyers, was appointed to ‘monitor procedural integrity throughout the tender process’ (Department of Employment, Education, Training and Youth Affairs 1998a, p. 38).

2.2.2 *Outcome*

When the Request for Tender closed on the 16 September 1997, some 5300 bids had been received from more than 1000 organisations. The assessment and evaluation stage of the Request for Tender lasted until January 1998, with contracts being announced in February 1998—three months before Job Network’s implementation. More than 300 organisations were successful (50% private, 44% community and the remainder public) while the number of sites expected to be offering employment services exceeded 1400 (Table 2.1). This was a marked increase in the number of sites offering employment services under the previous labour market assistance arrangements. At 30 June 1997, there were almost 700 outlets delivering labour market related services to job seekers, including 293 CES regional and branch offices and 321 contracted case management organisation outlets.

Those organisations already being funded to deliver employment services were more successful in the Request for Tender process than others. Currently funded organisations comprised 56% of tenderers and 79% of successful tenderers.

⁵ For a more detailed description of the tender process, see Department of Employment, Education, Training and Youth Affairs 1998a.

⁶ Project Contracting for crop harvesting was the sixth service.

2.2.3 Assessment of the tender process

The probity adviser gave the tender process an unqualified sign-off, stating that the process had been carried out according to the Request for Tender and probity plan. The Australian National Audit Office reported that the tender evaluation process had been conducted effectively (Australian National Audit Office 1998). It also found that DEETYA had managed the potential risks associated with the process and established procedures that helped to ensure that the evaluation of tenders was undertaken effectively.

Not surprisingly, given the size and uniqueness of the Request for Tender, the Audit Office made several recommendations for future improvements. In particular, it suggested that more statistical data concerning outcomes for the separate employment services on offer would have assisted tenderers in estimating income flows for the first tender round. Such information was included in the Request for Tender for the second tender.

Qualitative research shows that some providers were critical of some aspects of the tender process. They were concerned that the time between release of the Request for Tender, the closing date for tenders and the start of the market was too short, and that regional labour market information in the Request for Tender was not adequate. Some providers also thought the probity requirements were excessive and led to confusion, and that the debriefing on the tender outcomes was restrictive and did not clearly outline the basis for making contract decisions. However, given the scale and scope of the changes and the tender process, it was imperative that there were clear probity considerations, and that no tenderer was advantaged or disadvantaged in the process.

In the qualitative research, some employment services providers criticised the issuing of contracts that were just for Job Matching. Some providers, who had bid for contracts covering the three employment services but only won a Job Matching contract, seemed unaware that this was a possible outcome of the bidding process. They claimed that had they known they could have been awarded Job Matching without Job Search Training or Intensive Assistance, they would have framed their bids differently and structured the pricing arrangements accordingly.

The 1997 Request for Tender stated that providers may be offered a contract just for Job Matching and DEETYA took all bids at face value. Some providers seem not to have fully comprehended the parameters and did not factor into their pricing policy the possibility of only delivering Job Matching. They may have lodged tenders with the view that they could cross-subsidise Job Matching with Job Search Training and Intensive Assistance. Wording in the second Request for Tender was made more explicit, to spell out even more clearly that a contract may only include Job Matching. Also, bidders in the second round were requested to advise the Department of Employment, Workplace Relations and Small Business if they were prepared to accept a contract that was just for Job Matching.

2.3 Business allocation

2.3.1 Service profile and regional spread

Following the outcome of the first tender, Job Matching was the most widespread service, followed by Intensive Assistance (Table 2.1).

Table 2.1: Job Network services by number of organisations and sites

Job Network service	Job Network members	Sites	Organisations funded prior to Job Network as a percentage of total ¹
	number		%
Job Matching ²	240	936	81
Job Search Training	117	419	82
Intensive Assistance	125	715	85
NEIS	64	194	91
New Apprenticeships Centres	59	200	71
Total³	306	1 404	79

1 See Australian National Audit Office 1998, pp. 63–4.

2 Of these, 22% were to provide only Job Matching, 26% Job Matching and Job Search Training, 29% Job Matching and Intensive Assistance and 22% all three employment services.

3 Includes Project Contracting which was to be delivered by five Job Network members from 17 sites.

Source: *New Job Network to replace the CES*, Media Release, 26 February 1998 (Kemp 1998) and Australian National Audit Office 1998

Some providers also offered services that focused on particular client groups. Details of these specialist services are summarised in Table 2.2.

Table 2.2: Number of Job Network services by sites and specialist services, May 1998

Specialist service	Job Matching	Job Search Training	Intensive Assistance	NEIS
Long-term unemployed	23	5	17	-
Mature-aged people	12	1	12	3
Indigenous Australians	25	7	19	-
Non-English-speaking background	42	18	26	6
Persons with disability	48	12	34	3
Sole parents	5	1	3	1
Women	5	1	6	6
Youth	59	20	41	6
Other	15	8	11	1
Total	234	73	169	26

DEETYA had a broad expectation that Job Network would include a diversity of providers across each service type. This was set out in the Request for Tender:

- In each region, the expectation was for at least five providers for the three main employment services, at least two or three for NEIS and between two and four for New Apprenticeships Centres.
- It was not expected that any one provider would be allocated more than 50% of available business in any region, unless there was a need for wide geographic coverage and/or there was a substantial price differential between bidders. This expectation applied to the employment services and for NEIS but not for New Apprenticeships Centres.

The regional distribution of Job Network services at the start of the market is shown in Table 2.3. For the three main employment services—Job Matching, Job Search Training and Intensive Assistance—the expectation of at least five providers was met in all but one of 29 labour market regions. No labour market region had fewer than 15 Job Matching providers. For Job Search Training, eight of the 29 labour market regions had fewer than 10 sites. For Intensive Assistance, only one region had fewer than 10 providers.

Table 2.3 Job Network services by number of sites and labour market region, May 1998

Region	Job Matching	Job Search Training	Intensive Assistance	NEIS	New Apprenticeships Centres
Inner Sydney	39	12	19	5	3
South West Sydney	72	26	42	11	10
Western Sydney	45	10	26	9	5
North Sydney and Central Coast	41	12	25	4	7
Hunter and North Coast	77	24	46	19	13
Illawarra and South East New South Wales	47	25	36	11	7
Western New South Wales	55	34	41	9	4
Australian Capital Territory	18	4	14	3	8
Riverina	47	22	21	7	9
West and Inner Melbourne	75	19	52	13	9
East Melbourne	88	27	63	16	10
Geelong	26	7	19	2	6
Victorian Central Highlands	45	24	27	8	22
Gippsland	25	12	17	14	7
Brisbane City	67	20	32	5	15
Moreton	58	23	34	6	13
Wide Bay-Burnett	23	7	13	6	4
Darling Downs	18	11	8	2	1
Central Queensland	23	9	14	3	7
Northern Queensland	36	14	17	2	7
Adelaide	56	15	37	6	8
Southern and Eastern South Australia	20	6	10	4	5
Northern and Western South Australia	22	7	11	2	6
Perth	55	11	36	6	8
Southern West Australia	20	12	10	17	6
Balance of West Australia	25	9	14	3	7
Hobart and Southern Tasmania	20	5	15	4	4
Northern Tasmania and Mersey-Lyell	22	10	14	5	8
Northern Territory	15	10	15	2	1
Total	1 180	427	728	204	220

2.3.2 Business mix across services

The three employment services—Job Matching, Job Search Training and Intensive Assistance—consist of three linked servicing streams. These services are seen as a continuum of assistance to get eligible job seekers into work and help employers fill their job vacancies. The Request for Tender stated that, on this basis, the services provide a clear focus on matching job seekers to jobs, and that because the key focus of the employment services is to get people into jobs, all providers must canvas for jobs and match unemployed people to suitable vacancies (Department of Employment, Education, Training and Youth Affairs 1997c, p. 19). This meant providers of Job Search Training and Intensive Assistance also needed to provide Job Matching.

2.4 Issues

2.4.1 Managing the risks to implementation

Job Network was implemented at the beginning of May 1998. In the lead up to implementation, the Government had to ensure a smooth transition to Job Network, including minimal disruption to services to job seekers and employers. The Government also had to manage the risk of market failure and the possibility that some players in the new market started with an unfair advantage over others.

Market failure includes failure of individual service providers and failure by the market as a whole (Australian National Audit Office 1998). During the transition to Job Network, contingency plans were put in place in the event of market failure. These included fee-for-service arrangements and the provision of basic employment services to be delivered by Employment National in any region where a market could not be established. Subsequently, there were only four fee-for-service contracts in the first contract period and no requirement for provider-of-last-resort provisions. The risk of market failure was managed through tendering and contracting arrangements. For example, ensuring prospective providers were financially viable worked to ensure that they operated as viable businesses once the market was set up.

The implementation of Job Network involved building on and modifying an existing framework for labour market assistance. There was a risk that the existing providers of employment services could have an unfair advantage over new providers. This could occur, for example, because Employment National was hired to run the CES and could gain the corporate knowledge of many people who had worked in the CES, and because of access to the CES' job seeker and employer data bases. As noted earlier, Employment National and a number of contracted case management organisations were hired by DEETYA to deliver job brokerage in the lead up to the start of Job Network. Also, contracted case management organisations which had won Intensive Assistance contracts in the new market were in the position to encourage job seekers within their case management case load to transfer to the same organisation for Intensive Assistance. Of the 67 000 case-managed clients who were transferred to Job Network, 65% continued with the Job Network member that was previously their case manager.

DEETYA addressed these issues in a number of ways. It put in place strict conditions under which Employment National operated to ensure that it did not have favourable access to information. There were also strict parameters for the probity of the tender process to ensure existing providers did not have an unfair advantage and the independent probity adviser ensured that these processes were strictly followed. These measures are outlined in the Australian National Audit Office report. The report also notes that the steps DEETYA took to reduce the risk of unfair advantage and the lessons learnt 'have been highlighted as a guide for future contracting-out exercises by the Australian Public Service' (Australian National Audit Office 1998, p. 109).

2.4.2 Enhancements to Job Network since May 1998

As could be expected with change of this magnitude, a number of implementation issues emerged as Job Network bedded down, including:

- A perception by some service providers that employers were choosing to use alternative recruitment methods because they were reluctant to pay fees for filling low-skilled or unskilled vacancies. This, in part, stemmed from the publicity generated by the early decisions of some organisations, such as Employment National (which later changed its position), to charge employers. The actions of a small number of organisations were attributed to all Job Network members.
- The level of resources being used by providers to register job seekers who were not eligible for an outcome payment (estimated by the providers, in qualitative research in 1998, to be about half of the job seekers registering with them).
- Concern by some providers that, as a result of Government policy initially restricting job seeker eligibility to Job Matching, employers believed the pool of job seekers they could

access through Job Network was limited and that they may not get the best person for the job.

- Confusion among some job seekers and employers early in the market as to the nature of the changes and their implications for accessing employment services.

Concern was also raised over the Government's decision to exclude from Job Network many unemployed people who were not eligible for income support and about payment levels for Job Matching (with little recognition that these payment levels were the prices submitted by tenderers to deliver the service).

The Government recognised that reforms of the scale of Job Network might require finetuning and announced adjustments in August and December 1998. The adjustments were limited and mainly related to Job Matching. They included:

- Extending the eligibility criteria for Job Matching to include job seekers who were not receiving income support.
- Payment of a \$10 000 Market Development Grant to Job Matching providers, which was available to a maximum of five sites per provider in each labour market region, and changes to the payment structure to improve the income and cash flow of Job Matching providers.
- Extending the length of the first contract by three months to enable these changes to have an effect.

Provision was also made for Job Network members who did not want to continue in the employment services market. A package of up to \$15 000 per site was offered to providers to help with the cost of withdrawal. During the first contract period, 20 organisations withdrew from Job Network, although not all of these took advantage of the package.

A detailed description of these changes is provided in Attachment A.

3 Accessing Job Network

Highlights

- Job seeker satisfaction with the Centrelink registration process was 75% in 1999, similar to the level a year earlier (78%). In qualitative research, some job seekers indicated they did not fully understand what employment services were available and they reported some frustration with the duplication of information collected. Centrelink is currently developing an electronic form designed to support once-only collection of data. Young job seekers not in receipt of income support had a lower level of satisfaction with the registration process. Centrelink staff and Job Network members interviewed in qualitative research were concerned that young job seekers' contact with employment services had been reduced with the introduction of the Youth Allowance.
- The Job Seeker Classification Instrument (JSCI) is used to identify job seekers for referral to Intensive Assistance. The profile of job seekers identified for Intensive Assistance and special needs assessment is consistent with expectations. A post implementation review of the JSCI showed that the majority of job seekers were classified accurately by the instrument. The post implementation review also identified areas for improvement and finetuning, while some concerns with aspects of the application of the instrument were raised in the evaluation. These concerns are being addressed through implementation of the post implementation review recommendations.
- In qualitative research, the Integrated Employment System (IES)⁷ in particular, but also the Income Security Integrated System, were criticised by Job Network members and Centrelink staff. In relation to IES, there were concerns with data quality and system functionality. While changes have been made, users felt the system could be further improved if it was made more user-friendly and allowed for easier input and extraction of information. Work on refining IES functionality is continuing through the Job Network Information Technology Working Group and the Systems Integration Strategic Committee.

3.1 Introduction

To access Job Network services (other than Job Matching), job seekers must register as unemployed with Centrelink and, if older than 20, be eligible for qualifying government income support.⁸ When job seekers who are eligible for Job Network register with Centrelink, they are also assessed using the JSCI, the tool used to determine what service a job seeker can obtain through the Job Network.

3.1.1 Registration

Role of Centrelink as the gateway to Job Network

Centrelink operates as a gateway to government-funded employment services for people who register as looking for work, including those receiving income support and people not in receipt of income support. Centrelink's functions include:

- Registering job seekers and assessing eligibility for income support.

⁷ IES is DEWR's administrative system that underpins Job Network operations. It is linked directly through an interface to Centrelink's Income Security Integrated System.

⁸ Newstart Allowance, Youth Allowance, Special Benefit, Partner Allowance, Mature Age Partner Allowance, Parenting Payment Partnered, Widow Allowance, Bereavement Allowance, Parenting Payment Single, Disability Support Pension, Wife Pension, Widow Pension, Carers Payment (not eligible for NEIS).

- Assessing eligibility for employment services (Job Search Training and Intensive Assistance) and the Community Support Program.
- Referring job seekers to the Job Network members and Community Support Program providers that are delivering these services.
- Providing self-service access to vacancies (via the National Vacancy Data Base) and access to self-help job search facilities (called Job Network Access).
- Providing information to job seekers about Job Network members.
- Actioning breaches on job seekers who fail to meet activity test requirements.

From August 1998, job seekers who were not receiving income support could register as looking for work with Centrelink or Job Matching providers.

The service relationship with Centrelink

Centrelink provides the registration and referral services to Job Network under a service agreement with the Department of Employment, Workplace Relations and Small Business (DEWRSB). The 1997–98 agreement included 17 key performance indicators covering the extent to which Centrelink was to meet targets for the registration, assessment and referral of job seekers to Job Network services, and the quality of these services. Quality service indicators covered the level at which job seekers and Job Network members were to be satisfied with Centrelink's service.

3.1.2 Job seeker assessment

Profiling

In 1994, screening mechanisms were introduced in Australia to establish whether newly registered job seekers were at risk of becoming long-term unemployed. This process included the use of automated screening using the Jobseeker Screening Instrument, supported by supplementary staff judgment. A further assessment mechanism, the Client Classification Level questionnaire, was then used to identify the barriers to employment faced by at-risk and long-term unemployed job seekers and to classify job seekers into various assistance levels.

These mechanisms replaced arrangements which essentially relied upon staff judgment within defined target groups of job seekers. The move away from subjective approaches has been supported by the OECD which recommended that member countries adopt an early intervention strategy for unemployed job seekers at risk of becoming long-term unemployed (Organisation for Economic Cooperation and Development 1997). In 1998, the current profiling instrument used by Centrelink, the JSCI, replaced the Jobseeker Screening Instrument, the supplementary staff judgment and Client Classification Level processes.

Objectives of the JSCI

The JSCI has a fundamental role in Job Network. Its primary function is to identify job seekers who are most in need of Intensive Assistance and to classify them into appropriate funding levels. Information gathered for the JSCI is also used to identify job seekers who may have special needs and, from March 1999, has been used in the process of identifying job seekers for Job Search Training.

Design and process

Lessons learnt from operating the Jobseeker Screening Instrument, extensive surveys of job seekers and analysis of administrative data to identify factors associated with prolonged unemployment have all contributed to the development of the JSCI. The views of case managers providing employment assistance were sought on factors associated with labour market disadvantage which could not be tested by survey. Wider consultations were also held with major stakeholders, peak organisations and the employment services industry.

Under Job Network, job seekers complete a looking-for-work form at registration. This form collects information on each of the 18 factors in the JSCI that have been found to be associated with longer periods of unemployment. Factors cover demographic characteristics, qualifications, labour force experience, family status, location, mobility, personal disadvantages and disabilities (Department of Employment, Education, Training and Youth Affairs 1998c). Each factor is assigned a weight, or points, indicative of the average contribution that the factor makes to the difficulty of placing a job seeker into employment. The points for each job seeker are added to provide the job seeker's JSCI score. The higher the score, the higher the level of predicted placement difficulty.

Secondary classification processes are also utilised with the JSCI. Specialist Centrelink staff can conduct a secondary classification to address issues such as poor motivation, low self esteem, psychological problems, substance abuse, torture and trauma experience and the impact of a disability on work capacity that might not be picked up adequately in standard JSCI factors.

When a job seeker has a JSCI score at least equal to the score needed for Intensive Assistance and has had potential special needs identified, a special needs assessment is applied by an occupational psychologist (Centrelink 1998b). Job seekers who are subsequently assessed as not having very severe barriers to employment are then referred to Intensive Assistance. Those with multiple and severe barriers are offered a place in the Community Support Program (discussed in Chapter 7). Job seekers with a disability who are assessed as highly disadvantaged may also be streamed into specialist disability employment services available through the Department of Family and Community Services.

Once need is determined, a job seeker is informed of the particular level of service they are eligible for (the higher the JSCI score, the more intensive the level of assistance) and provided with information about the Job Network members who deliver those services in the area. In relation to Intensive Assistance, the job seeker then has ten working days to advise Centrelink of their choice of provider. If the job seeker does not choose a provider within the nominated period, DEWR's auto-referral process will allocate one automatically.

Centrelink is required to reapply the JSCI every 12 months that a job seeker remains unemployed. More regular updates may occur. For example, changes in age or duration of unemployment may lead to an update of these components of a job seeker's classification. A JSCI funding level can also be reviewed at the request of a Job Network member or job seeker.

JSCI bandwidths

Scores within a particular range (bandwidth) indicate that a job seeker is in need of referral to Intensive Assistance and determine their funding level in this employment service (Table 3.1).

Table 3.1: JSCI score bandwidths

Intensive Assistance funding level	JSCI score bandwidths from 1 May to 22 July 1998	JSCI score bandwidths from 23 July 1998 to 25 July 1999	JSCI score bandwidths from 26 July 1999
Level 1	27–34 points	26–33 points	24–30
Level 2	35–44 points	34–41 points	31–38
Level 3	45 or more points	42 or more points	39 or more points

Source: JSCI post implementation review (Department of Employment, Workplace Relations and Small Business 1999d)

The bandwidths have been lowered twice since Job Network commenced so as to increase the flow of job seekers into Intensive Assistance (Table 3.1). This outcome appears to have been achieved. Under the bandwidths that operated between July 1998 and July 1999, the number of job seekers available for Intensive Assistance at 30 June 1999 was 316 100 (Table 3.2). The corresponding number using the bandwidths that operated from July 1999 was 376 300, an increase of 19%. Lowering the bandwidths also means that access to Intensive Assistance and to higher funding levels can be achieved by job seekers with lower levels of disadvantage than previously applied. This could also possibly increase outcome levels for Intensive Assistance. However, as discussed in Chapter 6, Intensive Assistance participants still face significant barriers to securing employment.

Table 3.2: Job seekers available for Intensive Assistance under the old and new JSCI bandwidths

Characteristics	Total	%
<i>JSCI bandwidths from 23 July 1998</i>		
26–33 points	199 600	63.1
34–41 points	82 800	26.2
42 or more points	33 700	10.7
Total	316 100	100.0
<i>New JSCI bandwidths from 26 July 1999</i>		
24–30 points	205 300	54.6
31–38 points	115 300	30.6
39 or more points	55 700	14.8
Total	376 300	100.0

Source: Integrated Employment System

3.1.3 Self-service job search facilities

National Vacancy Data Base

Touch screens located in Centrelink offices and in the offices of some Job Network members are available to job seekers to access jobs on DEWR's National Vacancy Data Base, via Australian Job Search. This access is also available through the internet.

Job Network Access

Job Network Access is a self-help employment service available from Centrelink outlets to all job seekers regardless of their eligibility for income support or Job Network services. Job Network Access facilities were piloted in 48 Centrelink outlets from May 1998 and have since expanded to most Centrelink outlets.

The facilities provide job seekers with free access to a range of resources and information to assist in the preparation of job applications and resumes. Resources include personal computers

and printers, photocopiers, facsimile machines, telephones, newspapers and relevant career and job search information, as well as information on Job Network members and relevant local employment initiatives. Job vacancy touch screens are also available.

3.2 Progress to date

3.2.1 Satisfaction with the registration process

Around the time Job Network started, there appears to have been a temporary reduction in the level of registration activity beyond normal seasonal variations. Some uncertainty among job seekers about the respective roles of Job Network and Centrelink and changes to eligibility for registration may have contributed to this, as may the level of adverse media coverage in the early days of Job Network. Other administrative changes in mid-1998, including the introduction of Youth Allowance from July 1998, are likely to have deterred some younger job seekers from registering at this time. Given the extent of change which occurred, a period of adjustment during which job seekers and Centrelink would become familiar with the new system was to be expected.

In March 1999, job seeker satisfaction with the Centrelink registration process was at 75%, similar to the level a year earlier (78%). Job seekers involved in the qualitative research raised concerns about the registration process. Some job seekers indicated that they did not understand the process or what employment services were available or what they were entitled to. Many reported being overwhelmed and frustrated by the amount of paperwork required, particularly when this meant duplicating the same type of information in different forms.

It should be noted that many job seekers who are registering with Centrelink are also making a claim for some form of income support. The Privacy Act requires that information collected for one purpose cannot be used for any other purpose, which means questions can be duplicated. Centrelink is currently developing an electronic form designed to support once-only collection of data and eliminate duplication of paperwork. Centrelink is also implementing the Preparing for Work Initiative which will assist job seekers in understanding the range of employment services appropriate to their needs.

The 1999 survey of job seeker satisfaction with Centrelink found that youth who were not receiving income support had a lower level of satisfaction with the registration process (62%) compared to youth who were in receipt of income support (77%). Disappointment by youth at not qualifying for income support may be a factor in this.

Recent work by Connolly (1999) found that the introduction of the Youth Allowance and the extension of Mutual Obligations contributed to a decline in the number of youth allowees registering with Centrelink. Centrelink staff and Job Network members interviewed in qualitative research were concerned that young job seekers' contact with employment services had been reduced with the introduction of the Youth Allowance. They also considered that some youth who are no longer receiving income support may not be aware that they are eligible for Job Network services.

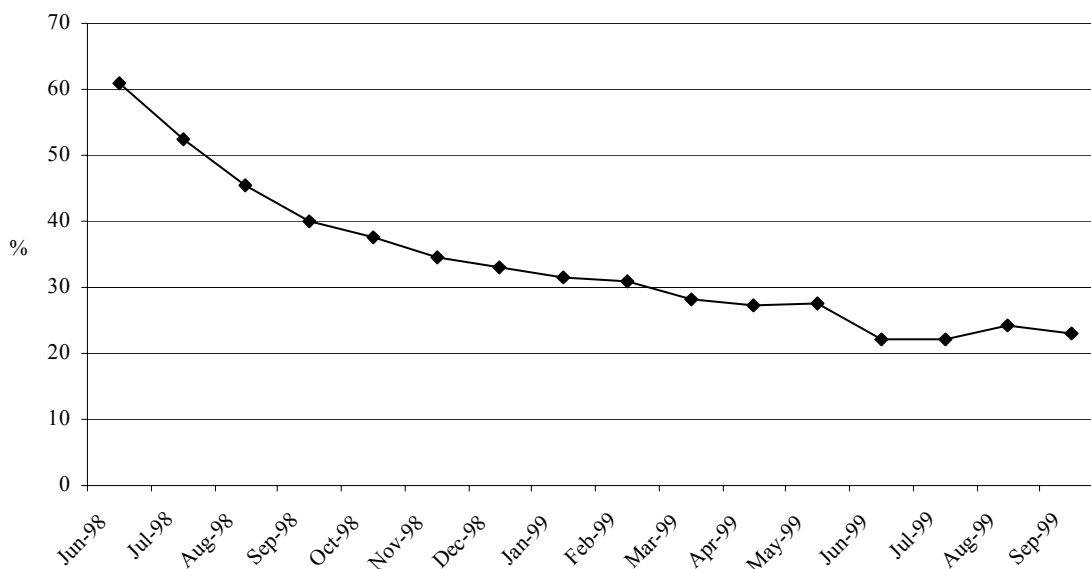
3.2.2 Assessment

Rate of assessment

As discussed above, accessing the main employment services of Job Network requires a JSCI score. However, not all job seekers have been assessed by the instrument. The need to determine

a JSCI score for all job seekers already registered as unemployed at the time the instrument was implemented, as well as assessing new registrants, has meant that Centrelink has had to apply the JSCI to a population much greater than the register inflow. The proportion of all Job Network eligible job seekers requiring an assessment has been progressively reduced from 60% in May 1998 to just over 20% by September 1999 (Figure 3.1). To illustrate the very large numbers involved, more than three-quarters of a million job seekers were assessed against the JSCI in the first 13 months of Job Network.

Figure 3.1: Percentage of job seekers yet to be classified by the JSCI, June 1998 to September 1999¹



¹ These data contain non-activity tested job seekers whose records may have lapsed. Deletion of lapsed records is likely to reduce the percentage of job seekers who have not had a JSCI applied.

Source: Integrated Employment System

Young people and indigenous job seekers were less likely to have been classified by the JSCI than other Job Network eligible job seekers (Table 3.3). Non-application of the JSCI would effectively exclude such job seekers from the range of services available to those eligible for Intensive Assistance and the Community Support Program.

The lower rate of application of the JSCI to young people can be partly explained by the fact that participation in Job Network is voluntary for young people not on income support. Non-application of the JSCI to indigenous job seekers may be due to the fact that they are more likely than other job seekers to live in a rural or remote area. Compared to elsewhere, these areas have limited access to facilities for completion of the JSCI and to an occupational psychologist for secondary classification.

Table 3.3: Job Network eligible and rates of JSCI assessment, September 1999

Job seeker characteristics	Job Network eligible ¹	Proportion with JSCI score	Selection rates for Intensive Assistance ²
	%		%
Gender			
Male	62.8	87.1	46.9
Female	37.2	77.5	41.8
Persons	100.0	83.5	45.1
Age			
Less than 18	5.0	62.1	41.6
18–20	18.2	70.9	32.2
21–24	13.7	88.4	34.8
25–29	13.8	87.9	43.0
30–39	20.1	87.5	45.6
40–49	16.1	88.7	55.9
50 or more	13.1	87.1	59.6
Unemployment duration			
Less than 6 months	28.3	81.2	31.1
6–12 months	17.3	82.0	37.9
12–24 months	22.1	85.5	44.6
24–36 months	12.6	82.0	57.6
3–5 years	13.2	86.0	62.0
5 years or more	6.5	89.0	65.1
Education level³			
Less than year 10	23.8	86.9	62.3
Year 10 completed	28.7	87.2	48.8
Year 11 completed	8.1	85.4	45.0
Secondary school completed	18.5	85.4	32.9
Trade/TAFE qualifications	11.0	89.6	30.7
Tertiary qualifications	4.6	90.3	22.6
Disadvantaged groups⁴			
Indigenous Australians	4.3	73.1	70.6
Non-English-speaking background	14.2	86.9	59.1
Persons with disabilities	15.5	84.5	62.1
Sole parent	0.9	95.4	45.9
Allowance status			
Newstart allowance	69.0	92.0	48.0
Youth allowance	8.1	92.3	40.0
Eligible other allowance ⁵	9.2	55.8	48.1
Youth not on allowance	2.9	67.0	16.4
Unknown	10.9	51.0	26.9

1 Job seekers eligible for Job Network as at 30 September 1999. Includes income-support recipients, Community Development Employment Projects participants and youth.

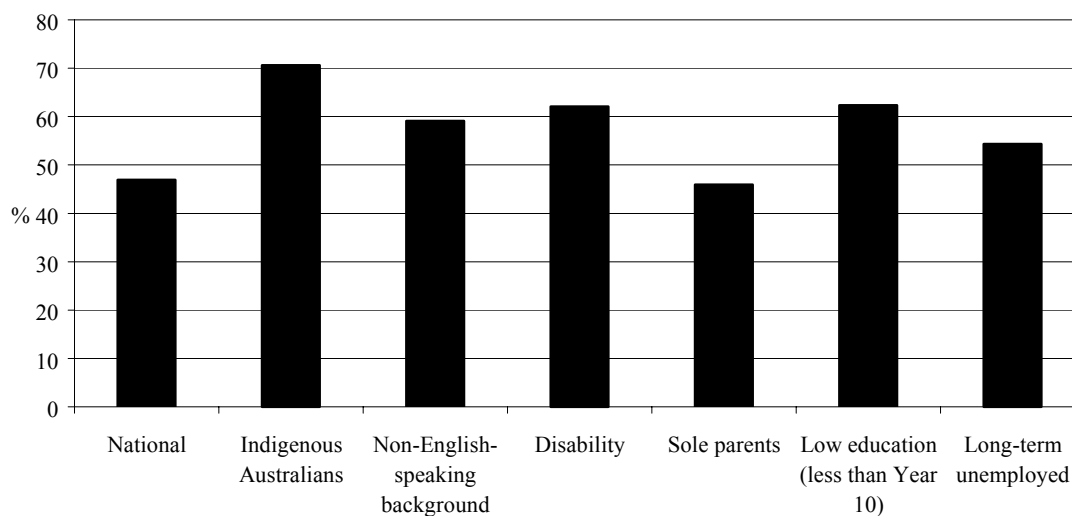
2 Represents the percentage of job seekers who had completed the JSCI and are eligible for Intensive Assistance.

3 Some columns do not add to 100% because unknowns have been excluded.

4 These figures are based on job seekers who identify as belonging to these groups at registration rather than in the JSCI questionnaire.

5 Special Benefit, Partner Allowance, Mature Age Partner Allowance, Parenting Payment Partnered, Widow Allowance, Bereavement Allowance, Parenting Payment Single, Disability Support Pension, Wife Pension, Widow Pension, Carers Payment (not eligible for NEIS).

Source: Integrated Employment System

Figure 3.2: Proportions of job seekers classified for Intensive Assistance by disadvantaged group¹

¹ Data at 30 September 1999.
Source: Integrated Employment System

Characteristics of job seekers assessed

The post implementation review of the JSCI found the instrument to be very successful in identifying the relative disadvantage of job seekers and identifying job seekers for placement in Intensive Assistance. Data in Figure 3.2 support this finding, showing that the selection rates of job seekers for Intensive Assistance from traditionally disadvantaged groups are higher than the national average.

3.2.3 Job Network Access

Most job seekers involved in the qualitative research were aware of some of the facilities provided by Job Network Access, reporting that they were pleased these facilities were provided (Section 3.1.3). The job seeker satisfaction survey also found a very high level of user satisfaction (87%) with respect to the facilities, including the touch screens. Centrelink staff in focus groups conducted as part of the qualitative research also reported that the self-help facilities were heavily used and appreciated by job seekers. In general, Centrelink staff perceived that Job Network Access was a very worthwhile service. These comments are consistent with the findings of the post implementation review of Job Network Access conducted in late 1998 (Department of Employment, Workplace Relations and Small Business 1999c).

However, many job seekers were not aware of the full range of facilities available. Lack of visibility of the areas and signage, together with lack of promotion, were problems reported in the post implementation review of Job Network Access and the qualitative research. Many of those interviewed for the post implementation review reported confusion with the original badging of the self-help area as Job Network Access. Job seekers thought the name referred to Job Network members as a whole, a finding confirmed in the 1999 job seeker satisfaction survey. In this survey, 40% reported that they were unaware of the Job Network Access facilities other than the touch screens. DEWRSB and Centrelink are currently implementing improved signage that will feature a new name 'Helping you find work'.

Another concern raised in the post implementation review was the differences in levels of maintenance and resourcing of Job Network Access facilities across Centrelink offices. Some job

seekers in the qualitative research reported that the facilities were often not working. Responsibility for notifying faults lies with Centrelink and repair is undertaken by agents contracted to DEWRBSB.

3.3 Issues

3.3.1 Overall satisfaction

Job seeker satisfaction with Centrelink service has declined since the commencement of its operations in December 1997. The first survey of job seeker satisfaction (conducted in February 1998) found overall satisfaction with Centrelink employment services was high, at 84%. When the survey was repeated in April–May 1999, satisfaction had declined to 75% for Centrelink services, while satisfaction with the registration service was slightly lower (78% to 75%). It should be remembered that during this time the environment in which Centrelink was operating had changed, with Centrelink facing an enormous implementation task including the Newstart Common Platform, Youth Allowance and Job Network. Some of the fall in satisfaction may also reflect factors external to Centrelink, such as dissatisfaction with Job Network members and ongoing system problems, exacerbated by the new Income Security Integrated System and the redeveloped Integrated Employment System (IES) (Section 3.3.2).

Concerns about quality of staff and service and the availability of information were identified in the survey as reasons for dissatisfaction with Centrelink services. This was confirmed in the qualitative research. Many job seekers in this research found the service to be slow and inefficient, and were particularly critical of long waits in queues and of the centralised telephone system. Centrelink continues to introduce enhancements to improve its customer service. Measures to finetune call centre operations have also reduced waiting times.

Some Centrelink staff in the qualitative research reported that, in the first three months of the Job Network, many job seekers and employers approached them wanting information on the Job Network. They reported that the demand for information was much higher than had been anticipated, and perceived that staff numbers and low levels of staff knowledge about Job Network limited Centrelink's effectiveness in communicating the changes and providing an adequate level of service. In some instances, finalisation of aspects of Job Network policy early in its implementation delayed the planned delivery of training to Centrelink staff, further contributing to their lack of knowledge. Some staff reported that at times their inability to provide adequate information was met with hostility from job seekers and employers.

Repeated Centrelink mistakes, including being given wrong or insufficient information, were of concern to many job seekers in the qualitative research conducted in May 1999. Centrelink staff in the research confirmed this, with some officers reporting that 60% of their time was spent fixing mistakes. In most cases, it was reported that mistakes were due to deficiencies in IES and the Income Security Integrated System, the administrative information systems of DEWRBSB and the Department of Family and Community Services. For example, due to mapping problems within the accelerated referral process, some job seekers were inappropriately referred to Job Network members they were unable to access. Concerns about inappropriate referral processes are being addressed by ongoing enhancements to IES and the introduction of more precise rules for matching job seekers to providers.

Centrelink has addressed concerns by implementing from May 1999 a new style of service delivery to give clients a single point of contact for their face-to-face interactions with Centrelink. Training sessions called 'Putting the Pieces Together' were developed in late 1998

and are being implemented in all Centrelink offices with the aim of providing staff with a more detailed understanding of the range of employment services available.

3.3.2 Integrated Employment System

The Integrated Employment System (IES) was developed to support the flow of information between Job Network members, Centrelink and DEWRSB and represents the enabling technology that underpins Job Network operations. IES links directly through an interface with Centrelink's Income Support Information System.

Given the wide array of diverse work practices across differing Job Network members, IES was developed to provide basic functionality to deliver information to and receive information from Job Network members. Individual Job Network members have the option of developing their own internal computer systems to interface with IES. These arrangements were set out in the original Job Network tender documentation.

IES in particular, but also the Income Security Integrated System, were criticised by Job Network members and Centrelink staff involved in qualitative research, in 1998 and 1999, for this evaluation.

Job Network members

Job Network members felt that major improvements were needed to the functionality and usability of IES to allow easier input and extraction of data. They considered the functionality of the system impeded their capacity to service job seekers. They reported that finding work-arounds to problems and conducting routine interactions with the system soaked up an excessive amount of their resources.

Many Job Network members in the qualitative research regarded IES as an ineffective management tool and because of this reported that they had invested in their own computer-based management system. It was clear from this response that these Job Network members had expectations that IES would not only support Job Network information flows but also provide them with a comprehensive management tool. IES was never intended to be a full management tool for Job Network members.

When the Job Network was introduced, a Job Network Information Technology Working Group was formed. This group meets regularly in every State capital to discuss future changes to IES. As a result of feedback through this group, changes were made to the original information technology strategy for Job Network, with a number of refinements being introduced to IES to improve usability and functionality for Job Network members through a personal computer-based software tool called Employment Assistant. The range and quality of management information was also substantially improved through the development of a secure management information reporting intranet site for Job Network members. Some Job Network members have developed their own in-house computer systems that link to IES as originally expected.

These changes to improve IES functionality since the start of the Job Network were noted in the qualitative research undertaken in May 1999. Work on refining IES functionality is continuing through the Job Network Information Technology Working Group.

Centrelink staff

Centrelink staff also reported a high level of frustration in using IES and problems with the interface between IES and the Income Security Integrated System in particular. Concerns were raised with the validity and integrity of data in both systems.

While the two systems are both examples of mainframe-based computer systems, their look and feel to Centrelink staff is not consistent. This is partly a result of the different origins of the systems. IES was designed as a stand-alone computer system to service Job Network, whereas the Income Security Integrated System supports the administration of income-support payments. The latter's development was constrained by the need to interface with systems whose origins go back up to 15 years. These differences between the two systems have contributed to the performance of their interface.

These concerns are being addressed through regular system upgrades and data reconciliations, combined with ongoing training of Centrelink staff. Under DEWR's Business Partnership Arrangement with Centrelink, a Systems Integration Strategic Committee has been established to monitor the operation of and identify improvements to the interface between the two systems.

3.3.3 Accuracy of the Job Seeker Classification Instrument

The extent to which the JSCI can accurately identify job seekers at risk of long-term unemployment or remaining long-term unemployed is largely determined by the accuracy of the information entered into the instrument and the predictive capability of the weighted factors used to calculate scores. The post implementation review of the JSCI showed that the majority of job seekers were classified accurately. However, some concerns with accuracy were raised. This was also noted in a survey of Job Network members and in qualitative research.

In a July 1999 survey of Job Network members who had had job seekers referred to them for Job Search Training or Intensive Assistance, 57% of respondents reported that they were satisfied with the quality and type of job seekers referred. That is, they felt the job seekers were adequately prepared and had a good knowledge of the services they were eligible for. Of those who were not satisfied (43%), just under one-third believed that the job seekers had been incorrectly classified by the JSCI. For example, some Job Network members and occupational psychologists reported in qualitative research that the JSCI precludes some youth from getting access to Intensive Assistance.

Consultations conducted for the JSCI post implementation review found that comments about the accuracy of the JSCI were often subjective and reflected provider's expectations. These included:

- A commitment by some providers to the interests of particular client groups and hence a desire to have more clients from those groups selected for Intensive Assistance.
- Experience with access arrangements under previous labour market programs (some programs targeted all members of a particular client group irrespective of their level of disadvantage).
- A desire by some providers to have a higher proportion of clients classified at a higher level, hence attracting higher fees.

Some respondents to the Job Network member survey reported instances of inappropriate referrals, but it was not possible in the survey to collect information on the proportion of all

referrals regarded as inappropriate. When asked why the referrals were inappropriate, 30% of Job Network members reported that job seekers do not reveal all relevant information to Centrelink (especially that perceived by the job seeker to be sensitive) and 19% questioned the effectiveness of the JSCI.

When misclassification occurs or is suspected by a Job Network member, a review of the job seeker's classification can be requested.⁹ There has been a very low incidence of Intensive Assistance funding-level reviews requested by Job Network members. This may suggest that the proportion of inappropriate referrals is low, although further research would be required to establish if this is the case, or if other factors are involved in the low incidence of requests for review.

A number of service-quality issues regarding the JSCI administration were raised by Job Network members and Centrelink officers involved in the qualitative research, including:

- Confusion among some job seekers by the presence of optional questions on the JSCI form¹⁰ and an overall lack of understanding of the purpose of the JSCI and of some of the terms on the form.
- Inconsistency in administration of the JSCI across Centrelink offices. This included examples such as self-completion of the form (when it is supposed to be administered in a face-to-face interview), a lack of appropriate interviewing skills among some staff (needed, for example, to facilitate disclosure of sensitive information) and lack of privacy at some locations.

The post implementation review of the JSCI identified the need for finetuning aspects of the administration of the JSCI. The review recommended improving Centrelink staff-training programs, particularly with regard to the identification of literacy barriers, personal factors and mental illness. Centrelink has already delivered advanced-interviewing-skills training to enhance the skills of customer-service officers. The post implementation review also recommended a review of the looking-for-work form, developing better techniques of identifying job seekers with literacy problems and redesigning the triggers for secondary classification. DEWRSB is also currently reviewing the geographic location factor with a view to making the JSCI more sensitive to local labour market conditions. A joint DEWRSB–Centrelink working group has been established to oversee the implementation of the review's recommendations.

Accuracy of the JSCI factors

The JSCI includes a comprehensive range of factors associated with long-term unemployment, but relies largely on information that can be readily collected. Unobservable characteristics, such as motivation to find work, have an influence on a job seeker's employment prospects but may not be fully accounted for in the instrument. This suggests that, even if the accuracy of information gathered by Centrelink from job seekers is guaranteed, the JSCI will always involve some level of misclassification because of unobservable factors. The level is likely to be lessened, however, because some of the observable factors in the instrument act as surrogate

⁹ For this review, the provider must supply evidence that the information gathered at the time of the referral was incorrect. Circumstances that have changed after the referral will not be taken into consideration, unless the provider obtains evidence that a change has occurred. The provider is responsible for the cost of gathering the evidence and, if documentary evidence is required from specialists, the provider must purchase it externally to ensure it is independent. The Members' Information Guide states that 'the onus is on you as the JNM [Job Network member] to provide documentary evidence which refutes the original information' and that 'you bear the cost of providing documentary evidence. Centrelink or DEWRSB will not reimburse you for any expenses incurred during the review process' (Department of Employment, Workplace Relations and Small Business 1999e, p. 127).

¹⁰ To conform to the *Privacy Act 1988*, some questions in the JSCI must be optional.

measures of the unobservable. For example, duration of unemployment (noted in the JSCI) will account for some of the impact on employability of loss of motivation (not in the JSCI).

In addition, the secondary classification processes of the JSCI enable specialist Centrelink staff to take into account personal issues, such as motivation and self esteem, that might show up in observable behaviours. The post implementation review of the JSCI recommended that Centrelink specialist staff conducting the secondary classification process should be allowed to override a job seeker's classification outcome, in exceptional circumstances, where they consider that the outcome understates the job seeker's level of disadvantage. This measure is currently being implemented.

4 Job Matching

Highlights

- Job Network vacancies lodged each month on Australian Job Search have increased from 50 700 in September 1998 to 69 800 in September 1999.
- Job Network was used by 38% of employers to lodge vacancies and recruit staff in the 12 months to June 1999—this compares to 32% of employers using the Commonwealth Employment Service (CES) in 1997.¹¹ Job Network is the third most common recruitment method (the most common methods being newspaper advertisements followed by head-hunting).
- The group of employers using the Job Network includes many employers who were not recent users of the CES. Sixty per cent of Job Network users had not used the CES in the year prior to its cessation.
- Overall, 80% of employers who use Job Network thought the service and assistance they received was of high quality. The Job Network was consistently rated as better than the CES on many aspects of service—in particular for providing a quick, individually tailored service to employers and for showing an understanding of the commercial environment.
- Job Network was rated significantly better than the CES at sending job applicants who were interested in the job (70% compared to 46% in 1997). Some employers were still concerned about the suitability of applicants—20% thought that Job Network members did not send the type of applicants they needed.
- Job placements through Job Matching were almost 30 000 in September 1999. Placements averaged 26 500 per month from April to September 1999. In this period, 78% of placements went to the initial Job Network eligible target group (that is, income-support recipients, Community Development Employment Projects participants and youth) and 22% went to job seekers eligible only for Job Matching (that is, adult unemployed job seekers not receiving income support).
- Job seekers' overall satisfaction with Job Matching services was 79%. The main reason for dissatisfaction was a lack of assistance in finding employment. It should be noted, however, that job seekers who are provided with self-help facilities often do not recognise these as a service. Three months after placement through Job Matching, 65% of job seekers were employed.

4.1 Introduction

Job Matching is a placement service which has the dual purpose of helping job seekers find a job and employers to find suitable personnel. The placement service established under Job Matching requires providers to screen job seekers to establish their suitability for vacancies.

Government involvement in the vacancy market is aimed to improve both the efficiency and equity of the labour market. The offer of free information and facilities can enhance efficiency by promoting market clarity and decision making, thereby reducing discrepancies between labour demand and supply on an aggregate level across regions and industries (Walwei 1996). This may raise job seeker expectations of gaining employment and increase retention of job

¹¹ In the transition period to Job Network from the announcement of the changes in December 1996 and more particularly from July 1997 when the decision to implement the reforms under existing legislation was made, the CES began winding down.

seekers in the labour market. Government intervention also brings services within reach of people in all locations, regardless of the level of employment activity.

Public intervention can assist the equitable functioning of the vacancy market for employers and job seekers. The risk that some hard-to-fill jobs may not be filled is ameliorated by public intervention, especially in small and medium-sized companies which are often not willing or able to pay recruitment fees for low-skill-level vacancies. Job seekers who are hard to place, particularly the long-term unemployed, are assisted by public intervention that addresses discrimination, low skill levels and the self-consolidating effects of unemployment (Walwei 1996).

Job Matching is a competitive multi-provider service that replaced the CES monopoly for the provision of government-funded job brokerage. The objectives of the changes made under Job Network were to increase the speed and efficiency of placement, to improve the quality of service to employers, and to broaden the industry penetration of government-funded placement. The approaches used to pursue these objectives were competition through the provision of choice for employers and job seekers, and payment for results.

These changes were motivated by the view that more attention to the needs of employers could increase access to jobs by the unemployed (Vanstone 1996). Research shows that the attitude of employers to using the CES was strongly influenced by the quality of job seekers referred to them. However, the specific productivity benefits and time saving for individual employers which result from using an employment service (public or private) are not clear (Walwei 1996). Better screening of job seekers and developing a better understanding of employer needs were the main suggestions of current and past users of the CES in the *Working Nation* evaluation (Department of Employment, Education, Training and Youth Affairs 1996d).

4.2 Program design

4.2.1 Contracted services

At the start of Job Network there were almost 250 Job Network members contracted to provide Job Matching services at nearly 1200 sites. These services include:

- Obtaining vacancies from employers and recording and advertising these vacancies on the National Vacancy Data Base.
- Matching job seekers with employers and facilitating job seeker access to other Job Matching providers.
- Establishing links with New Apprenticeship Centres in order to facilitate a one-stop shop integrated service for those employers and job seekers interested in New Apprenticeships.
- Meeting with eligible job seekers, identifying their skills and preparing resumes for them.

4.2.2 Eligibility

The Government initially limited Job Matching to job seekers who were income-support recipients, participants in Community Development Employment Projects¹² and unemployed people aged 20 or under who were not in receipt of income support (referred to as income-support recipients and youth). This was a considerable change to the job brokerage services

¹² The Community Development Employment Projects scheme is run by the Aboriginal and Torres Strait Islander Commission and is an alternative to unemployment benefit payments for indigenous communities. It provides employment opportunities for indigenous people in a wide range of community development projects and enterprises in locations where there are no, or limited, job prospects.

provided by the CES, which were available to all job seekers. In 1995–96, 75% of vacancies were filled by job seekers registered as unemployed—of these, about 70% were in receipt of some form of income support.

Since Job Network began, eligibility for Job Matching has changed.¹³ In August 1998, the Government extended eligibility for Job Matching to people working fewer than 15 hours per week who were not in full-time education and not in receipt of income support, including job seekers with redundancy packages and working partners, and people changing jobs. These job seekers, referred to as Job Matching only eligible, are not eligible for any other Job Network service, but can enrol with up to five Job Network members. Initially, a limit was placed on this group, with only 25% of a provider's contracted placements open to these job seekers, but this limit was removed in December 1998. Job Matching is also available to eligible job seekers placed in an apprenticeship or traineeship vacancy.

4.2.3 Payment structure

Job Matching providers are paid on the basis of employment outcomes.¹⁴ At the start of Job Network, the average fee was \$200. In December 1998, changes were made to improve the income and cash flow of Job Matching providers. These changes included the payment of a 30% retainer fee for expected placements over a monitoring period and additional payments for jobs in regional areas and to provide a wider range of services to job seekers (such as the preparation of resumes).

Sustained employment placement is rewarded. Bonus payments of \$250 are available to a provider if a long-term unemployed person they place remains in a job for 13 consecutive weeks and their reduction in income support is at least 70%.

One-off payments were made in August and December 1998 to support market development. In August 1998, the Department of Employment, Workplace Relations and Small Business (DEWRSB) offered Job Network members a \$10 000 Market Development Grant which would have assisted Job Matching providers to make their services better known to employers. In December 1998, Job Matching providers were offered up to \$1000 per site for local marketing activities to increase Job Network members' reach to employers and unemployed people.

4.2.4 Australian Job Search

As noted earlier, Job Matching providers must advertise their vacancies with Australian Job Search, making them available to job seekers via touch screens and on the internet. To access more information on vacancies or to obtain an interview with a prospective employer, job seekers need to apply with the Job Matching providers who listed the vacancy. Employers have the option of lodging vacancies on the Australian Job Search either directly with Job Network members or through the Employer Hot Line. Vacancies lodged directly with the Employer Hot Line must be serviced by the employer.

¹³ Of the employment services, Job Matching was the most affected by the changes to Job Network during the first contract period. These changes are detailed in Attachment A.

¹⁴ Employment outcomes which are eligible for payment are those where a provider places an eligible job seeker in an eligible vacancy of at least 15 hours of employment over a period of not more than five consecutive days, in a job under an award or employer–employee agreement that complies with the minimum standards established under Commonwealth, State or Territory law. This includes an apprenticeship or traineeship under a Training Agreement, except where an employer converts an existing employee into a trainee or apprentice. The provider must notify the Department of Employment, Workplace Relations and Small Business of the placement within 14 days.

From September 1999, Job Matching providers were able to lodge job seeker resumes on the Australian Job Search internet site. This makes it possible for employers to contact potential employees by e-mail.

4.3 Progress to date

The ability of Job Matching providers to obtain vacancies from employers is crucial to the success of the placement service. Many Job Matching providers interviewed in qualitative research indicated this meant employers were the primary customers because there was an ample supply of job seekers. A key indicator of success in implementing the Job Matching service is, therefore, the level of use by employers and their views on whether Job Network provides a high quality service which meets their needs and expectations.

Vacancies lodged

In September 1999, job seekers had access to 69 800 Job Network vacancies lodged that month in Australian Job Search. This compares to 50 700 vacancies lodged in September 1998.¹⁵

4.3.1 Employers' experience with Job Matching

Use of Job Network

In a national industry-wide survey conducted in mid-1999, 38% of employers recruiting in the previous 12 months reported that they had lodged a vacancy with Job Network.¹⁶ This compares to 32% of employers using the CES in 1997 (although it should be noted that at this time the CES was winding down). Of those employers who had used Job Network, 81% reported they would use it again to fill a vacancy.¹⁷ Just over half of those employers who had not used Job Network would consider using it to fill a future vacancy.

The group of employers using the Job Network included many who were not recent users of the CES. Sixty per cent of Job Network users had not used the CES in the year prior to its cessation. In addition, it appears that many previous CES users may have chosen to use methods of recruitment other than the Job Network, because only half (52%) of the employers who had used the CES in the year prior to its cessation used Job Network to fill vacancies in the last 12 months.

Industries that are the main users of Job Network are wholesale and retail (30.5% of employers in the 1999 survey who used Job Network were from this industry group); finance, insurance property and business services (18%); and manufacturing (14%). Industry coverage of Job Network is similar to that of the CES, although the proportion of employers from finance, insurance, property and business services has increased substantially since the start of Job Network (from 7.5% to 18%). This may be due to a combination of improvements in the economy for this industry and growth in jobs relative to other industry sectors.

Other recruitment methods

Employers use a number of methods to recruit staff, and Job Network was the third most common method. The most commonly used method was newspaper advertisements, with 52% of

¹⁵ These figures have not been adjusted for duplicate records.

¹⁶ Employers who lodged a vacancy with Job Network as a proportion of all employers who had undertaken recruitment within the 12 months up to June 1999. Another measure of employer use of Job Network is the vacancy penetration rate. This refers to the number of vacancies filled by Job Network in a year as a proportion of vacancies available for filling in Australia during that year. Data for this calculation will not be available until after September 2000.

¹⁷ This is similar to the findings of a late 1998 survey of employers in which almost 90% of those who had used Job Network services reported that they would use them again (Australian Chamber of Commerce and Industry 1999).

employers surveyed using this method (an increase from 40% reported by employers in a 1997 survey). Large and medium-sized workplaces as well as employers in administration, and health and community programs are more likely than other employers to use newspapers. The main reason reported for using the newspaper is that employers believe they are able to attract more experienced and professional people. Employers in small workplaces are more likely to use personal contacts to recruit and are less likely to lodge a vacancy with a Job Network member compared to employers in large and medium-sized workplaces.

Table 4.1: Industry distribution of Job Network users compared to CES users

Industry	CES users		Job Network users
	1995	1997	1999 ¹
		%	
Agriculture	6.1	7.1	3.5
Manufacturing	14.1	14.1	14.0
Construction	6.2	7.2	7.0
Wholesale and retail	27.2	29.7	30.0
Transport and storage	3.9	5.3	4.5
Finance, insurance, property and business services	6.4	7.5	18.0
Health and community programs	10.3	4.6	4.0
Cultural and recreational and personal and other services ²	17.6	7.4	5.5
Accommodation, cafes and restaurants	n.a.	11.7	9.0
Other industries ³	8.2	5.4	4.0
Total	100.0	100.0	100.0

1 Due to rounding, some columns do not add to 100%.

2 In 1995 this category did not include cultural services.

3 Other industries includes mining, utilities, communications, government administration and defence, and education.

Source: Integrated Employment System

Factors affecting use of Job Network

The most common reason employers gave for not having used Job Network was that they were content with their current methods of recruitment and saw no need to change: 32% of employers reported that they preferred to use internal recruitment or personal contacts and 31% preferred to stay with their current method of recruitment. Employers also reported that they had sufficient numbers of applicants approaching them and they did not need to use active recruitment methods.

Use of Job Network by employers is influenced by their knowledge of the services available from Job Network members. Most employers surveyed (80%) had heard the name Job Network and 85% knew that the CES had been replaced. While awareness of the change was quite high, there appeared to be confusion among some employers about how the system worked. Two-thirds (67%) of employers were aware that Job Network was made up of a range of government, private and community employment agencies. Despite having lodged a vacancy with the Job Network, more than 40% of users reported that they didn't understand the system very well while 10% reported they did not understand it at all.

The most common way employers found out about Job Network was via the media and current affairs stories (47%), and/or through advertising on television, radio or in the newspaper (42%). Qualitative research confirms that some employers have a limited knowledge of Job Network and are not aware of the range of services provided by different providers.

They [employers] think it is like McDonalds. Every one you go into has the same things. But Job Network is different. Job Network is more like a food court. *Employer in Canberra*

The extent to which Job Network members canvass employers will also influence usage. Sixty-three per cent of employers surveyed reported they had been approached directly by a Job Network member. When employers were asked how they would find a Job Network member, 78% said that they would use the Yellow Pages and 63% would use the White Pages.

Eleven per cent of employers who were directly contacted by a provider reported they would re-contact those providers. An earlier positive experience (reported by 30% of employers) or a recommendation (18%) were the main reasons given by employers for choosing a particular Job Network member.

Concerns at the start of Job Network that a large proportion of employers would be charged a fee to recruit staff and that this would deter usage of Job Network do not seem to have been realised.¹⁸ Nevertheless, the perception was damaging to the reputation of Job Network in its early days. Of those employers who used Job Network to fill a vacancy in the previous 12 months, 15% reported paying a fee. Only 6% of employers reported they did not use Job Network because of service fees. Employers who had used the CES were more likely not to use Job Network for this reason (13% of those who had used the CES and Job Network gave cost as the reason for not using Job Network). Having to pay a fee seems to influence employer satisfaction—satisfaction with services for employers who paid a fee was 22 percentage points lower than for those who had not.

Type and quality of service provided to employers

Job Network members offer a variety of services to employers, ranging from full recruitment service to more specific services such as interviewing applicants, testing applicants and training. The services most commonly reported by employers in the 1999 survey were screening of applicants from resumes (79% of employers who use Job Network reported receiving this service), setting up interviews (reported by 59% of employers) and reference checking (reported by 42% of employers). These services were similar to those previously provided by the CES.

Most employers in the 1999 survey who used Job Network were satisfied with the service provided by Job Matching providers (80% agreed the service and assistance they received was of high quality). The aspects of service that employers regarded most favourably were services that saved the employers time, such as the short-listing of applicants and interviewing.

Employers reported that Job Network performed well in terms of responsiveness and relevance. Ninety-two per cent of employers reported that the Job Network member was easy to contact, 87% reported that the Job Network member acted quickly to meet their needs and 80% agreed that the services offered took account of their individual business needs.

Follow-up service provided to employers could be improved: only 67% of employers rated their Job Network member as good at following-up on job seekers to ensure they were suitable (this level is very similar to that achieved for the CES). Twenty-three per cent of employers who were dissatisfied with the Job Matching service said that this was because of poor follow-up.

¹⁸ It should be noted that charging of fees to employers by Job Matching providers is a commercial decision made by providers and negotiated by them and employers seeking to fill vacancies. Eligible job seekers are not charged fees for any Job Matching services.

Some employers reported they had not received an adequate service from Job Matching providers—18% said Job Network had not filled their most recent vacancy. Of these, 32% had been waiting more than three months and 47% had been waiting more than one month. Some employers perceived they had received little or no service. Thirteen per cent who were dissatisfied reported that Job Network had done nothing for them and 19% reported that Job Network had not filled their vacancy for them.

Suitability of applicants

The performance of Job Matching in terms of suitability of applicants (a factor over which Job Network members have only limited control) and following-up of placements was not rated by employers as highly as responsiveness and relevance.

Sixty-three per cent of employers reported that the job seekers sent to them by the Job Network member met their requirements well, while more than 20% reported they were not sent the type of applicant they needed. Of employers who used Job Network to fill their most recent vacancy,¹⁹ 70% rated their Job Network member as good at sending job applicants who were interested in the job. This was an increase compared to 1997 when less than half (46%) of all employers rated the CES as good at sending job applicants who were interested in the job.

Failure to meet expectations about the quality of applicants was a determinant of dissatisfaction with Job Network services. Qualitative research with employers indicates they expect Job Matching providers to offer candidates who are willing and able to work and who match the specifications of the job.

In the survey, the most common reason (reported by 45% of employers) given for dissatisfaction with services was concern about applicants, such as the quality of the applicant or applicants being referred who were not interested in the job. Employers reported that the reasons job seekers did not meet their requirements were that they lacked the necessary skills (54% reported this) or experience (34%); factors that are largely outside the control of a Job Matching provider. Other reasons given by employers, that the Job Network member has some control over, included that the applicants were not aware of the requirements of the position (21%), lacked motivation (25%) and were not interested in the position (15%).

Job Network and CES service quality

Employers' ratings of Job Matching services were higher for Job Network than comparable figures for the CES, suggesting considerable improvement in service quality, notwithstanding the issues raised above. Employers who had used the CES and Job Network rated their experience of both services.²⁰ For example, 44% of employers rated overall quality of service better under Job Network, 16% thought that the CES was better and 29% thought it was the same. The rest were undecided (Figure 4.1).

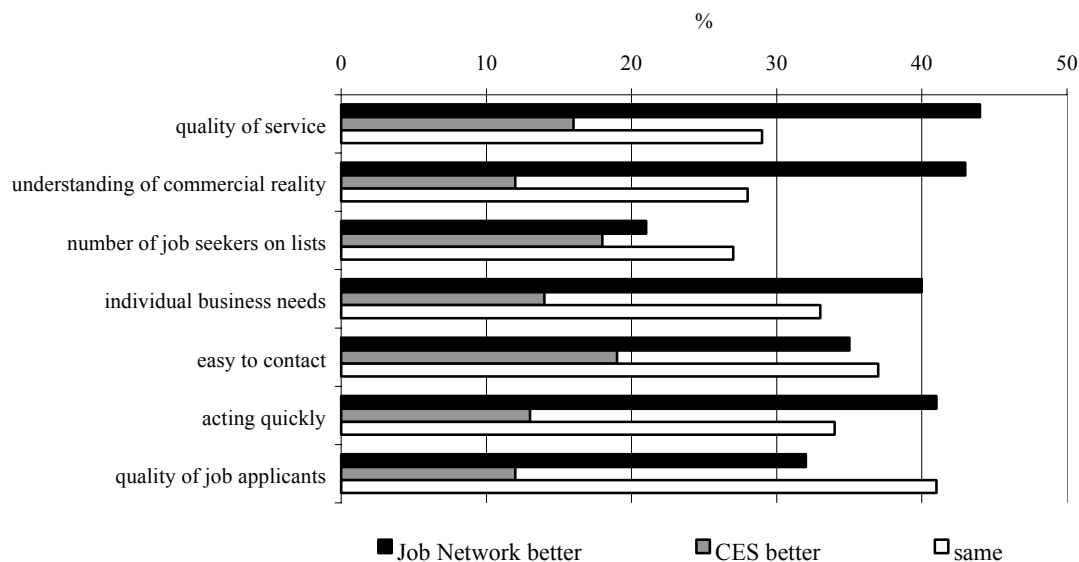
The Job Network was consistently rated as better than the CES on many aspects of service—in particular for providing a quick, individually tailored service to employers and for showing an understanding of the commercial environment. These survey results are supported by qualitative research in which employers reported that Job Network was more responsive to employer needs and provided a quicker service. The CES was seen as having offered better access to training

¹⁹ Nineteen per cent of employers who had recently filled a vacancy.

²⁰ It should be noted that employers reporting about their experience with the CES were asked to recall an experience which was at least one year ago.

(which is not a contractual requirement under Job Matching) and having better understanding of job criteria and positions in the trades.

Figure 4.1: Comparison of service quality between Job Network and the CES¹



¹ 'Don't know' responses are not reported in this figure.

Source: Employers' use of Job Network survey, 1999

4.3.2 Job seekers' experience with Job Matching

Access to vacancies through Job Matching

For most job seekers, their experience with Job Matching begins at Centrelink. When job seekers register for income support at Centrelink, they are encouraged to enrol with at least one Job Matching provider, although job seekers do not need to enrol with a provider to apply for a vacancy. After a slow start, the proportion of job seekers enrolling with a Job Matching provider within 28 days of registration had risen to 67% by June 1999. The slow start to enrolling was reported by Centrelink staff in qualitative research to be the result of initial confusion by job seekers about how Job Network worked, and a lack of motivation by some job seekers to enrol. Survey results also indicate some job seekers rely on other mechanisms to find jobs. After going to Centrelink, only 49% of job seekers said they had a clear understanding of what they needed to do to get Job Matching assistance in Job Network.

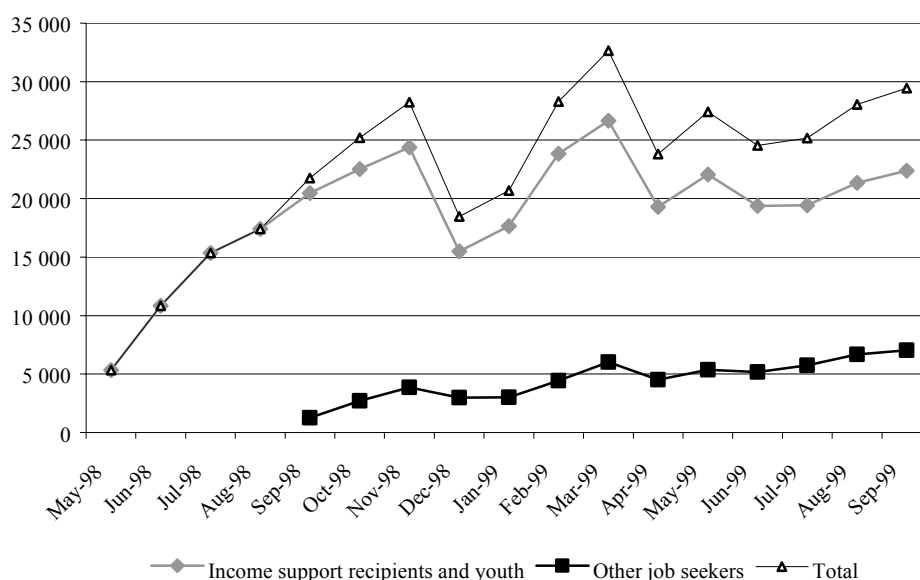
Job seekers gain access to information on vacancies primarily through the touch screens in Centrelink offices. In qualitative research, job seekers and employers who were familiar with the CES were critical of a system that they perceived required job seekers to visit a number of Job Network members if they wished to find employment, instead of applying for vacancies at a CES counter. Job seekers also reported in this research that the need to visit a number of agencies was time consuming, costly (travel costs) and de-motivating. In the research, many job seekers said they were concerned that the time taken to set up and attend an appointment with a service provider might affect their chances of getting a job. This needs to be considered against the benefits of increased job seeker choice and the fact that 70% of job seekers reported that choice was a positive feature of Job Network. Sixty-two per cent of job seekers surveyed reported that the jobs they found on the data base were usually still available when they spoke to Job Network members or employers about them.

Placements

Monthly placements into jobs by Job Network members were almost 30 000 in September 1999 (Figure 4.2). From April to September 1999, placements averaged 26 500 per month.

Recent rises in the monthly Job Matching placements has involved a greater share of total places going to job seekers who are eligible for Job Matching only, namely job seekers other than income-support recipients and youth.²¹ Their share of placements has increased from 6% in September 1998 to 24% in September 1999.

Figure 4.2: Number of job placements¹ made between May 1998 and September 1999



¹ Placements eligible for a claim.
Source: Integrated Employment System

Job seekers most likely to be placed into a job by Job Matching²² between May 1998 and September 1999 (Table 4.2) were the short-term unemployed—59% of placements went to job seekers who had been unemployed for fewer than six months. The proportion of placements going to job seekers unemployed for less than six months is higher than under the CES in 1996–97 and considerably greater than their share of the Job Network eligible population.

The proportion of placements going to the long-term unemployed appears the same under Job Network as it was under the CES (around 30%). Their share of placements, however, is much lower than the proportion of long-term unemployed in the eligible population (54%). However, placement under Job Network for the very long-term unemployed appears higher under Job Network than under the CES—17% of job seekers unemployed for two years or more were placed under Job Network, compared to almost 13% under the CES (Table 4.2).

²¹ Job seekers who are eligible for Job Matching only, but no other Job Network services, include unemployed people aged over 20 who are not receiving income support, people with redundancy packages and working partners. (This change in eligibility criteria was made in August 1998; see Section 4.2.5.)

²² Characteristics for those job seekers who are eligible for Job Matching only are unknown. Because this group is making up a larger share of placements, the assessment of characteristics cannot provide a comprehensive picture.

Table 4.2: Characteristics of job seekers who were placed in a job under the CES and Job Network

Job seeker characteristics ¹	Placed by the CES ²	Placed by Job Network ³
	%	
Gender		
Female	35.3	37.2
Male	64.7	62.8
Age		
Less than 18	11.9	9.0
18–20	20.7	19.1
21–24	18.3	16.8
25–29	15.0	15.9
30–39	18.6	19.6
40–49	11.0	13.6
50 or more	4.5	6.0
Unemployment duration		
Less than 6 months	51.5	59.0
6–12 months	17.3	10.7
12–24 months	18.4	12.9
24 months or more	12.8	17.4
Education⁴		
Less than year 10	16.9	16.1
Year 10 completed	29.3	26.1
Year 11 completed	11.1	8.6
Secondary school completed	22.9	19.1
Trade/TAFE qualifications	10.1	9.1
Tertiary qualifications	3.8	5.1
Disadvantaged groups		
Indigenous Australians	4.1	2.1
Non-English-speaking background	10.9	10.0
Persons with disabilities	9.8	8.1

1 Job seeker groups are not mutually exclusive.

2 Placed by the CES in 1996–97.

3 Placed between May 1998 and September 1999. Data do not include job seekers eligible for Job Matching only.

4 Some columns do not add to 100% because unknowns have been excluded.

Source: Jobsystem and the Integrated Employment System

Type and quality of service provided to job seekers

Contacts with a provider

Of the job seekers surveyed who had enrolled for Job Matching services, 29% had been initially contacted by the Job Network member (who they had enrolled with) to tell them about a job. Just over one-third of job seekers (36%) contacted the provider after seeing a job on the touch screen.

Types of services received

Data on the types of services provided to job seekers in Job Matching are largely limited to that reported by job seekers. This means many activities undertaken by a provider may not be included, because they may be invisible to job seekers or go unrecognised. Early qualitative research of service expectations found that providing access to self-help facilities is not perceived by job seekers to be a service and therefore is unlikely to be reported as such by job seekers in satisfaction surveys.

Many job seekers (46% of those surveyed) who had seen a Job Matching provider about a job reported being sent to an employer or attending an interview. Of these, 71% were provided with additional information about the job over and above the employer's contact details. Almost all of those surveyed considered this information to be accurate, useful and easy to understand. The services provided under Job Matching can also include interview preparation. This assistance was reported by 41% of job seekers sent for a job interview.

In qualitative research, some Job Matching providers reported that they tended to focus on supporting job seekers needs by investing money in special information sessions for particular disadvantaged groups (such as for 30–50-year-old unemployed females). Providers reported that they offer a variety of additional services to job seekers, including courses in office skills and resume writing, access to counselling, clothing 'libraries', business cards, telephones, facsimile machines, computers and newspapers.

Many providers said they encouraged job seekers to self canvass for work, and some also encouraged job seekers to enrol with other Job Matching providers. Some providers focused on the importance of cost efficiency and stated that sometimes they would put more resources into job seekers they assessed as 'more employable' rather than those they perceived to be 'less marketable'. Some also stated that they would increase assistance to job seekers who were more eager to find a job.

Overall satisfaction

The overall level of satisfaction with Job Matching services for all job seekers who have enrolled with Job Network members was 79%. Of those job seekers who reported getting paid work, 90% considered that the Job Network member played an important role in helping them get that job. Job seekers who were still looking for work were less positive about Job Matching services than those who were employed.

Of those who were dissatisfied with the quality of service, the main reasons given for this were a lack of assistance in finding employment (44%), a lack of contact (34%), poor staff service (24%) and being offered inappropriate or unsuitable jobs (14%). Lack of service was the most common complaint, reported by 11% of all job seekers surveyed. It was also the most common complaint reported by job seekers who were placed in a job through Job Matching. Other complaints were predominantly about bad service or a lack of attention to individual needs.

Outcomes

The extent to which job seekers, placed in jobs through Job Matching, retain their employment has been measured three months after placements for a sample of job seekers. Table 4.3 shows that almost two-thirds (65%) were in employment, the majority being in full-time jobs. Employment retention was achieved by the majority of job seekers regardless of characteristics. Only a small proportion (4%) had moved out of the labour force.

Table 4.3 Employment status three months after Job Matching placement

Job seeker characteristics ¹	Employment status					
	Unsubsidised employment outcomes			Unemployed	Not in the labour force	Total
	Full-time	Part-time	Total			
%						
Gender						
Males	41.1	20.7	62.0	34.0	3.5	100.0
Females	28.2	40.7	69.1	25.7	4.8	100.0
Age						
Less than 18	29.0	41.3	70.3	23.2	6.5	100.0
18–20	39.5	28.2	67.8	29.4	2.3	100.0
20–24	36.6	29.0	65.6	29.0	4.9	100.0
25–29	35.3	24.6	59.9	35.9	4.2	100.0
30–39	39.0	25.6	65.0	31.1	3.9	100.0
40–49	33.5	28.1	62.2	32.7	3.6	100.0
50 or more	36.9	26.1	63.1	34.2	2.7	100.0
Unemployment duration						
Less than 6 months	40.6	27.8	68.4	26.0	4.9	100.0
6–12 months	31.4	30.8	62.9	32.1	5.0	100.0
12–24 months	33.2	28.1	61.7	35.2	3.1	100.0
24 months or more	24.4	30.1	54.9	44.0	0.5	100.0
Disadvantaged group²						
Non-English-speaking background	38.4	22.7	61.0	33.7	5.2	100.0
Total	36.0	28.3	64.6	30.8	4.2	100.0

1 Job seeker groups are not mutually exclusive.

2 Insufficient sample size to report on indigenous Australians and people with disabilities.

Source: Job Matching outcomes pilot survey, 1999

4.4 Issues

4.4.1 Development of a viable placement service

A competitive job brokerage and matching service depends on consumers (employers and job seekers) making informed choices about which providers to seek assistance from. Competition also requires a sufficient number of viable providers. To be viable, Job Matching providers need access to ongoing vacancies and to be able to meet the needs of employers, particularly by referring the right person for the job.

The impact of choice

Under Job Network, employers and job seekers can make their own choice as to which Job Matching provider or providers they use. A majority of employers (67%) know that Job Network consists of a range of government, private and community employment agencies. Qualitative research suggests that many employers are not yet fully aware that the range of services offered by different providers varies. Of Job Network users, 29% reported having used more than one Job Network member.

Choice of provider by job seekers is strongly influenced by the vacancies listed with each provider. Job seekers do not need to enrol with a provider to apply for a vacancy. Even so, two-thirds of job seekers had enrolled with a Job Matching provider by June 1999. In addition, around 20% of job seekers had enrolled with more than one provider, increasing from 14% in February 1999. However, the level of multiple enrolments may not fully reflect the extent to which job seekers approach multiple Job Matching providers to inquire about vacancies.

As the level of knowledge and awareness about the opportunity for choice in Job Network increases, users will be in a better position to shop around for the service and provider they prefer. Employers and job seekers will be better able to make informed choices as information becomes available on provider performance and service quality.

Customer focus on employers

Job Matching providers are very clear about the priority they need to place on attracting employers so that they can establish a viable business. Providers were highly focused on obtaining vacancies and were particularly keen to pursue any opportunities for repeat business.

This understandable focus on the needs of employers will have an impact on the services provided to job seekers. Providers interviewed in qualitative research reported that they had large numbers of job seekers registered with them, so they did not have a need to market their service to job seekers. Expectations on behalf of some job seekers that Job Matching providers would often contact them about possible vacancies appear unrealistic. Many providers encouraged job seekers to search independently, including enrolling with other Job Matching providers.

Business viability and employer satisfaction

At the start of Job Network the average fee for Job Matching was \$200. This was increased in December 1998. While providers interviewed in qualitative research in July and August 1998 were very concerned about viability, it was a much less significant issue for them when they were interviewed during May and June 1999. Many Job Matching providers reported in qualitative research that they were cross-subsidising their business with other income sources, such as Job Search Training or Intensive Assistance contracts, or funding from other human-resource service contracts. Providers who were contracted to undertake only Job Matching often reported they had less capacity to cross-subsidise the service from other sources. It should be noted, however, that providers determined their own fees for Job Matching through the price-competitive tender and were therefore responsible for any failure to accurately price their costs to deliver the services outlined in the tender documentation.

The viability of Job Matching is a concern if lack of resources affects the quality of service to employers and consequently job seekers. Many providers interviewed in qualitative research indicated that they were not able to provide the services required to effectively screen job seekers due to limited resources. The services include visiting the work site to establish the needs of the employer, following-up after placement and maintaining one-to-one contact to develop a personal service. Poor screening and preparation of job seekers were factors which may influence future decisions by employers to use Job Network. One-fifth of employers reported that Job Network members did not send them the type of applicant they needed, suggesting there is scope for improved screening of candidates in some cases.

4.4.2 Job Matching—a service for all job seekers?

United States research shows that by concentrating only on hard-to-place people, the reputation of the public employment service with employers may suffer, resulting in a deterioration of the

quality of vacancies made available and impacting on the ability of the employment service to place problem groups (Bishop 1992).

Some concerns about the attractiveness of Job Matching services to employers were raised in early qualitative research. Providers interviewed in the first six months of Job Network expressed the view that employers believed the pool of job seekers they could access was limited. Employers were concerned they may not get the best person for the job. This was confirmed by survey research which showed that employers thought that the number of job seekers available was only marginally better in Job Network than under the CES. Job Network members also reported that employers were reluctant to pay fees for filling low-skill or unskilled vacancies. Some Job Matching providers reported that employers generally believed that they charged fees and were therefore choosing to use alternative methods to fill vacancies.

These concerns have been addressed by changes which broaden access to Job Matching services for job seekers. Job Network was originally intended for unemployed people older than 20 and in receipt of income support, and all unemployed youth. Changes to Job Matching in August 1998, which removed income-support requirements from the eligible population, opened Job Matching to a broader client base. Job Network members can now claim outcome payments for placing a broad range of job seekers who are not on income support. The client group for Job Matching is now similar to that for job brokerage undertaken by the CES.

The limitations on eligibility for Job Network that were originally introduced were motivated by a desire to direct public funding towards job seekers who need it the most. The expansion in eligibility described above is designed to assist the hard-to-place job seekers by ensuring the pool of vacancies is as wide as possible. Placements under Job Matching for the group of job seekers made eligible in August 1998 (job seekers other than income-support recipients, Community Development Employment Projects participants and youth) reached 24% in September 1999.

5 Job Search Training

Highlights

- Early outcomes data for Job Search Training show that 46% were either employed (37%) or in further education or training three months after participation. Moreover, after completing Job Search Training, 76% of participants considered they had improved job prospects.
- Early data also suggest that Job Search Training is relatively cost effective. While having similar objectives to the former labour market program, Job Clubs, Job Search Training delivers training at about half the cost-per-job.
- Recruitment of participants to Job Search Training has fallen short of expectations. At the end of September 1999, Job Search Training providers were operating at 74% of their pro-rated contracted number. The introduction of the accelerated referral system from March 1999 has had, to date, only a negligible effect on the level of commencements. Qualitative research suggests that commencements could be improved by Job Network members providing more information to job seekers and Centrelink. Recent improvements in information to job seekers and in the mapping of the accelerated referral system should also assist in reducing barriers to the take up of Job Search Training.
- The timing of Job Search Training in a job seekers' unemployment spell was an issue raised by participants. It was suggested that training needs to be offered earlier while an individual's motivation is high and workplace experience is current. This has been factored into recent changes to eligibility criteria that halve the time before which job seekers can volunteer for Job Search Training.

5.1 Introduction

Job Search Training is intended to ensure that work-ready job seekers have the skills required to apply for and obtain jobs. Job Search Training is similar to the Job Clubs program that was delivered in Australia for about 10 years prior to Job Network.

Assistance with job search typically involves counselling, providing facilities to assist with job search and training in interview techniques, resume writing and job search skills. Australian and overseas studies have found job search programs to be one of the most cost-effective forms of assistance (Fay 1996).

An estimated \$60 million was allocated to Job Search Training over the 22 months of the first contract period. Total contracted capacity was more than 128 300 places. In the first contract period, more than 115 Job Network members delivered Job Search Training across 446 sites. This included 25 specialist providers who delivered services to indigenous job seekers, long-term unemployed, mature-age people, people of non-English-speaking backgrounds, people with a disability, sole parents, women and youth.

Since its introduction as part of the Job Network, Job Search Training has undergone changes to the referral process and job seekers' eligibility criteria.

5.2 Program design

5.2.1 Contracted services

Job Search Training is offered over a period of 15 consecutive working days to help job seekers adapt to the routine of work. The Department of Employment, Workplace Relations and Small Business does not prescribe how Job Search Training should be delivered but does require the Job Network member to undertake essential activities including:

- Interviewing all eligible job seekers referred to them.
- Assessing and identifying individuals' job search needs and barriers to employment.
- Developing and negotiating a job search skills plan for each eligible job seeker.
- Providing support and practical experience in job search and fostering linkages with employers and organisations.
- Providing participants with free-of-charge access to newspapers, word processors, photocopiers, telephones, facsimile machines and mail facilities (Department of Employment, Education, Training and Youth Affairs 1997d).

Participants in Job Search Training are expected to obtain skills in preparing job applications, preparing for interview and presentation skills. From their training, participants should take away up-to-date resumes, job applications, references (where appropriate) and other items (where appropriate) such as business cards (Department of Employment, Education, Training and Youth Affairs 1997c).

5.2.2 Target group

Job Search Training is aimed at assisting those with a need and the 'capacity to benefit' (Vanstone 1996). The selection of participants is based on job readiness, lack of job search skills and the potential to achieve a sustainable employment outcome.

To be eligible for Job Search Training, a job seeker must be registered as unemployed with Centrelink for three months or more and have at least one of the following criteria apply:

- Be receiving qualifying government income support.
- Be aged between 15 and 20 years and not in full-time education or training.
- Be an indigenous Australian client participating in the Community Employment Development Projects scheme.
- Be a person returning to the workforce after two years of unpaid care giving.

Job Search Training is generally aimed at job seekers who have registered as unemployed for between six and 12 months and who are not eligible for Intensive Assistance. However, it is also available to a smaller proportion of job seekers who have either been unemployed for between three and six months, or unemployed for 12 months or more.

Voluntary participation in Job Search Training

Initially, job seekers who were Job Network eligible and had been registered as unemployed for six months or more could volunteer to participate in Job Search Training. From September 1999, job seekers can volunteer for Job Search Training after being registered as unemployed for only three months.

5.2.3 Referral to Job Search Training

Screening and referral by Centrelink

In the first 10 months of Job Network, only Centrelink staff could select and refer eligible job seekers to Job Search Training. After identifying eligible participants, Centrelink staff referred job seekers to a Job Search Training provider of the participant's choice. Job Network members were required to take on job seekers referred to them, unless a review of the job seekers' classification found the job seeker to be unsuitable for Job Search Training.

In March 1999, in response to low levels of referrals reported by Job Network members in some areas, an accelerated referral system for selecting clients for Job Search Training was introduced. Under the new system, a selection is made by computer directly from administrative data gathered by Centrelink staff through the Job Seeker Classification Instrument.

Job seekers identified as eligible are sent a letter, informing them that they need to attend Job Search Training, together with a list of Job Network members who provide the service in their local area or labour market region. Job seekers are asked to telephone Centrelink within 10 working days to advise of their choice of provider. Those who do not choose a provider are referred to a randomly selected Job Network member within the area who has the capacity to provide the services.

The role of Job Network members

Job seekers on an activity-tested allowance who are selected and referred to Job Search Training must attend an interview with the Job Network member. From the interview, the Job Network member determines if the job seeker will benefit from the training and reports the outcome to Centrelink. If Job Search Training is not considered appropriate, the job seeker is referred back to Centrelink. The Job Network member can only reject a referral to Job Search Training if the job seeker is unable to fully participate in the 15 consecutive working days of training (for work, study or illness reasons), or the Job Network member determines that the job seeker is unable to benefit from Job Search Training at that time.

Job seekers who choose not to attend the interview or not to participate in Job Search Training may be breached. For other job seekers, such as those in receipt of a non-activity tested allowance, Job Search Training is a voluntary option.

From December 1998, Job Network members could also identify job seekers suitable for Job Search Training. Job Network members can refer suitable job seekers to Centrelink who will then assess the job seeker's eligibility for Job Search Training.

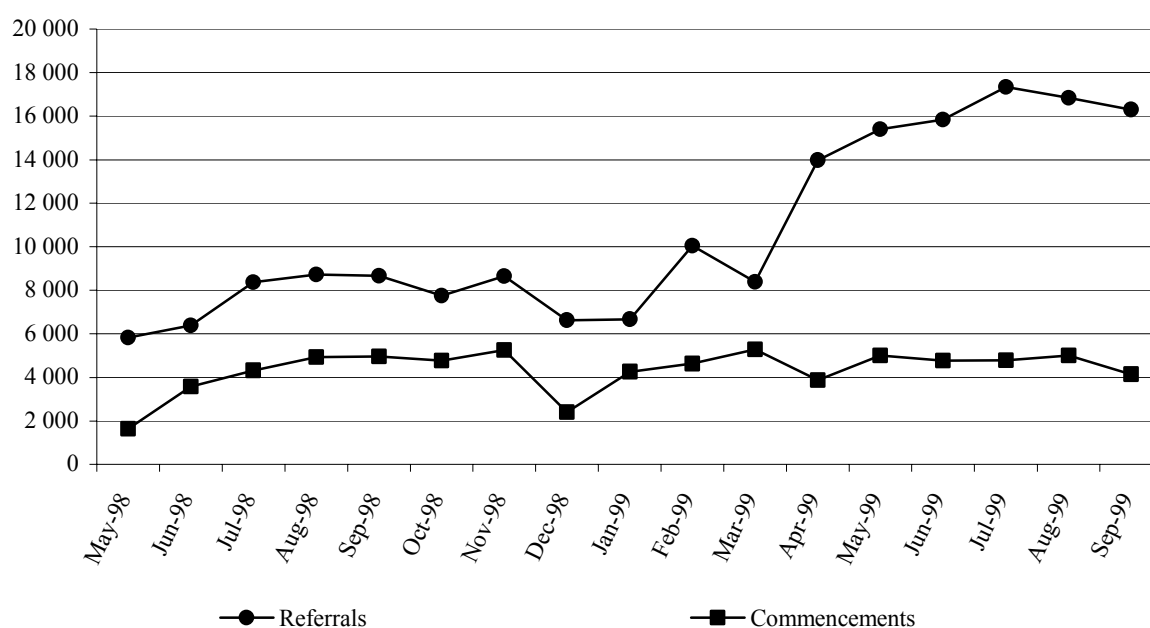
Of the Job Network members involved in the qualitative research, most reported that they had procedures in place to ensure they had enough job seekers to fill the training. These procedures involved sending letters, telephoning job seekers, advising job seekers of their obligations and recommending breach action to Centrelink.

5.3 Progress to date

5.3.1 Commencements

Since September 1998, commencements in Job Search Training have remained fairly constant (Figure 5.1). The introduction of the accelerated referral system in March 1999 clearly increased the number of job seekers referred to Job Search Training, but has not yet led to an improvement in the number of commencements.

Figure 5.1: Referrals and commencements in Job Search Training, May 1998 to September 1999



Source: Integrated Employment System

5.3.2 Characteristics of job seekers placed in Job Search Training

Between May 1998 and September 1999, more than 73 500 job seekers commenced Job Search Training.²³ Table 5.1 shows the demographic characteristics for commencements in Job Search Training. Some key points are:

- *Gender:* 66% of participants were male. Males and females had a similar commencement rate.
- *Age:* 18% of participants were 20 years or younger. Job seekers in this youth category have lower commencement rates than job seekers aged over 21 years. Job seekers aged 40 years and over comprised 18% of referrals and a higher than average commencement rate.
- *Duration of unemployment:* 69% of participants had been unemployed for less than 12 months, including 31% who had been unemployed for less than six months.
- *Educational attainment:* 29% of participants had completed secondary school and an additional 32% had completed post-school qualifications.

²³ The number of commencements in 1998–99 was 54 395. This compares to annual commencements in Job Clubs of around 45 000 in 1994–95, 1995–96 and 1996–97.

Table 5.1: Job Search Training referrals and commencements¹ by job seeker characteristics²

Job seeker characteristics ³	Referrals (n=181 800)	Commencements (n=73 500)	Commencement rate ⁴ (40.4)
	%		
Gender			
Male	64.2	65.9	41.5
Female	35.8	34.1	38.5
Age			
Less than 18	4.2	3.4	32.1
18–20	19.3	15.1	31.6
21–24	14.5	17.7	49.2
25–29	20.1	18.7	37.8
30–39	23.7	24.3	41.6
40–49	12.5	14.5	46.7
50 or more	5.6	6.3	45.4
Unemployment duration			
Less than 6 months	28.3	31.4	44.8
6–12 months	40.3	37.7	37.8
12–24 months	22.7	21.4	38.0
24 months or more	6.9	8.9	51.2
Education level			
Less than year 10	6.2	7.4	48.3
Year 10 completed	26.0	23.7	36.8
Year 11 completed	7.7	7.2	37.5
Secondary school completed	29.0	29.0	40.5
Trade/TAFE qualifications	20.4	20.9	41.3
Tertiary qualifications	10.2	11.3	44.8
Disadvantaged groups			
Indigenous Australians	0.7	0.6	35.8
Non-English-speaking background	9.8	11.9	49.0
Persons with disabilities	6.6	7.3	44.2
Sole parents	0.9	0.5	22.1

1 Referrals and commencements in the period 1 May 1998 to 30 September 1999. Data were drawn in December 1999 and may vary slightly from those drawn on earlier or later dates.

2 Job seeker groups are not mutually exclusive.

3 Some columns do not add to 100% because unknowns have been excluded.

4 The commencement rate is the proportion of job seekers in each group who commenced following referral.

Source: Integrated Employment System

- *Special groups*: 11.9% of participants have declared a non-English-speaking background, 7.3% have declared a disability, 0.6% have declared they are indigenous Australians and 0.5% have declared they are sole parents. Sole parents had a very low commencement rate (22%). In the qualitative research, job seekers and Job Search Training providers reported that this group had caring responsibilities which impacted on their ability to participate in training.

5.3.3 Types of services

As noted earlier, Job Search Training providers are contracted to undertake certain minimum activities. In the qualitative research, providers reported wide-ranging ways of delivering Job Search Training. Some operated ‘block sessions’ where the whole group started on the same day, while others had rolling starts and a more modular approach. Some providers had a fixed program that all participants followed, others had a more ad hoc responsive program. Some

programs offered wide-ranging career planning, while others were focused on finding immediate work. All programs combined group training sessions with individual job search activities.

The job seeker satisfaction survey, conducted in February 1999, covered the types of services provided by Job Search Training. Of those surveyed:

- 90% reported that their Job Search Training provider talked to them about the job search skills that they may need to develop.
- 88% said they had been given the access they required to office equipment and material.
- 78% reported receiving assistance with writing resumes.
- 73% said they received help writing job applications.
- 77% reported they had been given help preparing for interviews.
- 80% said their provider helped them with general looking-for-work skills.

There were indications that providers with an Intensive Assistance contract as well as a Job Search Training contract offered a more thorough and flexible Job Search Training service. In some cases, they had developed service modules that met the needs of both contracts, and mixed their job seekers together. Some service providers also appeared to be restructuring their service to allow for part-time workers. Other more flexible approaches reported by job seekers included undertaking Job Search Training by correspondence and attending training for two and a half hours every day for five weeks.

Level of satisfaction with services

Job seeker satisfaction with Job Search Training, as reflected in the February 1999 survey, showed that around 86% of Job Search Training participants were satisfied with services from the provider. Seventy-six per cent of participants considered they had improved job prospects. This is nine percentage points higher than job seekers surveyed in 1997 who had completed a training course through the CES on how to look for a job.

This difference may partly arise because all Job Search Training providers offer Job Matching services. This means they can offer a more integrated approach to job search assistance, directly linking Job Search Training participants with employment vacancies. In line with this, 35% of Job Search Training participants who were surveyed in 1999 had been sent to a job interview by their provider. Differences in job availability between 1997 and 1999 may also have affected the result.

The satisfaction survey indicated that most job seekers considered they were receiving satisfactory service and assistance from their Job Search Training provider. Of the job seekers surveyed, 84% said they had received all the help their Job Search Training provider had promised.

Level of service

While the vast majority of job seekers were satisfied with the Job Search Training services they received, a minority (less than 10%) reported that they had not received any form of assistance or training. Some job seekers who participated in the qualitative research reported that instead of the expected 15 days of assistance, they were offered several half days of group sessions.

Service providers generally claimed they complied with their contractual obligations to provide 15 days of assistance. However, according to some providers, at a minimum this could comprise four half-days of group work with the rest of the time being access to the provider's facilities.

It should be noted that, under the contract, Job Search Training includes the provision of support and practical experience in looking for employment. Job seekers may not have regarded their practical job search as part of Job Search Training. In the 1999 Employment Services Request for Tender, the requirement for practical job search under Job Search Training is more clearly defined.

No service providers reported offering more than 10 half-days of structured assistance in their program. Job Network members with modular programs provided more than this for individuals with a demonstrated need, however, providers with set programs did not have this flexibility.

5.3.4 Outcomes three months after assistance²⁴

The employment outcome rate, measured three months after leaving Job Search Training for all participants, between May 1998 and September 1999 was 37%. This proportion was evenly shared between full-time and part-time employment (Table 5.2).

Table 5.2: Post-assistance outcomes by unemployment duration for Job Search Training

Current status	Unemployment duration				All ¹
	Less than 6 months	6–12 months	12–24 months	24 months or more	
	%				
Unsubsidised employment					
Full-time	24.6	19.4	15.4	12.3	19.1
Part-time	19.0	18.1	18.6	17.0	18.3
Total	43.6	37.5	33.8	29.3	37.4
Unemployed	47.4	53.7	57.0	60.8	53.7
Not in the labour force	5.0	4.3	3.8	3.8	4.3
In further assistance²	4.0	4.4	5.2	6.1	4.7
Total	100.0	100.0	100.0	100.0	100.0
Further education³	15.3	12.1	11.4	10.5	12.6
Positive outcomes⁴	53.4	45.8	41.7	36.3	45.8

1 Exits from Job Search Training from 1 May 1998 to 30 September 1999.

2 Further assistance can include Intensive Assistance, Work for the Dole, New Apprenticeships and Job Search Training.

3 Full or part-time education or training, excluding labour market assistance.

4 All those in unsubsidised employment and/or further education or training. This is not a sum of unsubsidised employment and further education because some participants are in both.

Source: Post program monitoring survey

²⁴ In this section, employment and education outcome rates are estimated as a proportion of all job seekers who have participated in either Job Search Training or in Job Clubs. This approach takes into account the outcome of all participants. An alternative approach is to exclude job seekers from the outcome rate calculation where they have commenced further employment assistance after leaving Job Search Training or Job Clubs. This approach has been used previously on the grounds that some job seekers require packages of assistance, and while these job seekers remain in assistance they should be excluded from the calculation of outcome rates. Using this approach gives an employment outcome rate three months after leaving Job Search Training of 38%, for those who have not commenced further employment assistance. The outcome rate for Job Clubs calculated on this basis is 36% (Department of Employment, Education, Training and Youth Affairs 1996a). Positive outcomes calculated on this basis are 48% for Job Search Training and 44% for Job Clubs. These comparisons do not take into account differences in the demographic profile of participants.

As noted earlier, Job Search Training has similar objectives to the former labour market program, Job Clubs. The early outcomes for Job Search Training participants compare favourably to that of Job Clubs (Tables 5.2 and 5.3). Job Search Training participants surveyed had an overall positive outcome level of 46% compared to 30% for Job Clubs in 1995–96, while the post-assistance employment outcomes were 37% and 25% respectively. The proportion of Job Clubs' participants who proceeded to further employment assistance (32%) is much higher than the proportion for Job Search Training (5%).

This comparison does not take into account the differences in the demographic profile of job seekers who participated in the two forms of job search assistance. As a group, Job Search Training participants are more likely to be short-term unemployed which suggests that they are less disadvantaged than previous Job Club participants. In 1995–96, 63% of job seekers who attended Job Clubs had an unemployment duration of 12 months or more compared to 35% of those in Job Search Training.

Just over 26% of those commencing Job Search Training in the first three months of Job Network were no longer receiving income support three months later. This compares to just under 19% for Job Club participants in 1995–96 and 24% in 1997.

Table 5.3: Post-assistance outcomes by unemployment duration for Job Clubs

Current status	Unemployment duration				All ¹
	Less than 6 months	6–12 months	12–24 months	24 months or more	
	%				
Unsubsidised employment					
Full-time	15.0	14.7	11.4	8.3	11.6
Part-time	15.4	14.9	13.4	11.3	13.3
Total	30.5	29.5	24.8	19.6	24.9
Unemployed	39.8	40.1	36.9	44.9	40.5
Not in the labour force	3.8	2.9	2.6	3.0	2.9
In further assistance²	26.0	27.4	35.7	32.5	31.7
Total	100.0	100.0	100.0	100.0	100.0
Further education³	9.5	9.1	7.3	5.5	7.4
Positive outcomes⁴	36.8	35.9	29.7	23.6	29.9

1 Exits from Job Clubs in 1995 and 1996.

2 Includes labour market programs and traineeships.

3 Full or part-time education or training, excluding labour market programs.

4 All those in unsubsidised employment and/or further education or training. This is not a sum of unsubsidised employment and further education because some participants are in both.

Source: Post program monitoring survey

5.3.5 Cost-per-job

Unit costs and costs per unsubsidised job outcome provide a measure of program efficiency. In the new market, Job Network members bid to provide Job Search Training on a price-competitive basis. The prices paid for Job Search Training vary depending on the level of service proposed, the employment and opportunities in a region, and the cost of service delivery.

Noting the caveat above about the different demographic profile of participants, early data indicate that Job Search Training delivers training at about two-thirds the cost of Job Clubs, and at half the cost-per-job (Table 5.4).

Table 5.4: Unit cost and cost per unsubsidised employment outcome by program

Program	Unit cost (\$)¹	Cost per unsubsidised employment outcome (\$)²
Job Search Training³	418	1 130
Job Clubs⁴	625	2 500

¹ Unit costs for Job Search Training include program costs (such as payment to providers) and a component for administrative costs, but do not include Centrelink costs. For Job Clubs, costs include program costs and Formal Training Allowance payments to program participants, but do not include Department of Employment, Education, Training and Youth Affairs or Commonwealth Employment Service administrative costs. Hence, costs per unsubsidised employment outcomes for the previous labour market programs will be understated when compared to Job Search Training.

² To calculate the cost per unsubsidised employment outcome, the cost of the program is divided by the proportion of participants who achieve an unsubsidised employment outcome. For this calculation, it is necessary to adjust the unsubsidised employment outcome levels to take into account those program participants who proceed to further employment assistance.

³ Job Search Training costs per unsubsidised employment outcome were based on outcomes achieved from May 1998 to September 1999.

⁴ Job Clubs costs per unsubsidised employment outcome were based on outcomes achieved in 1995 and 1996.

5.4 Issues

5.4.1 Targeting of Job Search Training

Length of unemployment

Eligibility criteria for Job Search Training captures a large portion of new entrants to the labour market. Job Search Training is mainly targeted at job seekers who have been unemployed between six and 12 months, but is available to a limited number of job seekers who have been unemployed for three months, as well as job seekers who have been unemployed for 12 months or more. Job seekers aged between 15 and 20 and job seekers returning to the workforce after two years of unpaid care giving are also eligible for Job Search Training after they have been unemployed for three months.

Job seekers involved in the qualitative research felt that Job Search Training would be more effective if offered in the earlier stages of unemployment. Some international research supports this view.²⁵ Recent changes to Job Search Training mean this assistance will be available to job seekers with shorter unemployment spells.

Most service providers interviewed indicated that a large part of their effectiveness lay in motivating participants to be active. Several providers expressed the view that job seekers need motivation more than they need training. Job seekers reported that once they were out of work for months, their work experience was less relevant and they became very discouraged. Whilst it appears that a job seeker's motivation to find employment influences the take up and possibly the success of job search assistance, it is an unobservable factor which cannot be accounted for in referral to Job Search Training. However, research does show that job search activity decreases throughout the unemployment spell (Warr 1987). The recent changes to eligibility criteria, which enable participation at an earlier stage of unemployment, should help to overcome such problems.

²⁵ Evaluations in OECD countries suggest that job search assistance may be more successful when it is implemented earlier in the unemployment spell (Fay 1996).

When Job Search Training is offered to those job seekers who have been unemployed for a longer period, it may be more successful if the training incorporates some form of initial motivational training. This was supported by the qualitative research, with the most positive comments on Job Search Training reported from job seekers who had a strongly motivating presenter.

Different job seeker groups

Targeting of assistance to specific groups of job seekers based on workforce experience may improve the effectiveness of Job Search Training. For example, job seekers interviewed in qualitative research who had considerable workplace experience were often highly critical of the level of assistance and advice they received. They regarded it as far too basic for their needs. Also, older job seekers often said that the training was structured for the needs of young job seekers with little work experience and did not meet older job seekers' needs. This suggests that some standardised Job Search Training services may meet the needs of most young people and other new entrants to the labour market, but need to be flexible enough to meet the needs of other groups of job seekers.

5.4.2 Recruitment

Recruitment of participants to Job Search Training has fallen short of expectations. At the end of September 1999, Job Search Training providers were operating at 74% of their pro-rated contracted number. A large increase in referrals following the introduction of the accelerated referral system has not raised the number of commencements (Figure 5.1). Job Network members involved in the qualitative research reported that, despite Centrelink meeting referral targets, there were still not enough job seekers for Job Search Training, suggesting that either the contracted capacity of providers was set too high, or the Centrelink referral targets were set too low.

Problems in getting enough participants for Job Search Training were raised by a number of providers involved in the qualitative research. There are a number of possible explanations for the difficulties experienced with recruitment of job seekers to Job Search Training including: a lack of information about Job Search Training; job seeker motivation; and the need for flexible delivery of training.

Lack of information about Job Search Training

Information on Job Search Training is available from Centrelink and Job Network members. The accelerated referral system replaced the previous Centrelink interview in which staff could explain the training and encourage job seekers to attend. As a result of this interview, Centrelink staff could also choose not to refer those job seekers they deemed unsuitable for Job Search Training. Through the accelerated referral system, job seekers are sent a letter that advises them they are eligible for Job Search Training. The letter includes an information leaflet on Job Search Training and a list of Job Network members who provide this assistance. The onus is then on job seekers to telephone Centrelink.

Under the accelerated referral system, if a job seeker does not contact Centrelink to lodge a preference for a provider, there is no opportunity for Centrelink staff to identify any recent changes of circumstances which may prevent a job seeker from being able to commence Job Search Training (such as sickness or casual work). These factors may only be identified after referral to a Job Search Training provider, contributing to the lower rate of commencements.

It is up to Job Network members to undertake promotional activities to attract eligible job seekers. A lack of promotional activity, combined with the accelerated referral system, suggests that many job seekers may not be receiving adequate information about Job Search Training.

Problems have also been identified with the letter generated by the accelerated referral process. The letter did not make it clear that Job Search Training is a compulsory activity. A new letter was introduced in September 1999, which more accurately conveys what is required of job seekers referred to Job Search Training. However, that changed text is yet to have an impact on commencement numbers. Only job seekers in receipt of a non-activity tested payment do not have to attend Job Search Training.

Motivation

Whilst most job seekers (76%) in the satisfaction survey reported that participation in Job Search Training had improved their job prospects, many of the job seekers who participated in the qualitative research did not believe that Job Search Training had much to offer. This belief that the training is a 'waste of time' may also help to account for the low commencement rate in Job Search Training. Many of the job seekers who are referred to Job Search Training may not be motivated to attend.

Flexible delivery

Another contributing factor to the insufficient take up of Job Search Training appears to be job seekers' commitments such as part-time work or study or caring responsibilities.²⁶ In qualitative research, job seekers and providers reported that such commitments affected participation in the training. More flexible delivery of Job Search Training could help to overcome these access problems.

The second tender round recognised the need for flexible delivery and took into account options to better accommodate part-time study or work commitments into job seekers' job search skills plans. In addition, Job Network members are allowed to extend Job Search Training over a 20-day period, enabling a five-day extension to those job seekers unable to attend for 15 consecutive days.

5.4.3 Location of providers

A survey of satisfaction with Job Network members prior to the accelerated referral system indicated that 35% of job seekers surveyed selected a Job Search Training provider because it was convenient. Under the accelerated referral process, job seekers have 10 days in which to advise Centrelink of their choice of provider. If they do not select a provider in this period, they are automatically referred to a Job Network member in the area who has the capacity to provide the service.

With the introduction of the accelerated referral process, the main difficulty reported by job seekers was that they had to travel long distances to attend Job Search Training. Problems were also reported regarding travel costs. Some Job Network members reported that they assisted job seekers with travel costs to ensure they were able to access and complete the training.

The difficulties reported about the cost (time and financial) in accessing Job Search Training are being addressed through recent improvements to the mapping system. Under the changes, job seekers will now be matched to a Job Network member on the basis of postcode. It is anticipated

²⁶ Job seekers eligible for Job Network services include those employed for up to 15 hours a week.

that this will eliminate many of the problems with out-of-area referrals and improve the level of commencements in Job Search Training. To help alleviate travel costs, another option is for Job Search Training providers to offer some form of fare-assistance. This would help alleviate the travel costs faced by job seekers in attending training over the three-week period and would also improve access to Job Search Training.

6 Intensive Assistance

Highlights

- Job seekers judge Intensive Assistance favourably. Eighty-one per cent of job seekers agreed that the service and assistance they received through Intensive Assistance was of high quality. Job seekers agreed that their provider took their special needs into account (79%), was always available when they needed them (88%), gave the right kind of encouragement and support (83%) and did all they could to help (85%).
- Post program monitoring undertaken three months after leaving Intensive Assistance shows that for job seekers who left assistance up to the end of September 1999 around 37% were in employment. The corresponding proportion of job seekers studying three months after leaving Intensive Assistance was 8%. The combined employment and education post-assistance outcome was 43% (some former participants were both employed and studying).
- While there are reasons to be optimistic about the performance of Intensive Assistance, it is not clear that all the design features are functioning to the extent that may be possible. These include job seeker driven competition and the incentives in the fee structure:
 - The feasibility of using job seeker choice as a means of improving provider performance was limited in the first contract period by a lack of comparative performance information given the establishment of a new market and the need to: encourage providers to invest the necessary resources; reduce the risk of provider failure; and ensure that job seekers participate where they do not choose a provider.²⁷ Other mechanisms such as competitive tendering, service standards and quality audits contribute to improving provider performance.
 - At this stage of the evaluation and in the early days of the market, it is not possible to establish whether the fee structure is clearly operating as an incentive to providers to pursue cost effectiveness and equity of outcomes for all job seekers.

6.1 Introduction

Prior to Job Network a range of assistance was available to disadvantaged job seekers through case management and a large number of administratively discrete labour market programs. Intensive Assistance was designed to create a less program-driven system which was more focused on job seeker needs and on sustainable employment outcomes.

Intensive Assistance was created in response to the administratively complex and non-individualised system of labour market programs. By the early 1990s, this was recognised as a serious problem. For example, *Restoring Full Employment* noted that:

The CES [Commonwealth Employment Service] refers to specific programs or courses run by community agencies under contract. But the contractors often have no say in what sort of assistance clients will receive, even though they get to know their individual clients very well...Multi-service agencies also have to deal with complex combinations of administrative requirements and constraints related to the funding received from different sources. There is

²⁷ For Job Matching and Job Search Training there is less risk to job seekers of provider failure and less need to encourage investment, therefore choice-driven competition is more feasible.

limited capacity for organisations easily to combine different program funds (Committee on Employment Opportunities 1993, p. 146).

Disadvantaged job seekers could be shunted from program to program without any clear rationale and without maintaining an ongoing relationship with a particular agency (Committee on Employment Opportunities 1993). Case management represented the first response to these problems and led to real improvements in service to job seekers. But because it was overlaid on the existing system of labour market programs many of the problems remained.

One problem was an excessive emphasis on program placements as an end in themselves. Research undertaken as part of the evaluation of *Working Nation* showed the introduction of the Job Compact put pressure on case managers to make program placements whether or not they believed those placements would assist job seekers to secure ongoing employment.²⁸ Because the Government met the cost of program placements, case managers had little incentive to control the costs of assisting clients.

In developing Intensive Assistance, the Government intended to combine funding for case management and labour market programs into a single, more flexible system in which providers have incentives not only to secure employment outcomes but also to control costs—a system which would allow them to respond more directly to job seeker needs (Table 6.1).

Table 6.1: Objectives and rationale for Intensive Assistance design features

Design feature	Objective	Rationale
Outcome payments	Effectiveness and efficiency	Providers will have an incentive to maximise the number of employment outcomes (effectiveness) while minimising the cost per outcome (efficiency).
Up-front payment	Ensure cash flow for job seeker servicing	Even small providers will have resources on hand to provide assistance to job seekers. This will minimise the risk that cash-flow problems will prevent providers pursuing outcomes.
Payment level determined by level of disadvantage	Access	Providers will have an incentive to assist job seekers at all levels of disadvantage because the more disadvantaged job seekers will attract a higher fee.

6.2 Program design

6.2.1 Paying for results

The outcome-based funding model is a key feature of Intensive Assistance. The bulk of Intensive Assistance's potential funding is allocated to payments for sustained employment outcomes rather than payments for inputs, processes or outputs (Table 6.2). The model is designed to promote effectiveness—providers are intended to have a strong financial incentive to secure employment outcomes for their clients. It is also geared towards efficiency—providers must invest resources²⁹ to secure outcome payments. This is intended to give providers a financial stake in the cost effectiveness of assistance.

However, the funding model is not purely outcome-based. Providers receive an up-front payment of between \$1500 and \$3000 when they take on a new job seeker. This payment is intended to ensure that cash-flow problems do not prevent job seekers receiving assistance. The model also

²⁸ Under the Job Compact, the Government undertook to make job offers to all job seekers in the target group. Placements on work experience/training programs such as New Work Opportunities were intended to supplement offers by mainstream employers. For further discussion of case management under *Working Nation* see Petersen (1999).

²⁹ From fees for the services they are contracted to provide (Table 6.2).

varies the fee level according to the level of job seeker disadvantage. This is intended to offer providers an incentive to make the greater effort required to help more disadvantaged job seekers. Details of the fee structure for each of the three disadvantage levels are shown in Table 6.2.

Table 6.2: Intensive Assistance fee structure

Funding level	Up-front service fee	Interim outcome payment ¹		Final outcome payment ²	
		Primary ³	Secondary ⁴	Primary ³	Secondary ⁴
Level 1	\$1 500	\$1 500	\$500	\$1 200	\$500
Level 2	\$2 250	\$2 250	\$500	\$2 200	\$500
Level 3	\$3 000	\$3 200	\$500	\$3 000	\$500

1 Can be claimed when a job seeker remains in qualifying employment for 13 weeks.

2 Can be claimed when a job seeker remains in qualifying employment for 26 weeks.

3 For recipients of Newstart and Youth Allowances: job seeker remains in employment, unsubsidised self-employment or an apprenticeship or traineeship and earns sufficient income to cease receipt of the basic rate of Newstart or Youth Allowance for 13 consecutive weeks (separate conditions apply for other Intensive Assistance clients).

4 For recipients of Newstart and Youth Allowances: the job seeker gains paid employment, unsubsidised self-employment or traineeship and earns sufficient income to reduce receipt of the basic rate of Newstart or Youth Allowance by at least 70% averaged over 13 consecutive weeks (other conditions apply for other Intensive Assistance clients).

Source: Members' Information Guide (Department of Employment, Workplace Relations and Small Business 1999e)

Placements in Intensive Assistance are time-limited although providers and job seekers have the option to extend the referral period by up to six months. Job seekers classified as funding level one and two are referred to a provider for 12 months. Job seekers classified as funding level three are referred for 18 months. The time limits were intended to encourage job seekers and providers to work towards an outcome in a reasonable time. Time limits also complement the fee structure by protecting provider viability. Without time-limited referrals, the most-difficult-to-place job seekers would accumulate on provider case loads. As the proportion of these job seekers increased, the case load would take an increasingly longer time to turn over. As a result, the rate of commencement and outcome payments would slow, threatening provider viability.

6.2.2 Promoting performance through competition and choice

The design of Intensive Assistance incorporates competition at two levels. First, providers compete for contracts to offer Intensive Assistance services and allocations of contracted capacity (the maximum number of job seekers they can service). Second, providers are not assured of referrals—it was envisaged that they compete with other providers in their region to attract eligible job seekers.³⁰ Job seekers are given a choice of providers. However, during the early stages of the market, the implementation of this second level of competition was balanced by the need to ensure that as many job seekers as possible in the target group received assistance and that providers had time to adapt to the new arrangements. If job seekers do not make a choice or they choose providers with no spare capacity, they are automatically referred to a provider with capacity available, a process which operates to keep all providers at or near contracted capacity.³¹ It also ensures job seekers can gain access to assistance and meet activity test requirements even if they do not nominate a preferred provider.

Competition for contracts is intended to promote effectiveness and efficiency by allowing the Government to contract providers who are likely to deliver a greater number of outcomes and a

³⁰ In a presentation to OECD labour ministers, the then minister Dr David Kemp explained that 'Subject only to maximum limits set by a competitive tender process, the flow of business to any given provider will be driven first and foremost by customer choice. The incentives for quality of service are obvious.' (Kemp 1997).

³¹ The current Business Partnership agreement between DEWRSB and Centrelink has maintaining Job Network members at a particular point-in-time capacity as a key performance indicator.

better ratio of outcomes to costs.³² Job seeker choice is intended to promote greater responsiveness to the needs of job seekers.

6.2.3 Rationing services for efficiency

As Intensive Assistance is budget limited, there are a range of ways resources are directed to job seekers who are in need of assistance. Intensive Assistance capacity is determined by the number of places which the government contracts for, which is in proportion to the national level of long-term unemployed and other eligible job seekers. Access to contracted places is determined by using the Job Seeker Classification Instrument ([JSCI] discussed in Chapter 3). The Department of Employment, Workplace Relations and Small Business (DEWRSB) regulates the flow of job seekers into Intensive Assistance, and their assigned fee level, by setting JSCI score bandwidths (Table 6.3). These bandwidths are set so that there is a sufficient pool of job seekers available in the various locations to fill the number of places contracted for. The bandwidths have been adjusted twice during the first contract period.

Table 6.3: JSCI bandwidths

Assistance level		JSCI score bandwidth		Target proportion of places
Date introduced	1/5/98	23/7/98	26/7/99	
1	27–34 points	26–33 points	24–30 points	67%
2	35–44 points	34–41 points	31–38 points	26%
3	45 points or more	42 points or more	39 points or more	7%

Source: Members' Information Guide (Department of Employment, Workplace Relations and Small Business 1999e)

Providers may seek a review of a job seeker's JSCI score if they believe it is incorrect or incorrectly interpreted (Section 3.3.3).

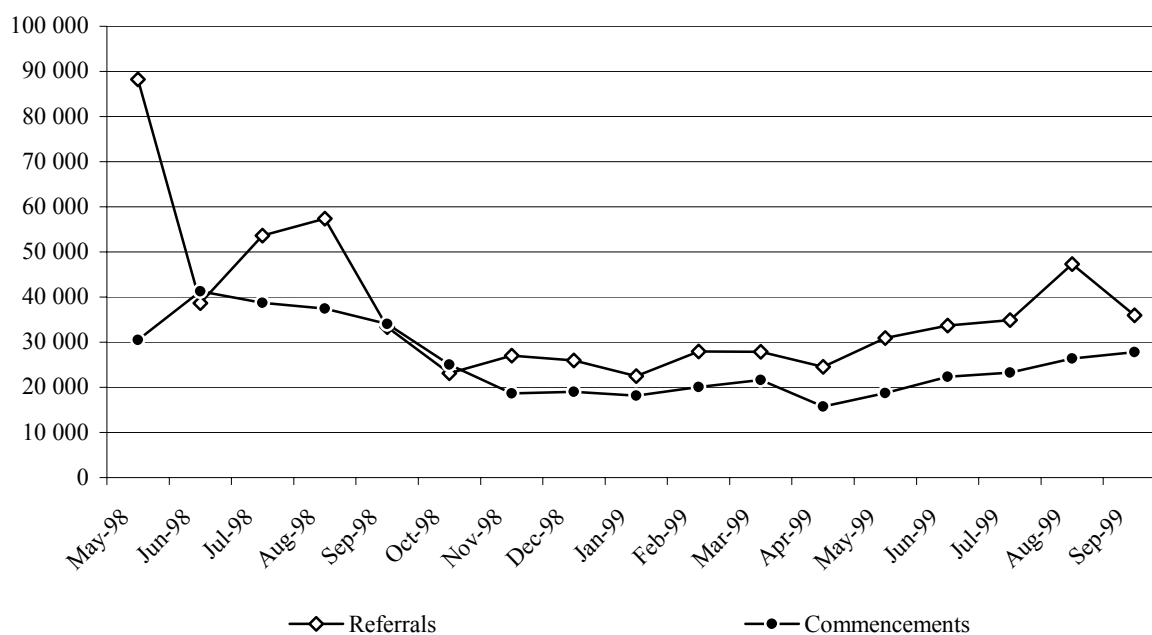
6.3 Progress to date

6.3.1 Referrals and commencements

Between May 1998 and the end of September 1999, more than 630 000 job seekers were referred to Intensive Assistance. Of these, 69% had commenced, thereby triggering the payment of an up-front fee of between \$1500 and \$3000. In total, Intensive Assistance providers are contracted to assist close to a quarter of a million job seekers at any one point in time. At the end of September 1999, 236 000 job seekers were in Intensive Assistance.

Figure 6.1 shows referrals and commencements over time. Beginning in May 1998 with a large number of new referrals and transfers from the case management system, the process had stabilised by late 1998. Both referrals and commencements were on an upward trend during 1999.

³² In the second tender round, performance in securing outcomes was a selection criterion. The performance of successful tenderers was nearly 25% higher than the average performance for all providers.

Figure 6.1: Referrals and commencements for Intensive Assistance, May 1998 to September 1999

Source: Integrated Employment System

6.3.2 Characteristics of job seekers placed in Intensive Assistance

Intensive Assistance is designed to assist job seekers who are seriously disadvantaged in the labour market. To be referred, a job seeker must have received a JSCI score of at least 24,³³ which represents a significant level of disadvantage. Table 6.4 shows the demographic characteristics for commencements in Intensive Assistance. These characteristics reflect both the composition of the unemployment register and the effect of the JSCI. As might be expected, relatively high proportions of job seekers commencing in Intensive Assistance are long-term unemployed, more than 50 years old, have low levels of education, a disability or come from a non-English-speaking background.

In conducting focus groups, qualitative researchers observed a number of other individual barriers to employment including health problems, drug use, criminal record, history of psychiatric problems and self-reported personality or social disorders. Social and family problems were also common amongst those interviewed. Job seekers in Intensive Assistance often have multiple barriers to employment—for example, low educational attainment might be combined with health problems, mature age and a declining local labour market.

³³ See Table 6.3. The cut-off point has moved twice since the introduction of Intensive Assistance. Intensive Assistance also includes job seekers transferred from the old case management system.

Table 6.4: Intensive Assistance referrals and commencements by job seeker characteristics¹

Job seeker characteristics	Intensive Assistance eligible³ (n=291 900)	Referrals⁴ (n=631 500)	Commencements⁴ (n=438 500)	Commencement rate⁵ (69.4)
	%			
Gender				
Female	31.5	30.9	30.0	67.3
Male	68.5	69.1	70.0	70.4
Age				
Less than 18	3.2	4.4	3.4	54.3
18–20	10.6	10.1	8.4	57.8
21–24	11.1	11.5	11.0	66.2
25–29	14.0	14.8	14.3	66.9
30–39	20.9	21.1	21.6	71.2
40–49	21.0	21.7	22.7	75.9
50 or more	19.1	17.4	18.7	74.5
Unemployment duration²				
Less than 6 months	18.6	25.8	23.7	63.6
6–12 months	14.0	13.0	12.5	66.6
<i>less than 12 months</i>	<i>32.5</i>	<i>40.0</i>	<i>36.7</i>	<i>63.7</i>
12–24 months	22.0	23.8	24.5	71.5
24–36 months	16.2	15.5	16.3	73.1
36–60 months	19.2	12.7	13.4	73.5
60 months or more	10.0	8.1	9.1	78.3
<i>12 months or more</i>	<i>67.5</i>	<i>60.0</i>	<i>63.3</i>	<i>73.3</i>
Education level²				
Less than year 10	34.2	33.3	32.8	68.5
Year 10 completed	32.9	31.6	31.0	68.2
Year 11 completed	8.3	8.5	8.4	68.3
Secondary school completed	13.5	14.1	14.4	71.0
Trade/TAFE qualifications	7.8	8.1	8.5	72.9
Tertiary qualifications	2.4	2.9	3.1	74.7
Disadvantaged groups				
Indigenous Australians	6.5	6.1	5.0	57.0
Non-English-speaking background	20.0	20.1	21.5	74.2
Persons with disabilities	18.3	16.1	16.7	71.9
Sole parent	1.3	0.9	0.7	55.6
Allowance status				
Newstart allowance	81.2	82.4	86.7	73.0
Youth allowance	7.9	9.1	7.1	54.0
Disability support pension	0.7	0.8	0.6	52.7
Non-partnered parenting allowance	3.9	3.4	2.5	49.9
Other allowance	2.2	2.2	2.0	63.3
Youth not on allowance	4.1	2.1	1.2	38.6

1 Job seeker groups are not mutually exclusive.

2 Some columns do not add to 100% because unknowns have been excluded.

3 As at 30 September 1999, based on JSCI scores.

4 Referrals and commencements for period May 1998 to 30 September 1999. Data were drawn in December 1999 and may vary slightly from those drawn on earlier or later dates.

5 The commencement rate is the proportion of job seekers in each group who commenced following referral.

Source: Integrated Employment System

Groups with low commencement rates

Some groups of job seekers were less likely to commence Intensive Assistance following referral than others. These included those groups for whom participation is voluntary: sole parents (on non-partnered parenting payment), disability pensioners and young people who were not receiving income support. By contrast with these groups, only 27% of Newstart allowees referred did not commence. Young job seekers were also less likely than those who were older to commence after referral even when participation is a condition for receiving income support. Forty-six per cent of Youth Allowance recipients did not commence following referral. Short-term unemployed job seekers were also somewhat less likely to commence after referral than those who had been unemployed for longer periods of time.

The lower commencement rate for indigenous job seekers is of some concern. Qualitative research suggests that indigenous job seekers have limited understanding of the new arrangements and do not believe that Job Network members will help them to get work.³⁴ Indigenous job seekers tended to have contact with providers to maintain access to income support and reported they would prefer to look for work through their own networks, particularly given their preference for working with other indigenous people. The qualitative research also indicated that some Intensive Assistance providers were reluctant to attract indigenous job seekers due to the perception that employment placement would be difficult and unlikely to produce a funded outcome. Providers reported that many indigenous job seekers needed help with social, legal and financial issues before progressing to employment assistance. Various concerns are being addressed through the Indigenous Employment Policy which was announced in May 1999 (Chapter 11).

Commencement rates for job seekers assessed at the funding level three (the most disadvantaged 7% of the Intensive Assistance case load) are lower than average. Research conducted for the JSCI post implementation review found that the Intensive Assistance system experienced problems in achieving commencement targets for job seekers at funding level three. The research found that losses between identification and commencement were higher than expected. Many job seekers were exempted from participation (for example, on the grounds of ill health), referred to the Community Support Program or were no longer recorded as needing assistance on the system. Between May 1998 and July 1999, JSCI cut-off scores have been revised downwards twice. The cut-off for funding level three has fallen from 45 to 39 points. Scores are revised to ensure that providers are able to maintain their contracted capacities.

6.3.3 *Choosing an Intensive Assistance provider*

Table 6.5 shows more than half the job seekers surveyed in the job seeker satisfaction survey (56%) reported choosing a provider on the basis of something they knew or had heard. The most common reason given was the convenience of the provider's location (30%). Another 12% of job seekers made their choice in response to the provider's reputation or on a recommendation (friends, family, other Job Network member etc.). These results were consistent with the qualitative research where the most frequently discussed reasons were also convenience of location and word-of-mouth recommendation.

A smaller but significant proportion of job seekers said they did not make a choice of provider. Around 27% said they had been referred by Centrelink, with only 2% reporting there was only one provider available. The high proportion of job seekers who reported being referred by Centrelink may be linked to the accelerated and automatic referral processes. In the accelerated

³⁴ As noted in Chapter 2, there was an indigenous communications campaign of radio advertising and an Indigenous Job Network Information Kit distributed to 1200 indigenous community organisations.

referral process, job seekers are sent a letter (on Centrelink letterhead) listing the names and contact details for providers and are asked to make a choice within 10 working days. Those not exercising such a choice (for whatever reason) are automatically referred to a provider with spare capacity.

Table 6.5: Main reasons for choosing a specific Intensive Assistance provider¹

Main reasons for choosing a specific Intensive Assistance provider	%
Chose on basis of provider attributes	55.7
Convenience of location	30.2
Reputation or recommendation	11.5
In response to advertising/personal approach/information from Centrelink	3.7
Specialised services	3.3
Personal experience	2.6
Other	4.4
Did not choose	28.4
Referred by Centrelink	26.6
Only one available	1.8
Other reasons for choice (for example, dissatisfaction with other providers, random selection)	11.1
Don't know/not answered	4.8
Total	100.0

¹ This table shows the results from an open-ended question. Responses have been coded into categories. Source: Job seeker satisfaction with Job Network members survey, 1999

To date, job seekers have received only limited information about providers besides the provider's name, contact details and address. Job Network members are responsible for marketing their services to job seekers. Some Centrelink offices have encouraged Job Network members to speak to job seekers at information seminars; however, few job seekers reported receiving information in this way. While job seekers are free to seek more information before choosing a provider, few in the qualitative interviews reported that they deliberately visited different providers in order to decide which one would offer the best service. Intensive Assistance is relatively new and it is likely that many providers have yet to acquire a reputation. The proportion of job seekers who make an informed choice should rise as providers become better known within a community.

Some job seekers interviewed during the qualitative research found the process of choosing difficult. The limited information available to many job seekers during the first contract period may help explain this. Analysis of responses to a job seeker satisfaction survey found that the provision of choice is related to a lowering of satisfaction rates amongst job seekers referred for Intensive Assistance. More extensive performance information on individual providers is becoming available and will be a stronger feature of the second Job Network contract period.

6.3.4 Flexible assistance—what services do providers offer?

DEWRSB's official information sheet on Intensive Assistance states that:

To overcome barriers to employment, Job Network members may arrange a number of activities which could include vocational training, work experience, training in literacy, numeracy or English as a second language, wage subsidies, workplace modifications or post-placement support. Job Network members will work with eligible job seekers to provide them with the

support they need to get a job (Department of Employment, Workplace Relations and Small Business 1999b).

Job seekers visit their providers (sometimes quite frequently), receiving encouragement, help to stay motivated, practical help looking for work and some training in job search and job-specific skills. On the whole, the job seeker satisfaction survey found that the bulk of job seekers (83%) were satisfied their providers had done everything they could to help them find work.

Frequency of contact

Seventy-six per cent of job seekers surveyed in the job seeker satisfaction survey reported visiting their provider on 'quite a few' or 'several occasions' while 23% responded they had visited their provider 'only once or twice'. Of those who had visited more than once or twice, more than one-third reported they visited once a week or more (36%), one-third said once a fortnight (31%), and another third (31%) said once a month or less.

The results of the post program monitoring survey show frequency of contact between job seekers and providers changes over the length of the placement. In the survey, 36% of job seekers reported they rarely or never had contact with their provider toward the end of their placement. This compares to 20% at the beginning of their placement.

Both surveys indicate that most job seekers have regular contact with their Job Network member, with fortnightly contact being the most common—at least during the initial phase of assistance. The post program monitoring survey suggests that contact becomes less frequent towards the end of assistance.

Assistance received

Personal support, such as meetings between job seekers and case managers and other provider staff, is the most common form of assistance. In qualitative interviews, job seekers most frequently reported receiving encouragement in their search for work. The survey responses from the job seeker satisfaction survey show that very high proportions of job seekers received personal support. For example, 72% agreed their provider helped them stay motivated and 58% said their provider improved their self-confidence.

Beyond this basic framework of meetings and personal support, the most common form of assistance reported in the survey was training in job search skills such as writing resumes, preparing for interviews and writing job applications. Forty-three per cent of job seekers in Intensive Assistance reported receiving this kind of assistance. Eighteen per cent of job seekers reported that their provider organised training for them in job-specific skills such as computer or special certificate courses. Table 6.6 shows the proportion of job seekers reporting each type of assistance. Fifty-eight per cent of job seekers in Intensive Assistance reported receiving one or more of these categories of assistance. It is possible that, in this survey, job seekers have not reported all the assistance Job Network members provided. For example, a provider may have canvassed employers on behalf of job seekers—something a job seeker may be unaware of.

Table 6.6: Percentage of Intensive Assistance clients reporting training

Training reported¹	%
Training in job search skills	43
Job-specific skills (for example, a computer course)	18
Unpaid work experience	4
General maths or reading courses	4
English language training	4

¹ These figures are not additive. The categories are not mutually exclusive—clients could report undertaking more than one type of training.

Source: Job seeker satisfaction with Job Network members survey, 1999

In qualitative interviews, few job seekers said their provider regularly referred them to job vacancies. Many said they had not been offered any, while others reported they had been offered two or three. The survey results support this account. Thirty-seven per cent of job seekers reported their provider had sent them to a job interview or to speak to an employer about a job. Providers appear reluctant to refer job seekers who they believe are not job-ready to fill vacancies.

Interviews with providers during April and May 1999 support these findings. The qualitative research reported that:

When probed on the services they offered to Intensive Assistance clients, most service providers described job search services. Very few service providers reported that they were offering services which would address underlying barriers to employment such as language classes, counselling or assistance with vocational training. The basic services that were described were regular meetings with a case manager, resume preparation, job search and interview skills. Service providers said that they offered access to other services as needed. In most cases the availability of these ‘extra’ services was at the discretion of the case manager or office manager.

In interviews, providers explained that their assistance choices were based not only on need but the likelihood of achieving an outcome. This approach enables providers to be more responsive to client needs rather than being constrained by rigid program guidelines.

6.3.5 Quality of service and job seeker satisfaction

Eighty-three per cent of job seekers surveyed reported that they were satisfied with the services they received (Table 6.7). The overwhelming majority of job seekers were satisfied with functional aspects of service such as promptness and opening hours. Satisfaction with personal aspects of service was also high.

The perceived effectiveness of assistance appears to contribute to satisfaction. Job seekers who strongly agreed that Intensive Assistance had improved their chances of finding a job were more satisfied than others. Sixty-five per cent of these job seekers reported being very satisfied as against 34% of all job seekers. The most common reason, given by the 14% of job seekers who were dissatisfied, was that their provider offered only limited assistance.

Table 6.7: Satisfaction with aspects of service

	% satisfied with service aspect
Overall satisfaction with services	82.5
Functional service aspects	
Prompt service	90.0
Not too long waiting on the telephone	74.5
Convenient opening times	95.8
Personal service aspects	
Professional service	87.8
Friendly and courteous	96.6
Individualised service	87.2
Treated with respect	96.3
Knowledgeable staff	86.6
Staff who want to help	89.9

Source: Job seeker satisfaction with Job Network members survey, 1999

6.4 Outcomes from Intensive Assistance

It is too early to fully assess the impact of Intensive Assistance on the employment prospects of participants. To measure an intervention's effectiveness, evaluators need to accurately estimate what the outcomes would have been in the absence of the intervention.³⁵ This requires comprehensive outcomes data from a comparison or control group. In the absence of this information, the outcomes data below should be treated with caution. Intensive Assistance outcomes are measured either at the point of exit from assistance (that is, the outcome at the end of assistance) or three months after assistance (referred to as the post-assistance outcome).

6.4.1 Outcomes at the end of assistance

Job seekers who leave Intensive Assistance fall into two main categories:

- *Paid outcomes*: these are exits from Intensive Assistance in which the job seeker finds and retains paid work (either full or part-time) or completes a period of education and the provider successfully claims an interim outcome fee. The job seeker exits the provider's case load when an interim outcome fee is paid.
- *Unpaid exits*: are all exits from Intensive Assistance which do not attract an outcome payment. This category can be divided into two major sub-groups:

Contract referral ends: Intensive Assistance providers are contracted to assist job seekers for between six and 18 months.³⁶ After this time, if the job seeker is still with their provider, they are removed from the provider's case load. These job seekers may re-enter Intensive Assistance if they are reassessed as eligible. (There is usually a six-month period before re-referral.)

Other unpaid exits: job seekers may leave assistance for a wide variety of other reasons. These may include the job seeker ceasing their claim for income support, being removed

³⁵ This is often referred to as 'the counterfactual'. To illustrate this with an example, a United States evaluation of Job Training Partnership Act programs found that 91.5% of young male participants were employed during the 18-month follow-up period. On the face of it, this seems like clear evidence of effectiveness, but this is negated once account is taken of the equivalent figure for the study's control group (those who did not receive the intervention), which was 89% (United States Department of Labor 1993). For a discussion of methodologies used to estimate the difference between the outcomes of an intervention and those of a counterfactual, see Hollister and Hill (1995). For a brief overview of methodologies used to evaluate employment assistance schemes, see Meager and Evans (1997, pp. 21–30). Rossi and Freeman (1993) give a useful overview of impact evaluation.

³⁶ Job seekers classified as funding level three (the most disadvantaged classification) are referred for 18 months. Providers may also opt to extend a job seeker's placement by up to six months. Job seekers who moved from the old case management system to Intensive Assistance could be placed with a provider for six months if they had received 13 weeks or more of case management.

from income support by Centrelink, changing their place of residence, moving to a non-activity tested allowance or pension or securing employment that does not result in a payable outcome.

Outcomes at the end of assistance for the first quarter cohort

Because some job seekers can remain in Intensive Assistance for up to 18 months, complete data on outcomes are restricted to those job seekers who commenced during the first three months of Job Network. This cohort gives an indication of the paid outcomes rate for Intensive Assistance.³⁷ At the time of writing, more than 90% of job seekers who commenced assistance between May and July 1998 had left Intensive Assistance. Of these:

- 20% secured a paid outcome (11% were placed in full-time work, 7% in part-time work and 2% in education or training courses).
- 49% reached the end of their referral without securing a paid outcome (contract referral ended).
- 31% had other unpaid exits (some of whom had left Intensive Assistance because they have a job).

Outcomes data for the first quarter cohort can also be used to compare the previous case management system to Intensive Assistance. Both case management and Intensive Assistance involve paid outcomes, and one way to make a rough comparison between the two systems is to look at the proportion of job seekers who were placed in employment or study and who were off income support or on a reduced rate of income support 13 weeks after this placement:

- 23% of job seekers who commenced Intensive Assistance between May and July 1998 achieved this outcome, compared to 16% of job seekers commencing case management during 1995.

Readers should be cautious about drawing firm conclusions from this comparison given the different economic conditions between 1995 and 1998 and the early nature of the Intensive Assistance data.

Paid outcomes over the first 17 months of Job Network

By 30 September 1999, Intensive Assistance providers had successfully claimed 43 600 interim outcome payments. Of these, 56% were in full-time employment, 36% in part-time employment and 8% in education. These data cannot be used to calculate an outcome rate because many of the job seekers who commenced Intensive Assistance in the first 17 months of Job Network were still in assistance at the time of writing. Paid outcomes into full-time employment averaged about 2000 a month, while payments relating to part-time employment averaged more than 1000 a month (Figure 6.2).

To claim an interim outcome for an employment placement:

- The Intensive Assistance provider must enter the placement on the National Vacancy Data Base within 28 days of the job seeker commencing employment.³⁸

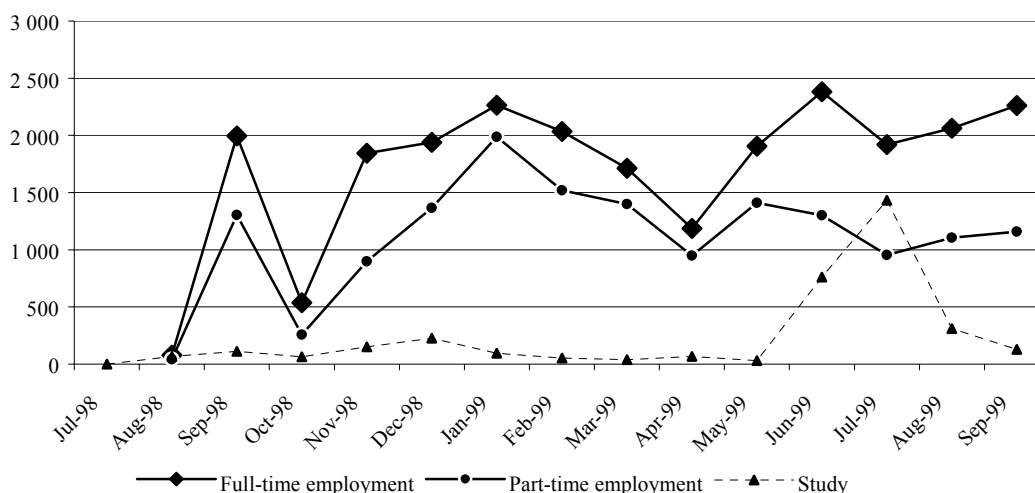
³⁷ It should be noted that because these job seekers were the first cohort of commencements they are not necessarily representative of other cohorts.

³⁸ This procedure assists DEWRSB to verify claims for outcome payments. A provider becomes eligible to claim an outcome payment 13 weeks after the placement is made. The placement need not be made by the provider. The 13-week period can begin when a placement is made by another Job Network member or when a job seeker finds their own employment (provided certain conditions are met). If this was not permitted, providers would have little incentive to encourage independent job search. It would also mean that it was in a provider's interest to discourage job seekers from using the Job Matching services offered by other providers.

- The job seeker must keep the job for at least 13 consecutive weeks.

What counts as an eligible employment placement (primary or secondary) varies between different categories of job seeker (some of these details are shown in Table 6.2). For most job seekers, a primary outcome will mean a job which pays enough to stop a person's basic rate of Newstart or Youth Allowance.

Figure 6.2: Paid outcomes by type of claim, July 1998 to September 1999



Note: Providers can claim an outcome payment for employment when a job seeker has been retained in employment for 13 weeks. Education and training outcomes (study) can be claimed after a job seeker has completed one semester. This is why outcomes payments for study peak in July—after the completion of first semester.

Source: Integrated Employment System

6.4.2 Outcomes three months after assistance³⁹

Using DEWRSB's post program monitoring survey, it is possible to determine an estimate of the employment and education outcome rate for all participants three months after leaving Intensive Assistance or placement in a job or study by their provider. For job seekers who left Intensive Assistance between May 1998 and September 1999, 37% were employed three months after leaving assistance (Table 6.8). This included:

- 17.3% in full-time employment.
- 19.2% in part-time employment.

Around 8% of job seekers who had participated in Intensive Assistance were studying three months after leaving Intensive Assistance. Those in education were fairly evenly split between full-time and part-time study. The combined employment and education outcome at three months for Intensive Assistance was 43% (some former participants were both employed and studying).

³⁹ In this section, employment and education outcome rates are estimated as a proportion of all job seekers who have participated in Intensive Assistance. This approach takes into account the outcome of all participants. An alternative approach is to exclude job seekers who have commenced further employment assistance after leaving Intensive Assistance from the outcome rate calculation. This approach has been used previously on the grounds that some job seekers require packages of assistance, and while these job seekers remain in assistance they should be excluded from the calculation of outcome rates. Using this approach gives an employment outcome rate, three months after leaving Intensive Assistance, of 37% for those who have not commenced further employment assistance, and a positive outcome level of 44%.

Table 6.8: Estimated post-assistance outcomes¹ for Intensive Assistance, May 1998 to September 1999

Current status	Unemployment duration			
	Less than 12 months	12–24 months	24 months or more	All
	%			
Unsubsidised employment				
Full-time	22.6	17.7	12.5	17.3
Part-time	19.5	19.7	18.6	19.2
Total	42.1	37.4	31.1	36.5
Unemployed	39.1	48.3	53.7	47.3
Not in the labour force	16.4	11.6	12.7	13.6
In further assistance²	2.4	2.7	2.6	2.5
Total	100.0	100.0	100.0	100.0
Further education				
Full-time study	5.7	3.6	2.6	3.9
Part-time study	3.9	4.3	3.4	3.8
Total	9.6	7.9	6.1	7.7
Positive outcomes³	50.2	43.7	36.0	42.8

1 Outcomes around three months after leaving assistance or placement in a job or study. Includes those proceeding to further assistance.

2 Further assistance can include Intensive Assistance, Work for the Dole, New Apprenticeships and Job Search Training.

3 All those in unsubsidised employment and/or further education or training. This is not a sum of unsubsidised employment and further education because some participants are in both.

Source: Post program monitoring survey

6.5 Issues

At this stage it is not possible to precisely measure the effect Intensive Assistance has had on the employment prospects of participants (Section 6.4). However, it is possible to look at the reactions of job seekers and early outcome data, and to examine some of Intensive Assistance's design features to see if they have been working as intended.

On the whole, job seekers judge Intensive Assistance favourably. In the job seeker satisfaction survey, well over three-quarters of job seekers agreed that their provider:

- Took their special needs and circumstances into account (79%).
- Was always available when they needed them (88%).
- Gave the right kind of encouragement and support (83%).
- Did all they could to help (85%).

Eighty-one per cent of job seekers agreed that, overall, the service and assistance was of a high quality.

Eighty-three per cent of job seekers reported they were satisfied with the overall service they received from their Intensive Assistance provider. Only 14% reported they were dissatisfied. The three main reasons given for dissatisfaction were that the provider offered only limited assistance (10%), the assistance was of poor quality (6%), and the service or assistance was not tailored to

meet their individual needs or preferences (5%).⁴⁰ Also, outcome levels for job seekers in Intensive Assistance (based on early gross numbers) look encouraging.

While there are reasons to be optimistic about the performance of Intensive Assistance, it is not yet clear that all the design features are functioning to the extent that may be possible. These include job seeker-driven competition and the incentives in the fee structure:

- The feasibility of using job seeker choice as a means of improving provider performance was limited in the first contract period by a lack of comparative performance information given the establishment of a new market and the need to: encourage providers to invest the necessary resources; reduce the risk of provider failure; and ensure that job seekers participate where they do not choose a provider.⁴¹ Other mechanisms such as competitive tendering, service standards and quality audits contribute to improving provider performance.
- At this stage of the evaluation and in the early days of the market, it is not possible to establish whether the fee structure is clearly operating as an incentive to providers to pursue cost effectiveness and equity of outcomes for all job seekers.

While choice-driven competition and financial incentives are key parts of the original design of Intensive Assistance they are not the only mechanisms in place to ensure the effectiveness and quality of assistance. Perhaps the most powerful mechanism is competition for future Intensive Assistance contracts.⁴² In addition, in the second contract period, DEWRSB will be introducing a range of measures which are designed to promote better performance.

6.5.1 Balancing choice with the development of a viable market

An early statement on the design of Intensive Assistance envisaged two levels of competition—competitive tendering for contracts and competition for referrals (Kemp 1997). The flow of business to any provider was to be driven primarily by job seeker choice. Job seeker driven competition was intended to create incentives for quality improvement.

For job seeker driven competition to work on such as basis, four conditions need to be fulfilled:

- Job seekers must have a choice of providers.
- Job seekers must have accurate up-to-date information about the quality of service offered by individual providers (particularly performance information).
- Job seekers must be motivated to make a choice based on quality of service.
- Providers must be able to substantially increase their share of the market through job seeker choice.

While the first condition has been met, the early stages of the market mean the other three are still developing. Moreover, alongside enabling competition for referrals, the Government also intended to establish a market which was viable, which encouraged providers to invest the necessary resources and which maintained job seekers' obligations under the activity test. Pursuing choice-driven competition had to be balanced against the pursuit of these other objectives.

⁴⁰ These categories are not mutually exclusive—clients could report dissatisfaction with more than one aspect of service. This means these figures add to more than 14% (the proportion of job seekers reporting dissatisfaction).

⁴¹ For Job Matching and Job Search Training there is less risk to job seekers of provider failure and less need to encourage investment, therefore choice-driven competition is more feasible.

⁴² For the second tender round, considerable weight was given to performance. Service quality (claims of tenderers against the selection criteria and past performance) weighted at 75% of the assessment and price 25%.

Most job seekers are offered a choice of providers and more than half of those entering Intensive Assistance make a choice on the basis of information or impressions they have about that provider. It was not possible to have comparative performance information from the start of the market. Better information about providers (which is due to be released early in the second contract period⁴³) should help to increase the number of job seekers making a choice. In turn, this may allow a better match between the needs of individual job seekers and the special abilities of providers. However, a significant proportion of job seekers may remain indifferent to the offer of choice. Unless job seekers have confidence that assistance can make a difference, they may not be motivated to make a choice between providers. Wider awareness of the employment outcomes being achieved under Job Network should work to build that confidence.

The referral process and limits on contracted capacity can restrict the extent to which providers can increase their share of the market through job seeker choice. If all job seekers in an area were to prefer the same provider, that provider's market share is ultimately limited by the contracted capacity allocated by DEWRSB. When a job seeker chooses a provider who has reached capacity, the job seeker is automatically referred to another provider with spare capacity. Consequently, the referral process and contracted capacity can limit the extent that a provider can gain a large increase in their share of the market through job seeker choice, although some increase over time is possible for providers whose turnover is higher than that of their local competitors.

There is competition for business volume, and the competition does depend significantly on quality of service. Providers must compete for contracted capacity through the tendering process where quality of service is an important criterion. In the second contract period, contract provisions will allow DEWRSB to remove capacity from providers who are performing poorly and allocate that capacity to providers whose performance is better.

While committed to implementing job seeker-driven competition for Intensive Assistance, a balance was sought by the Government with the pursuit of other objectives.

- *Reducing the risk to job seekers of provider failure:* unfettered competition could threaten provider viability, driving large numbers out of the market within a tender round. In the process, job seekers could be disadvantaged because providers in financial trouble may not have the resources to offer effective assistance.⁴⁴
- *Maintaining job seekers' obligations under the activity test:* the auto referral process ensures that even when job seekers fail to make a choice of provider, or choose a provider with no spare capacity, they can still be referred and expected to participate within a reasonable period of time.
- *Encouraging providers to invest in the resources needed to effectively assist job seekers:* assuring each provider a reasonable flow of business gives providers the confidence to hire staff and invest in the resources they need to offer effective assistance.

⁴³ DEETYA opted not to release this information during the early stages of the market. Part of the rationale for this was to avoid disadvantaging the newer, less established service providers (those who had not offered case management under the previous system) before they had an opportunity to become established.

⁴⁴ The Australian National Audit Office commented that 'Considering that these clients are the most disadvantaged in the job market, the impact on these clients of losing their service provider through, for example, financial failure is likely to be significant' (Australian National Audit Office 1998, p. 97).

While job seeker choice is not currently driving competition for business volume it still offers other benefits. For example, it may allow a better match between the needs of individual job seekers and the different types and styles of assistance offered by providers.

6.5.2 Financial incentives created by the fee structure

Intensive Assistance was designed to give providers flexibility in the way they assisted job seekers and to motivate them to take advantage of this flexibility to pursue outcomes for all job seekers. Intensive Assistance incorporates a number of mechanisms designed to ensure that providers offer an effective, high quality service to all job seekers. These include a competitive tendering framework which rewards outcomes, contracts which incorporate a code of conduct and a formal complaints process.

One of the major mechanisms designed to encourage providers to use their flexibility and resources in pursuit of employment outcomes is the outcome-based fee structure. The fee structure is designed to provide incentives for providers to pursue outcomes in the most cost-effective manner. The fees are higher for more disadvantaged job seekers to reduce the risk that providers will focus their services on the less disadvantaged and easier to assist job seekers. At this early stage of the evaluation there is insufficient evidence to assess the extent to which these incentives are working as intended. Further analysis is planned to see if changes to the fee structure in the second tender round facilitate greater equity in service provision.

To analyse the incentives created by outcome payments, it is important to know such things as:

- To what extent providers are capable of improving job seekers' employment prospects, and the costs of offering effective assistance (the potential effectiveness and cost effectiveness of assistance).
- The role of the up-front fee in determining provider viability and profitability.

The extent to which assistance improves participant outcomes is known as the net impact. The total, or gross, outcome level is not an accurate measure of effectiveness because some proportion of participants would have found work even if they had not received assistance (this is known as deadweight). The net impact of assistance is the difference between the gross outcome level and the deadweight.

Evidence from evaluations of employment assistance in Australia and overseas shows that relatively few interventions for disadvantaged job seekers achieve a significant net employment impact. Generally only a minority of those who participate find a job as a result of an intervention.⁴⁵ For a business-oriented Intensive Assistance provider making short-term commercial decisions, this means that any outcome payments received for successful participants must also cover the costs of assistance to unsuccessful participants. If the outcome payments received cannot cover the costs of servicing both successful and unsuccessful participants, the fee structure can create an incentive to not offer assistance. This means that providers need to be concerned with both the effectiveness and the cost of assistance.

There is evidence that some job seekers receive little direct assistance after referral to Intensive Assistance. In the qualitative research, some providers acknowledged they were unwilling to invest time or resources in job seekers who they felt they would be unable to help achieve an outcome. Some providers reported that they determined what services to offer according to the

⁴⁵ For example, the GAIN program run in Riverside California is often cited as a very successful welfare-to-work program. It achieved a net impact on employment placement of around 7% (Lawson 1997).

marketability of the client as well as to their need. In many cases, a service which went beyond the basics would be provided only if it was judged that it would make a critical difference to the person's employability.

Survey data and the qualitative research suggest that, in the early days of the market, some providers may have focused more on containing costs than on pursuing outcome payments, particularly in serving more-difficult-to-place job seekers. It is likely that job seekers who require the most expensive services would also be among the most disadvantaged (this is the rationale for offering larger fees for job seekers with higher JSCI scores). On this basis, further analysis may be required to assess the impact of the fee structure on cost effectiveness and equity for job seekers.

The up-front fee has a significant effect on incentives. By offering a portion of the potential fee as an up-front payment, DEWRSB reduces the risk to providers who offer substantial assistance. Without up-front fees, providers will make a loss where the total costs of assisting both unsuccessful and successful job seekers exceed the outcome payments they receive. With an up-front fee, the provider will not necessarily make a loss if they offer assistance that proves not to be cost effective enough to increase profitability.

Intensive Assistance providers are not paid on the basis of the size of their case loads at any point in time, but on the flows of job seekers onto their case loads and then into sustained employment or study. To date, the bulk of fee payments have been up-front payments (flows onto the case load). Providers are assured of a stream of up-front payments (irrespective of their paid outcome level) due to the high rate of exits, especially unpaid exits. More than 80% of exits for job seekers who commenced Intensive Assistance between May and July 1998 were unpaid. A large proportion of these exits may have occurred regardless of any action by the provider. This relatively constant flow of up-front payments helps explain why few Intensive Assistance providers reported problems with viability when interviewed by qualitative researchers.

While the evidence suggests providers do not need to claim outcome fees in order to remain viable within the life of a contract period, it is important to know under what circumstances pursuing outcomes could reduce rather than increase profitability. Harding (1998) and Webster (1999) have attempted to model the incentive effects of the fee structure by making assumptions drawn from studies of previous labour market programs. Harding argued that wage subsidies were previously the most cost-effective form of assistance, but the fee structure did not offer profit-oriented providers an incentive to use them. Based on this analysis, Harding concluded that Intensive Assistance suffers from a serious design fault. Webster's analysis also suggests that it may not pay providers to offer wage subsidy assistance. However, such a conclusion is only warranted if Job Network members were unable to deliver assistance which is sufficiently more cost effective than Harding's estimates for wage subsidies. Flexibility gives Intensive Assistance providers the opportunity to improve cost effectiveness by tailoring assistance more closely to job seeker and employer needs. This was not as available under previous labour market programs.

If the fee structure did create unintended incentives for profit-oriented providers, it is not clear that this would necessarily reduce performance. Some providers may aim to expand services and recover costs rather than attempting to make a profit. A number of providers do deliver expensive interventions to assist job seekers return to employment. Most critically, providers who trade-off outcomes for profits risk losing out to more effective competitors in future tendering processes. It is important to note that providers are not just motivated to achieve

outcomes for short-term profit or financial viability. As demonstrated in the outcome for the second Job Network tender, poorer performing organisations and those that do not focus on the most disadvantaged job seekers are less likely to secure ongoing contracts.

For the second tender round, DEWRSB made a number of changes to Intensive Assistance designed to improve the level of service to job seekers. These have regard to the lessons from experience under the first contract period, and the changed circumstances of a maturing employment services market. The changes included the introduction of:

- Price competition—this required tenderers to submit their own price for Intensive Assistance services to reflect job seeker and labour market need.
- A declaration of intent as a part of the contract between the Commonwealth and the provider—this will place a stronger obligation on providers to deliver the assistance they proposed in their tender bids.
- Intensive Assistance support plans—these will be negotiated with individual job seekers and will specify the activities and assistance that a provider has undertaken to provide to an individual job seeker. Providers will be required to negotiate a support plan after a job seeker remains with a provider for 13 weeks.
- A system to record all job seeker contacts.
- A revised fee structure—this allows for competitive tendering with a floor price and assigns 70% of the potential competitive fee to the interim outcome payment (after 13 weeks of continuous employment).⁴⁶

At this stage of the evaluation, it is not possible to establish how effectively the fee structure is operating as an incentive to providers to pursue cost effectiveness and equity of outcomes for all job seekers. The incentive effect of the fee structure may require further analysis, particularly where job seekers referred to Intensive Assistance require relatively costly forms of assistance in order to be competitive in the labour market. There are two reasons that further analysis may be needed:

- On the grounds of equity—although the Intensive Assistance fee structure is graduated, providers may have insufficient incentive to help job seekers with the poorest employment prospects.
- On the grounds of value for money—if the more-difficult-to-assist job seekers were to receive only minimal assistance, the Government has paid a substantial fee but received little in return.

It is possible that the incentives in the fee structure could produce unintended effects which may impact on cost efficiency and equity. This will require further examination in subsequent stages of the evaluation of Job Network.

⁴⁶ The up-front service fee will be set through the price-competitive tender at 30% of the provider's accepted competitive bid (excluding the final primary outcome payment). The primary interim outcome payment will be set through the price-competitive tender at 70% of the accepted competitive bid (excluding the final primary outcome payment) for each funding level. Payments for secondary outcomes are fixed at \$532 regardless of the job seeker's Intensive Assistance funding level. The final outcome payment will also be fixed for primary and secondary outcomes. The payment for primary final outcome payments will be different for each Intensive Assistance funding level.

7 Community Support Program

Highlights

- Most of the limited number of stakeholders consulted to date for the evaluation were positive about the Community Support Program. They valued the program because it allowed participants time and space to step away from the requirements of job seeking in order to address underlying barriers to employment. The main criticism of the program concerned its level of funding, which was considered insufficient to access some local services such as counselling or interpreter services given that, increasingly, these services are not free, low cost or readily available.

7.1 Introduction

The Community Support Program was introduced to support unemployed people who, because of their personal circumstances and special needs, would be unlikely to benefit directly from the employment services available through Job Network. The impetus for developing the program came from the public consultations following the release of the policy paper *Reforming Employment Assistance*, which announced the implementation of the Job Network (Vanstone 1996).

The introduction of case management had highlighted the difficulty in providing employment services to job seekers with significant and often multiple barriers to employment. Under *Working Nation*, case managers estimated that a significant minority of their clients had barriers such as ‘age, lack of motivation, low self-esteem, substance abuse, having a disability, limited or outdated skills, English language difficulties and geographic isolation’ (Department of Employment, Education, Training and Youth Affairs 1996d, p. 30).

In public consultations a concern was raised that job seekers who were assessed as not being able to benefit from employment assistance would have limited access to services (Department of Employment, Education, Training and Youth Affairs 1996c). It was argued that they should be provided services that would treat their particular needs and bring them to a point where they could benefit from employment services. It was also argued that the assessment process should be professionally based, recognising that many significant barriers to employment are not identified by job seekers until a measure of mutual trust has been established, and that some barriers may be easily masked or episodic. Another suggestion was the activity test requirements be relaxed in recognition of job seekers’ acknowledged incapacity to secure sustainable employment.

In response to these concerns, the Government announced the Community Support Program on 9 December 1996. For 1998–99, the first full year of the program, funds of \$15 million were allocated to assist 7500 people. This was increased to 15 000 places and \$30 million annually over three years in the 1999–2000 Budget.

The Department of Employment, Workplace Relations and Small Business (DEWRSB) has overall policy responsibility for the Community Support Program. Under the Business Partnership Arrangement, DEWRSB contracts Centrelink to administer the program. This includes managing contracts (including quality assurance activities), making payments to providers, and assessing and referring job seekers. Centrelink also has responsibility for conducting the second tender round to select providers.

Centrelink contracted 75 organisations in nearly 230 sites to provide Community Support Program services from May 1998 to February 2000. Nearly 75% of the contract capacity for the program is held by community-based organisations, a further 20% with private companies. The remaining 5% is held by government agencies, such as the Commonwealth Rehabilitation Service and Queensland Corrections. The next round of contracts will be for a period of three years, from early 2000 to early 2003.

7.2 Program design

7.2.1 Contracted services

The program offers up to two years of assistance, which recognises the severity of a participant's employment barriers. The major steps in assisting participants in this program are:

- Assessing the participant's circumstances and individual needs.
- Developing an action plan to meet the identified need.
- Helping participants obtain specialist services.
- Supporting participants through the change process.

All providers receive commencement payments. Providers can also receive subsequent payments after six, 12 and 18 months of assistance.⁴⁷

7.2.2 Target group

Participation in the Community Support Program is voluntary. The program is available to eligible job seekers who are on income support or aged 15 to 20 and not in receipt of income support, who have been identified as having severe barriers to employment. While in the program, participants are unable to access Job Search Training, Intensive Assistance or Work for the Dole.

7.2.3 Referral to the Community Support Program

For job seekers to be referred to the program they must have:

- Three or more employment and/or personal barriers identified.⁴⁸
- A Job Seeker Classification Instrument (JSCI) score at least equal to the score needed for eligibility for Intensive Assistance.
- Their special needs assessed, usually through a special needs assessment.

⁴⁷ Providers can receive up to \$4000 per participant—\$700 on commencement, \$300 after six months of assistance and \$500 after 12 and 18 months of assistance. If the participant is placed in employment, the payment schedule is \$1000 after 13 weeks and another \$1000 after 26 weeks.

⁴⁸ Potential participants for the Community Support Program are identified if three or more of the following are revealed through the Job Seeker Classification Instrument:

- Low educational attainment.
- Three years or more duration of unemployment.
- Recency of work experience—not working but looking for work.
- Limited English speaking and/or literacy.
- Disability/medical condition.
- Homeless or insecure housing.
- Ex-offenders.
- Personal factors such as low self-esteem, psychological problems, substance abuse, and torture, trauma and abuse.

Job seekers may also be identified as having special needs through having a high Job Seeker Classification Instrument score or through a secondary classification. This is usually automatically triggered by a job seeker having a disability or they may be referred to an occupational psychologist to have personal characteristics assessed. In some cases, people are assessed using the Work Ability Tables which are primarily used to assess suitability for disability services through the Department of Family and Community Services.

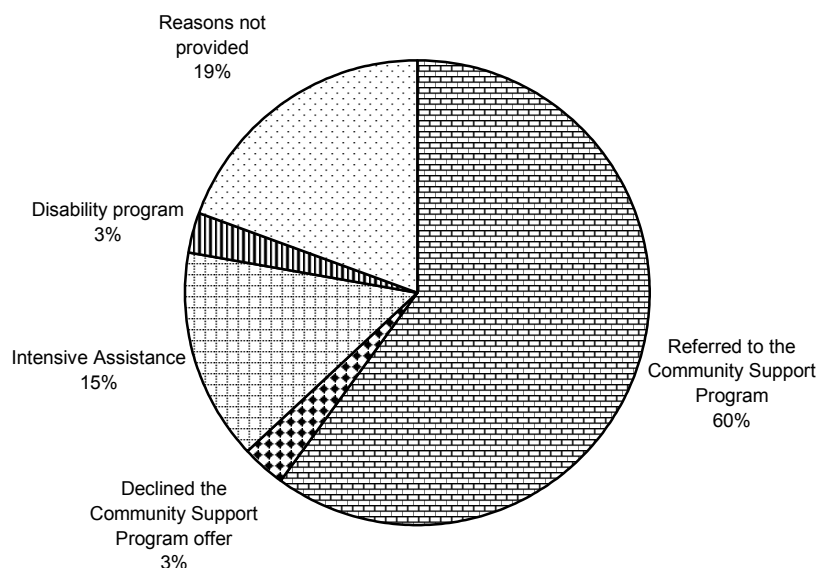
The special needs assessment determines whether a job seeker is likely to benefit from Intensive Assistance and is applied only after a job seeker has had potential special needs identified and is eligible for Intensive Assistance (Centrelink 1998b). Job seekers who are assessed as not having barriers severe enough to warrant referral to the Community Support Program are referred to Intensive Assistance. Those with severe barriers are offered a place in the Community Support Program. Direct referral to the program has occurred in a limited number of locations in circumstances where it is apparent a job seeker has special needs and there is limited access to Centrelink occupational psychologists. In these cases, a special needs assessment is not undertaken and, in any case, referral to the Community Support Program is voluntary.

7.3 Progress to date

7.3.1 Special needs assessment outcomes

Between May 1998 and September 1999, 23 500 job seekers received a special needs assessment. Of these, 60% were subsequently referred to the Community Support Program and 15% were referred for Intensive Assistance (Figure 7.1).

Figure 7.1: Referral outcomes as a result of special needs assessment, May 1998 to September 1999



Source: Centrelink

Occupational psychologists interviewed in qualitative research suggested that the job seekers most likely to refuse the Community Support Program were those with drug-related problems. Job seekers who decline to be assessed or who turn down a program place return to the pool of Job Network eligible and have access to Job Matching and self-help job search facilities. These job seekers remain flagged as having potential special needs and requiring a special needs assessment, and cannot receive any other assistance until either a special needs assessment is completed or the job seeker's circumstances are reviewed.

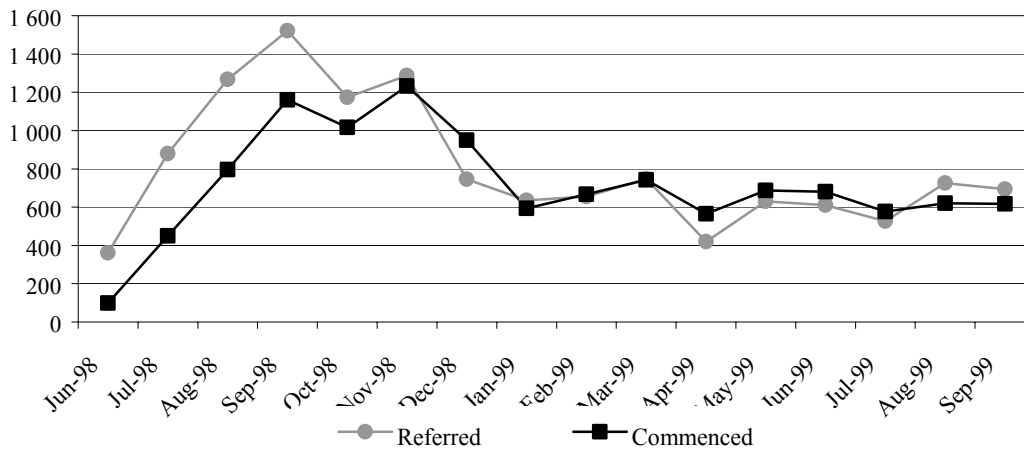
7.3.2 Numbers referred and commenced

Between May 1998 and September 1999, the total number of commencements in the Community Support Program was 11 500. Of those referred in this period, 11% were still pending (that is,

providers are yet to confirm that job seekers referred to them had commenced). For the past six months, the program has averaged more than 600 referrals per month.

The Community Support Program providers reported in qualitative research that the program had been slow to start in many locations. Concerns about this prompted a change in the way job seekers could be referred to the program. The change meant that, for a temporary period in mid-1998, job seekers could be referred directly to the Community Support Program, on a voluntary basis, if they scored 50 or more points on the JSCI, had been unemployed for at least three years and had been identified as having potential special needs.

Figure 7.2: Community Support Program cumulative referrals and commencements by month, June 1998 to September 1999

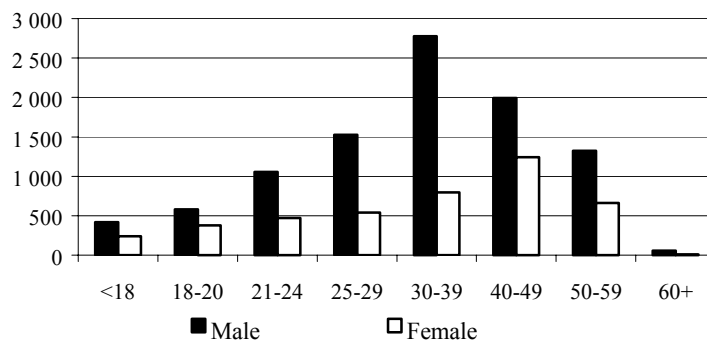


Source: Centrelink

Providers reported in the qualitative research that the slow start did not affect their business viability because they built their services as the need arose and that the demand for the Community Support Program exceeded the current level of provision.⁴⁹

Men outnumber women in the program by around 2:1 (69% compared to 31% overall) consistent with their shares of the register of unemployed income support recipients. Figure 7.3 shows that the highest representation of program participants were males in the 30–39 age group.

Figure 7.3: Community Support Program participants by age and gender at 30 September 1999



Source: Centrelink

⁴⁹ It should be noted that this research was undertaken prior to the increase in the number of program places in the 1999–2000 Budget.

Table 7.1 compares the extent of employment barriers among program participants. More than 40% have serious personal barriers (including severe depression, agoraphobia, violent behaviour, social isolation and long-term addiction) and about one-quarter have been unemployed for more than five years.

Table 7.1: Community Support Program participants: prevalence of identified employment barriers as at December 1998

Factor	No. of program participants	% of all program participants
Serious personal barriers	2 700	42
Unemployed five years or more	1 600	25
Language/literacy disadvantage	1 200	18
Serious ex-offender	900	14
Homeless	900	14
Low educational attainment	700	11
Aged 55 or more	500	8
Disability with a moderate/high impact	300	4

Source: Integrated Employment System

The efficiency and effectiveness of the current methods of referring job seekers to the Community Support Program through the special needs assessment will be reviewed by Centrelink and DEWRSB in early 2000. It is expected that recommendations arising from the review will be implemented early in the second program contract period. The review will investigate all aspects of the current assessment process including the identification of job seekers who may have special needs and the competencies and skills required by Centrelink staff in making a determination of whether a job seeker has special needs. For example, the appropriateness of the strong focus on psychological assessment in the current special needs assessment process has been questioned given the range of other barriers, such as physical disability and literacy problems, which need to be taken into account.

7.3.3 Choice of provider

Occupational psychologists reported in the qualitative research that most job seekers readily took up the offer of a place on the Community Support Program, although on occasions they had to 'sell' the program to potential participants. When a job seeker decides to accept the offer of a place they are given provider information sheets to help with their choice of provider. However, it seems many job seekers seek assistance from their occupational psychologist in making the decision.

On referral, the Community Support Program provider receives a written report about the job seeker. Occupational psychologists regard this as an important part of the system. They believe it ensured the participant did not have to tell their often painful story many times and helped them to be referred to appropriate assistance quickly. The report helps the provider to establish a relationship with the participant and determine the assistance to be provided. Being able to pass on this crucial information is considered an important feature of the program. The occupational psychologist can only pass on their report to the Community Support Program provider if the job seeker has given their permission.

7.3.4 Type and quality of services provided to participants

Occupational psychologists and program providers reported in qualitative research that good relationships had developed amongst the program stakeholders. Service to job seekers was considered to be effective because it was one-to-one and responsive to the needs of clients. It should be noted, however, that views of program participants have not yet been sought.

The range of in-house services offered by providers varied depending on the size and character of the organisation. A number of providers interviewed had an occupational psychologist on staff and many had counsellors or social workers. Some offered life-skill management programs, interpreter services, communication and interpersonal skills programs. The research found that providers showed a willingness to be very flexible in meeting the needs of their job seekers by making home visits, accompanying participants to meetings at Centrelink or arranging sessions at which a range of professionals addressed the participants problems.

Most program providers who were interviewed linked into community programs to maximise assistance to participants. These were accessed for free or at minimum cost. The availability of these heavily subsidised services appeared to be the foundation of the program's viability. These services included drug and alcohol services, trauma services, indigenous services, bi-lingual services, community services, hospital services, housing, legal, finance, psychiatric services (where bulk billing was available) and Alcoholics Anonymous.

Many providers appeared to put considerable effort into maintaining a good knowledge base about local services. In some cases, maintaining a network of personal connections helped to speed up the process or enabled more flexible access into services for participants. Centrelink program managers reported they were generally very satisfied with providers' overall performance.

7.4 Issues

The Community Support Program is seen as a program that allows participants time and space to step away from the requirements of job seeking in order to address underlying barriers to employment. The perceived strengths of the program are that it provides a much needed service that was not previously provided. It has gained acceptance from all stakeholders and is seen as flexible to participant needs. Stakeholders were grateful that the special needs of people with severe barriers were officially recognised in policy and that participants were not forced into unrealistic activity test requirements. They appreciated that appropriate action was being taken to address the underlying conditions that not only affect a job seeker's quality of life, but severely limit their access to the benefits, financial and personal, that accrue from employment.

7.4.1 Level of funding

The main criticism of the Community Support Program concerned its level of funding and the assumption that a sufficient level of services were available from other government or community organisations. Stakeholders in the qualitative research thought there was demand for the purchase of services, such as those to help overcome personal barriers to employment or involving interpreter services that were beyond the funds allocated to the program.

Most providers noted that referring program participants to other services presented problems. Appropriate referral services were reported to be limited in scope, too expensive or stretched to capacity. While some services were free (such as the treatment of drug addiction), there were no available government services for raising self-esteem, life-skill learning (how to plan and set goals), communication and interpersonal skills. A particular need for specialist services, such as psychiatric and trauma counselling, was reported.

Where unable to successfully refer participants, providers felt obliged to provide more intense assistance which they insisted was beyond their resource capabilities. This was particularly the case for providers who were not delivering welfare or other services in addition to the

Community Support Program. Others, which were part of a welfare organisation, were able to supplement the program by offering welfare services.

Many providers in the qualitative research noted the discrepancy in funding between the fee for Intensive Assistance and the fee for the Community Support Program. Respondents felt there was an imbalance in the funding in that Job Network members who found jobs for job seekers were paid significantly more than Community Support Program providers who worked to make job seekers ready for Job Network. These providers tended to see the program as an extension of Job Network, rather than as a program designed to assist job seekers address their barriers to employment before they are referred to Job Network for Intensive Assistance.

Several providers interviewed suggested that a second tier of funding be made available to purchase adjunct services that could be based on the recommendation of occupational psychologists.

7.4.2 Centrelink staff understanding of the program

Occupational psychologists noted that some Centrelink staff needed further training about the Community Support Program. Some reported they had conducted internal seminars/training in their area offices. Centrelink staff interviewed in the qualitative study also supported the key role that occupational psychologists played in training Centrelink staff. It was argued that staff were better able to articulate the program and refer people to it when psychologists had been more pro-active in promoting the program within Centrelink.

It is the responsibility of Centrelink to train its staff to ensure they are effectively delivering services. In consultation with DEWRSB, and using the policy guides provided by DEWRSB, Centrelink has developed staff instructions and staff training. The qualitative research identified a need for further training on the role of occupational psychologists, scope and relevance of the program, and interviewing skills for administering the JSCI. High staff turnover in Centrelink means the need for this training is ongoing.

7.4.3 Participation by special client groups

Indigenous Australians

It was reported that indigenous Australians were under-represented in the program due to cultural factors. It was noted that indigenous Australians were community-orientated whereas the Community Support Program service focused on the individual. Other cultural barriers related to concepts of time, work and the often transient nature of accommodation of people in certain locations. Indigenous Australians were also very reluctant to use program providers if they did not have indigenous staff. One provider noted that the main need for indigenous people was access to housing. Centrelink reported continued difficulties in converting indigenous referrals into commencements.

Under the second Community Support Program contract, tendering organisations will indicate how they would structure their service delivery and strategies to meet the needs of this client group in sites where indigenous Australians comprise 5% or more of the referred population.

People from non-English-speaking backgrounds

There was a view that some people from non-English-speaking backgrounds were incorrectly referred to the Community Support Program. It was reported that their employment barriers were often related to poor literacy and English skills. Some providers suggested that other, more

specialist intensive programs, were seen as more appropriate. Others suggested that referring these job seekers to a literacy and numeracy program prior to the Community Support Program would increase the overall level of service available to job seekers.

Access to translators/interpreters was a significant factor in servicing people with a non-English-speaking background. It was reported that interpreter costs could add up to a large percentage of the fee available for the Community Support Program, leaving limited resources to help with employment barriers. Table 7.1 shows that 18% of participants had language and literacy disadvantages, and Centrelink monitoring data suggest that around 9% of job seekers require interpreters (half of those referred in this category).

Rural and remote locations

The program was perceived to offer less to people in rural and remote locations than to people in metropolitan or regional centres because of the limited number of Community Support Program providers who are easily accessible to clients and the limited range of community services available.

7.4.4 Program design issues

Referrals to Job Network following the Community Support Program

The lack of immediate referral of participants to a Job Network member for assistance after participation in the Community Support Program was of concern to some of the program providers participating in the qualitative study. It was reported that once the program participants' problems were resolved and they had exited the program, they needed to be referred to a Job Network member quickly and not wait several months. Job seekers exiting the program do get priority access to Intensive Assistance. At present, there are no data on the time between job seekers exiting the Community Support Program and commencing with a Job Network member.

Replacement of case loads

Originally it was not possible for Community Support Program providers to replace participants who had left the program because contract places were based on an absolute limit, not a point-in-time case load. A number of the program providers indicated that if a participant left, moved interstate (reported more frequently in Queensland and Tasmania), or completed the program in a shorter period of time, they could not be replaced. The administrative data show that around 1400 participants out of 9800 commencements have left the program for various reasons. This issue is being addressed in the next tender round. The change means that providers will have a contracted capacity which Centrelink will aim to keep full.

7.4.5 Issues for further research

There are a number of issues relating to the Community Support Program that warrant further research. A more detailed study of the program is planned for 2000. The following issues outlined below bear further consideration:

- What is happening to people not taking up the Community Support Program—what are their needs and what services do they receive? What are the characteristics of these people?
- What happens to participants after they leave the program? What are the main reasons for exiting? What services are they accessing? What are their characteristics and how many?

- What is the expected level of demand for places and how long does it take to get assessed after barriers are identified?
- What is being done to make the program more accessible and attractive to indigenous people?

8 New Enterprise Incentive Scheme

Highlights

- In the first 17 months of Job Network more than 8800 job seekers received assistance to set up their own businesses through the New Enterprise Incentive Scheme (NEIS).
- Results of the job seeker satisfaction survey showed that 93% of NEIS participants felt that participation had improved their chances of successfully running their own business, and 90% also felt that the services and assistance they had received were of high quality.

8.1 Introduction

NEIS was introduced as a pilot scheme in 1985 and established as an ongoing scheme in 1987–88. Its objective is to create new employment opportunities by providing income support and training to help job seekers establish and run viable new small businesses.

NEIS was incorporated into Job Network with limited changes, the main ones being:

- A greater emphasis on price in the tender selection process.
- How the mentoring component of the fee is paid to NEIS providers. Before Job Network, a proportion of this fee was paid after each quarter in which mentor support had been provided. Under Job Network this fee is paid in one post-assistance instalment after the Department of Employment, Workplace Relations and Small Business (DEWRSB) has verified the participant is not receiving income support three months after the cessation of their NEIS participant agreement. In most instances, this is 15 months after the start of their NEIS business.
- Replacing the DEWRSB nominee on the NEIS Advisory Committee with an Area Consultative Committee representative.
- A greater administrative role devolved to providers.

An estimated \$122 million was allocated to NEIS over the 19 months of the first contract period for a total contract capacity of 10 400 places. NEIS is delivered by 64 providers (91% of whom were already delivering NEIS [Australian National Audit Office 1998]) under 88 separate contracts across 207 sites, compared to 140 separate managing agents delivering NEIS in 1996–97. In addition, NEIS providers undertake assessments of applications for self-employment development on a fee-for-service basis.

8.2 Program design

8.2.1 Contracted services

Under Job Network the provision of NEIS includes, but is not limited to:⁵⁰

- Attracting eligible job seekers through marketing strategies.

⁵⁰ The structure of payments to NEIS providers involves 40% of the contract value when the contract period starts, with subsequent payments made monthly in arrears on the basis of a claim from the provider. These subsequent payments do not start until the first payment has been acquitted. The structure for the monthly payments is:

- 85% of the tendered fee is paid when both DEWRSB and the participant have signed the NEIS agreement and the NEIS business has started operating.
- 15% when it is verified that the NEIS participant is not on income support three months after cessation of their NEIS agreement.

- Selecting, for training, those job seekers with the most viable business ideas.
- Training in small business management, business skills and business plan development using the Accredited Certificate in Small Business Management (NEIS) curriculum.
- Assessing, through a NEIS Advisory Committee, the completed business plans and recommending to DEWRSB those businesses, for NEIS approval, that are likely to be commercially viable within 12 months.
- NEIS participation which includes DEWRSB and the job seeker signing the NEIS participant agreement and agreeing on the start-up date for the business to commence. Once this agreement is signed the NEIS participant is eligible for the NEIS Allowance for up to 12 months and mentor support and on-going assistance during the first year of business operation.
- Self-employment development assessments are also undertaken by NEIS providers. These assessments give job seekers the opportunity to research and develop a business idea that could lead to the establishment of a viable new business. They are available to job seekers who have been in receipt of a Newstart Allowance/Youth Allowance for up to six months.

8.2.2 Target group

NEIS is a voluntary program. To participate, job seekers must have a potentially viable business idea, be registered with Centrelink as unemployed, be at least 18 years of age, currently looking for full-time work, and receiving a form of qualifying income support from the Department of Family and Community Services (excluding the age pension and mature age allowance).

8.2.3 Referral to the New Enterprise Incentive Scheme

Job seekers find out about NEIS from Centrelink (which can provide information about NEIS Job Network members), other Job Network members, word of mouth or advertising campaigns. Responsibility for informing job seekers about NEIS is a shared responsibility between NEIS providers (who have a contractual role in actively marketing and promoting NEIS) and Centrelink (which has brochures and information touch screens in their offices).

Selection for assistance is competitive, and NEIS providers have discretion over whom they assist. Prior to commencing NEIS, job seekers must undergo six to eight weeks of training in small business management and have a business plan recommended as viable by a NEIS Advisory Committee and subsequently approved by DEWRSB. A job seeker starts NEIS when a NEIS participant agreement between DEWRSB and the participant is signed and the NEIS business commences operation.

8.3 Progress to date

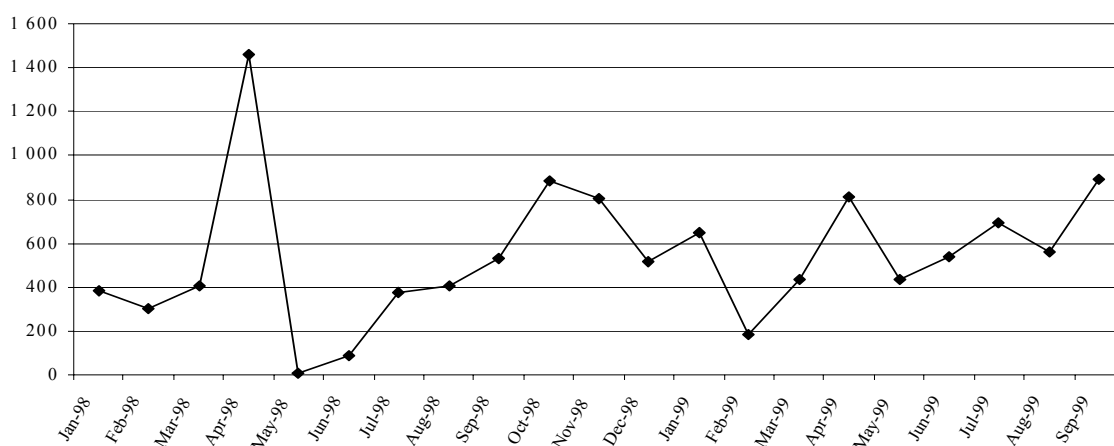
8.3.1 Commencements

During 1998–99, 6600 job seekers commenced in NEIS. This compares to 7500 job seekers in 1996–97 and 6400 job seekers in 1997–98. Since the start of Job Network, more than 8800 job seekers have commenced NEIS assistance.

Figure 8.1 shows the level of NEIS commencements between January 1998 and September 1999. The peak in April 1998 indicates a large intake of participants for NEIS assistance before the beginning of Job Network because providers increased activity to achieve contracted numbers. May and June 1998 reflect a low level of commencements as NEIS providers began operating under Job Network. The changeover to the Job Network was reported by NEIS providers, in

qualitative research, to have resulted in some confusion over how the scheme would operate with the transition from the Commonwealth Employment Service to Centrelink. However, 12 months after commencing most NEIS providers reported, in qualitative research, to be reaching their targets and being satisfied with their level of NEIS referrals and business outcomes. Commencements as a proportion of target (75%) support this view. Generally, the NEIS transfer to the new market has been smooth.

Figure 8.1: NEIS commencements, January 1998 to September 1999



Source: Corporate Management Information Systems

Characteristics of NEIS participants

Table 8.1 compares the characteristics of all job seekers who commenced NEIS under Job Network to the characteristics of participants in 1996–97 and 1997–98 and to the characteristics of the Job Network eligible population. Overall, the proportions of participants in different job seeker groups have not changed significantly. Compared to the Job Network eligible population, however, NEIS participants are more likely to be women, aged 30 to 49, short-term unemployed, well educated, and less likely to be indigenous Australians and people with a disability.

8.3.2 Type of service and quality

Overall satisfaction

Results of the job seeker satisfaction survey showed that 93% of NEIS participants felt that participation had improved their chances of successfully running their own business, and 90% also felt that the services and assistance they had received were of high quality.

Finding out about NEIS

Of the NEIS participants surveyed in 1999, 42% reported finding out about NEIS by word of mouth. This compares to 20% finding out through Centrelink and 18% from advertising.

Choice of provider

The main reason participants choose a particular provider was that the location was convenient (31% of participants in the 1999 survey gave this reason). Other reasons included the provider was the only one available (22%), referred by Centrelink (11%), recommended by friends and relatives (7%) and exposure to the provider's advertising (4%).

Table 8.1: NEIS commencements by job seeker characteristics¹

Job seeker characteristics	Job Network eligible ²	%		
		1996–97	1997–98 ²	1998–99 ³
Gender				
Male	62.8	55.7	57.7	56.5
Female	37.2	44.3	42.3	43.5
Age				
Less than 21	23.2	1.4	1.7	1.6
21–29	27.5	25.4	27.2	24.5
30–49	36.2	62.1	60.4	62.0
50 or more	13.1	11.0	10.7	11.8
Education level⁵				
Less than year 10	23.8	8.4	8.3	8.5
Year 10 completed	28.7	20.7	21.0	20.9
Year 11 completed	8.1	8.5	8.8	7.3
Secondary school completed	18.5	19.8	19.9	18.6
Trade/TAFE qualifications	11.0	13.5	15.3	16.4
Tertiary qualifications	4.6	21.6	22.2	26.6
Duration of unemployment				
Short-term unemployed	45.6	59.4	59.1	64.9
Long-term unemployed	54.4	40.6	40.9	35.1
Disadvantaged groups				
Indigenous Australians	4.3	1.5	0.4	0.6
Non-English-speaking background	14.2	17.6	15.5	15.0
Persons with disabilities	15.5	7.0	7.7	10.9
Sole parent	0.9	1.5	1.9	3.5

1 Job seeker groups are not mutually exclusive.

2 As at 30 September 1999

3 July 1997 to the end of April 1998.

4 May 1998 to September 1999.

5 Some columns do not add to 100% because unknowns have been excluded.

Source: NEIS Management Information system for 1996–97 and 1997–98 and Corporate Management Information Systems for 1998–99

Selection of job seekers for NEIS training

All of the NEIS providers involved in the qualitative study reported being rigorous in their selection of job seekers for NEIS training. Job seekers were, at times, put through a screening interview where their business ideas were assessed before the job seeker commenced with the training. This approach screened out those job seekers considered unlikely to develop a viable business.

NEIS training

NEIS providers and job seekers were positive about the training provided prior to NEIS participation (the views of job seekers who attended the training and did not go onto NEIS were not sought). In qualitative research, NEIS providers reported that the training courses they delivered often varied in duration from five to eight weeks (the guidelines specify six to eight weeks) with four to eight courses run each year. NEIS providers stated they were audited regularly to ensure they followed the course syllabus as set by DEWRSB.⁵¹

⁵¹ There are 200 hours of coursework leading to a Certificate in Small Business Management. The course includes eight modules covering planning, legal requirements, marketing, financial aspects and record keeping (Department of Employment, Education, Training and Youth Affairs 1997a).

NEIS providers felt the course duration was important. Most offered a seven-week course and regarded six weeks of training as insufficient. Providers expressed some concerns about the training, favouring more pre-course preparation and assistance with developing business ideas. Courses were also said to need more of a sales focus (although marketing is one of the modules). Many business failures reflect poor marketing, and 'how to sell' required greater emphasis within the training.

Providers thought participants obtained valuable business information from the training, even though some found the course challenging. More than 90% of NEIS participants surveyed in the job seeker satisfaction survey regarded the training as effective in helping them prepare to run their own business, considered the training covered subjects of interest to them and agreed the training was well presented.

Small proportions of NEIS participants (fewer than 10%) reported that the course should be lengthened, that delivery could be improved and that the training could be more tailored.

Mentoring and ongoing support

NEIS participants in the job seeker satisfaction survey were asked to rate their mentor and their NEIS provider on a range of service dimensions (Table 8.2). Providers were rated very highly in terms of being encouraging and supportive, providing advice which enabled the participants to complete their business plans, being available when needed and in doing all they could to help the NEIS participants.

Mentors were rated (by participants who had received mentoring) slightly less highly than NEIS providers in terms of the provision of practical support services, especially in relation to providing business plan advice and sound financial advice. Only 13% of NEIS participants reported there could be an improvement in the mentor's role.

Table 8.2: Range of service dimensions provided by NEIS providers and mentors

Measure of support	NEIS overall	Mentor services
	%	
Provider was encouraging and supportive	95	94
Provided marketing advice that was helpful to my business	86	81
Provided advice that enabled me to develop a business plan	95	72
Provided sound financial advice	85	78
Was available when I needed help	92	90
Did all they could to help me	91	91

Source: Job seeker satisfaction with Job Network members survey, 1999

8.3.3 Types of businesses

NEIS businesses are distributed across most major industry groupings. For commencements in the period May 1998 to September 1999, 20% were in the property and business services industry, 17% in manufacturing and 10% each in cultural and recreational services, retail trade, and personal and other services.

NEIS providers who participated in the qualitative research reported that many of these businesses are micro-businesses, primarily due to the level of capital owned by the participant. In order to qualify for Newstart Allowance (and thus be eligible for the NEIS Allowance), job seekers' assets must not exceed the assets test limits.

8.4 Issues

The arrangements for delivering self-employment assistance to unemployed job seekers were not altered markedly with the introduction of Job Network. NEIS seems to have had a smooth transition, with commencements under Job Network comparable to those of previous years. However, it is too early to assess fully whether changes to NEIS have had any significant impact on the program's performance.

8.4.1 Monitoring

NEIS training

As noted earlier, prior to commencing NEIS, job seekers must undergo six to eight weeks of training in small business management. At the time of writing it was not possible to report reliably on the number of job seekers commencing, dropping out and/or completing the training because coding issues prevented correct identification of the activity.

8.4.2 Representation by job seeker groups

Some client groups are not well represented among NEIS participants, especially indigenous Australians. This group makes up 4.3% of the Job Network eligible population but only 0.6% of NEIS participants, although this under-representation existed before Job Network commenced. Indigenous Australians were 1% or less of NEIS participants in 1996–97 and 1997–98.

To address these concerns, the Government's recently implemented Indigenous Employment Policy includes an Indigenous Small Business Fund. This fund is a joint venture between DEWRSB and the Aboriginal and Torres Strait Islander Commission to develop opportunities for indigenous-owned and operated businesses. Also, in the second Job Network tender round, tenderers were required to specify expected indigenous participants.

9 New Apprenticeships

Highlights

- Apprentice and trainee commencements have increased from 60 000 in 1994–95 to 125 100 in 1997–98 and 189 600 in 1998–99. Numbers in all age groups have increased with the greatest percentage rise in the 25-years-and-over group. There has been a rise in the proportion of females and a fall in the proportion of indigenous job seekers in apprenticeships and traineeships in 1998–99 compared to earlier years.
- The industry groupings with the highest proportion of apprentices and trainees were wholesale and retail trade (20%), property and business services (18%) and manufacturing (14%).
- Sixty-three per cent of employers, surveyed in June and July 1999, were not aware of New Apprenticeships Centres and 20% of employers who had used a New Apprenticeships Centre did not understand their role, suggesting the need for further marketing, which has now commenced.
- Eighty-two per cent of employers who had used a New Apprenticeships Centre reported that they were satisfied with the service from the centres, while 13% said they were dissatisfied. Eighty-one per cent of employers said they would use the same centre again.

9.1 Introduction

9.1.1 *Aims and objectives of New Apprenticeships*

New Apprenticeships is a national policy involving the Commonwealth, State and Territory governments, the Australian National Training Authority and non-government organisations. New Apprenticeships officially began on 1 January 1998 and under this policy New Apprenticeships Centres were established on 1 May 1998. New Apprenticeships represented a major reform and modernisation of the arrangements that cover the provision of entry-level training through apprenticeships and traineeships (referred to now as New Apprenticeships).

New Apprenticeships are intended to simplify the administrative and regulatory arrangements surrounding apprenticeships and traineeships, and provide increased flexibility for employers and trainees to develop training options that suit their needs.⁵² One way of simplification was the introduction of New Apprenticeships Centres.

New Apprenticeships offer:

- Flexibility for employers to choose the provider who trains their apprentices or trainees and the ability to negotiate individualised training programs.

⁵² Six key principles underpin the New Apprenticeships approach. These are:

- An industry-led system—training standards and delivery are directly relevant to employers' requirements.
- Streamlined regulation—regulation is used only where necessary to ensure quality training outcomes, protect parties to training and underpin resource allocation and funding arrangements.
- Expanded training opportunities—with an emphasis on areas where structured entry-level training does not currently exist, particularly in industries and occupations where there are identified skill shortages, poor training effort and projected employment growth.
- Regional and community involvement—to strengthen the partnership between industry and the community and with schools, training and work, in recognition of the requirement for the training system to meet the needs of small to medium-sized enterprises.
- A national framework—the Australian Qualifications Framework, with central elements being national competency standards and qualifications.
- Access and equity—with opportunities to participate and gain quality outcomes for those who may otherwise be disadvantaged in their access to vocational education and training.

- Part-time apprenticeships and traineeships.
- Apprenticeships and traineeships that can begin at school.
- Streamlined support services through the establishment of New Apprenticeships Centres.

9.1.2 The role of New Apprenticeships Centres

New Apprenticeships Centres⁵³ have a key role in the delivery of New Apprenticeships. Their objective is to streamline services to employers, apprentices and trainees by providing a one-stop, integrated service. Streamlining is aimed at reducing the time and effort needed for employers to arrange apprenticeships and traineeships, and is expected to lead to an increase in the number of apprenticeships and traineeships.

As part of the transition to Job Network, employers of apprentices and trainees who were signed up under the Commonwealth Employment Service were contacted individually and asked to nominate which New Apprenticeships Centre they would like to work with. Their records were then transferred to the New Apprenticeships Centre of their choice.

Under the first tender round for Job Network, there were more than 200 New Apprenticeships Centre sites in Australia involving 60 contracted organisations. A second tender round was conducted by the Department of Education, Training and Youth Affairs (DETYA) between May and October 1999. As a result, there are more than 300 sites involving 35 contracted organisations for the period from 1 December 1999 to 30 November 2002. Following a reorganisation of portfolio responsibilities in October 1998, DETYA took on the administration of New Apprenticeships Centres for the second contract period. To this end, New Apprenticeships Centres are no longer part of the Job Network.

Services provided by New Apprenticeships Centres

During the first contract period, New Apprenticeships Centres were contracted to:

- Provide information to employers, apprentices and trainees about Commonwealth incentive payments and allowances, training products and registered training organisations, training obligations and industrial relations information.
- Administer apprenticeship and traineeship support services, such as receiving and recording training agreement information, verifying information received against data held by State or Territory training authorities, and receiving claims and processing payment applications.
- Market and promote apprenticeships and traineeships by carrying out targeted local marketing consistent with, and linking to, any national marketing campaign for apprenticeships and traineeships, and by promoting apprenticeships and traineeships to employers, schools and industry.
- Work with State and Territory training authorities to provide a one-stop, integrated service for employers, apprentices and trainees by receiving training agreements, checking for accuracy and lodging with the State or Territory training authority, and establishing an effective relationship with those authorities.
- Establish effective relationships with other Job Network members, training providers, schools and other organisations to help people obtain apprenticeships and traineeships.

⁵³ New Apprenticeships Centres were originally referred to as Entry Level Training Support Services.

Administrative arrangements

The payment structure for New Apprenticeships Centres includes an up-front fee and payments, from the Department of Employment, Workplace Relations and Small Business, for a New Apprenticeship at its commencement, midpoint and completion. New Apprenticeships Centres are paid a unit price for each New Apprenticeship they provide a service to. This unit price is split up as 60% upon commencement, 30% at the midpoint and 10% on completion of each New Apprenticeship. New Apprenticeships Centres receive an up-front payment of 40% of the total contract fee which must be acquitted before any of the remainder can be received. Each New Apprenticeships Centre has been contracted to provide services to an estimated number of New Apprenticeship commencements. New Apprenticeships Centres are, however, paid the unit price for each New Apprenticeship they service.

9.1.3 Scope of evaluation

Given the change in administrative arrangements combined with the relatively short time Job Network has been operating, consideration of New Apprenticeships is limited in this report to the:

- Characteristics of apprentice and trainee commencements from 1994–95 to 1998–99.
- Type and quality of services provided by New Apprenticeships Centres, with a particular focus on the perspective of employers.
- Relationships between New Apprenticeships Centres and other stakeholders, including elements of Job Network.

A more comprehensive evaluation of New Apprenticeships will be undertaken by DETYA.

9.2 Progress to date

9.2.1 Commencements of apprentices and trainees

The number of commencements of trainees and apprentices has increased since 1994–95, with a substantial rise in 1997–98 and 1998–99 (Table 9.1). The sharp increase in commencements coincides with the introduction of New Apprenticeships in January 1998. New Apprenticeships have also introduced traineeships and apprenticeships into industries which previously did not have recognised qualifications.

Table 9.1: Annual traineeship/apprenticeship commencements

Year	Total commencements
1994–95	60 000
1995–96	76 200
1996–97	95 400
1997–98	125 100
1998–99 ¹	189 600

¹ The figure for 1998–99 is the best available estimate (as at September 1999).

Source: National Centre for Vocational Education Research Apprentice and Trainee Statistics, September 1999

Recent commencement data (1998–99) suggest that older job seekers are more likely to participate in New Apprenticeships than previously. During 1998–99, the number of apprentices and trainees in all age groups increased, with the greatest percentage rise in the over-25-years-of-age group. Commencement data on different job seeker groups are limited, but in comparison with 1996–97, the data show that in 1998–99 there has been a rise in the proportion of females

and a fall in the proportion of indigenous job seekers participating in apprenticeships and traineeships (Table 9.2).

Table 9.2: Characteristics of commencements in apprenticeships and traineeships, 1995–96 to 1998–99

Job seeker characteristics	1995–96		1996–97		1997–98		1998–99 ¹	
	‘000	%	‘000	%	‘000	%	‘000	%
Gender								
Male	53.5	70.3	62.3	65.3	76.7	61.3	108.1	57.0
Female	22.7	29.7	33.1	34.7	48.4	38.7	81.5	43.0
Total	76.2	100.0	95.4	100.0	125.1	100.0	189.6	100.0
Age								
19 or less	45.5	59.7	49.8	52.3	58.0	46.3	70.0	37.0
20–24	18.4	24.2	24.2	25.3	30.5	24.4	41.9	22.1
25 or more	12.3	16.1	21.4	22.4	36.6	29.3	77.7	40.9
Total	76.2	100.0	95.4	100.0	125.1	100.0	189.6	100.0
Indigenous								
Australians	2.9	3.9	3.8	4.0	5.2	4.2	4.3	2.3

¹ The figure for 1998–99 is the best available estimate (September 1999).

Source: National Centre for Vocational Education Research Apprentice and Trainee Statistics, September 1999

The industry groups with the highest participation of New Apprenticeships under Job Network in the period May 1998 to September 1999 were wholesale and retail trade (20.4%), property and business services (18.2%), manufacturing (13.6%), construction (7.7%) and hospitality (accommodation, cafes and restaurants—7.4%). Further analysis of the data is required to examine to what extent New Apprenticeships have expanded into new industries in this period.

Table 9.3: New Apprenticeship commencements by industry sector

Australia and New Zealand Industry Code	May 1998 to September 1999
Accommodation, cafes and restaurants	7.4
Construction	7.7
Education	3.3
Government administration and defence	3.4
Health and community services	5.7
Manufacturing	13.6
Personal and other services	4.9
Property and business services	18.2
Wholesale and retail trade	20.4
Transport and storage	3.0
Other ¹	6.6
Undefined or non-classifiable	5.8

¹ Other includes agriculture, forestry and fishing, communication services, cultural and recreational services, electricity, gas and water supply, finance and insurance, and mining.

Source: Integrated Employment System

Recruitment for New Apprenticeships

A variety of methods were used for recruiting New Apprenticeships. In a 1999 survey of employers who use New Apprenticeships Centres, the most common approach reported was personal contacts, including relatives and friends, with 27% of employers saying this was how they recruited. The use of personal contacts increased to 39% if self-canvassing was included. Other common approaches included advertisements in the newspaper (19%) and use of a Job Network agency (17%, of which just under half were reported to be New Apprenticeships Centres). New Apprenticeships Centres are not contracted to recruit apprentices and trainees, and these data indicate they (as well as other Job Network members) do not play a major role in this process.

9.2.2 New Apprenticeships Centres

It is difficult at this stage to determine the effectiveness of New Apprenticeships Centres in the short time they have been in operation. A survey of employers' use of Job Network was conducted in June–July 1999. The survey consisted of two components—a general survey of employers and a survey of employers who had used New Apprenticeships Centres. The information provided in the following paragraphs is taken from the latter component of the employer survey. The effectiveness of New Apprenticeships Centres will be examined in DETYA's evaluation of New Apprenticeships.

Services provided by New Apprenticeships Centres

Employers report receiving a range of services and assistance from New Apprenticeships Centres. These include obtaining information, assistance in liaising with other organisations, and assistance obtaining financial incentives and allowances. Once an apprentice or trainee has started, assistance may involve follow-up to check on progress and, if necessary, to help resolve problems that have arisen.

As is to be expected, provision of information (which is one of the key roles performed by New Apprenticeships Centres) is mainly concerned with the processes for securing an apprentice or trainee. For example, more than 80% of employers surveyed said they had received information on incentives and allowances, the training agreement and setting up a New Apprenticeship. A small proportion of employers (8%) reported receiving no information from a New Apprenticeships Centre, although most of these centres had been contacted by an employer to lodge a training agreement.

To provide a one-stop, integrated service to help employers recruit apprentices or trainees, the New Apprenticeships Centres liaise with organisations involved with training, industrial relations and recruitment. In the 1999 employer survey, employers reported receiving assistance from New Apprenticeships Centres in dealing with external training providers, State training authorities, groups that provide information on industrial relations and other agencies, including Job Network members. The involvement of New Apprenticeships Centres in this external liaison varied. For example, employers who recalled dealing with external providers reported that New Apprenticeships Centres were involved (either to assist or to undertake all the liaison) in 48% of these occasions. In dealing with industrial relations organisations, New Apprenticeships Centres were involved 23% of the time.

To be able to access incentive payments, employers must use a New Apprenticeships Centre. The centres should also provide follow-up once a New Apprenticeship has been organised, however, in the first contract period they were not contracted to do so. Less than half (44%) of those employers surveyed, who had applied for incentive payments, reported follow-up and ongoing contact with the New Apprenticeships Centre to see if any problems had arisen. Where a problem had occurred, 37% of employers reported that the New Apprenticeships Centre had assisted to resolve it. To ensure the centres provide follow-up where needed, DETYA revised contractual arrangements in the second tender round to include this type of support in the contracts.

Quality of service

Overall, 82% of employers surveyed reported they were satisfied with the service from the New Apprenticeships Centres (Table 9.4). There are different levels of involvement between centres and employers. Of those who only registered an apprentice or trainee with a New Apprenticeships Centre, the level of satisfaction was 59%, while of those who had other dealings

with a centre, the satisfaction level was 83%. High levels of satisfaction (that is, more than 80%) were also reported for most of the types of service offered by New Apprenticeships Centres. The one exception related to follow-up. While 86% of employers were satisfied with their dealings with the New Apprenticeships Centre when taking on an apprentice or trainee, their satisfaction with this contact fell to 67% after the end of the apprentice's or trainee's probationary period. Changes in the second contract, noted in Section 9.2.2, are expected to raise employers' levels of satisfaction in respect to follow-up. The overall level of dissatisfaction with the services provided by New Apprenticeships Centres was only 13%.

Table 9.4: Employer satisfaction with the services provided by New Apprenticeships Centres

	Satisfied/ very satisfied	Dissatisfied/ very dissatisfied	Neither ¹	Total
	%			
Overall				
Employers who dealt with New Apprenticeships Centres	83	13	5	100
Employers who only registered an apprentice or trainee	59	23	19	100
Total	82	13	5	100
Aspects of service				
Information provision	88	9	3	100
Integrated service	80	11	9	100
Assistance with incentives	83	3	13	100
Contact				
When taking on an apprentice or trainee	86	7	6	100
After the probationary period	67	15	19	100

¹ Includes 'don't know'.

Source: New Apprenticeships Centres employer satisfaction survey, 1999

Factors perceived by employers to influence their satisfaction levels were identified in the 1999 employer survey. They included a perception that New Apprenticeships Centres were informative and explained things properly, had friendly and helpful staff, kept in touch, were easily contacted, and appeared professional and diligent. The survey found the level of satisfaction was greater in areas of higher unemployment and when the trainee or apprentice was more likely to be retained by the employer. This may be due to the finding that New Apprenticeships Centres in high unemployment areas were reported to be more likely to help with information, played a bigger role in liaison and were more likely to do follow-up work. Level of satisfaction, as measured in the survey, was also influenced by factors other than the services the New Apprenticeships Centre provided to the employer, for example delays in incentive payments.

The level of employer satisfaction with the services provided by New Apprenticeships Centres seems to translate into repeat business. Eighty-one per cent of employers surveyed said they would use the same centre again.

9.3 Issues

Marketing

Marketing occurs at different levels. At broad and local levels it includes marketing of the apprenticeship and traineeship system, especially to employers, industry groups and schools, and

promoting the role of New Apprenticeships Centres within this system. Specific to the local level, marketing involves promotion of individual centres to attract business from employers.

New Apprenticeships Centres are contracted to undertake marketing and to link to any national marketing campaign. It has not been possible in the evaluation to examine the extent to which centres have performed this role. Data on the success of marketing are limited to that available from employers, and include the extent to which employers generally have heard of New Apprenticeships Centres, how employers who use the centres find out about them and, among this group, how much employers know about the role that New Apprenticeships Centres perform.

According to the survey of employers who use New Apprenticeships Centres, employers hear about centres from a range of sources. The most common source (but proportionally not large) was the New Apprenticeships Centre itself, mentioned by 12% of employers. Contact initiated by the New Apprenticeships Centre was either face-to-face, via telephone or mail. Word of mouth, registered training organisations and business associates were also mentioned as avenues for hearing about New Apprenticeships Centres.

The main reason employers chose the New Apprenticeships Centre they currently used was because it was the only one they were aware of (22%). This was followed by having had previous contact with them (13%), convenient location (12%) and being approached by the New Apprenticeships Centre with information (12%).

Some employers (20% of New Apprenticeships Centre users) did not understand the role of New Apprenticeships Centres. This may be because the recruitment was handled by a group training company or the employer was not aware that the organisation they were dealing with was a New Apprenticeships Centre. A majority (52%) agreed that the introduction of New Apprenticeships Centres had made it easier to employ an apprentice or trainee. Almost 40% said the existence of New Apprenticeships Centres had made them more likely to take on an apprentice or trainee. The general employer survey found that 63% of employers were not aware of New Apprenticeships Centres and of those who were aware, only 37% could recall having had any contact with a New Apprenticeships Centre.

Taken together, these findings suggest there is still some way to go before there is a comprehensive appreciation among employers of the role of New Apprenticeships Centres in promoting apprenticeships and traineeships. To raise awareness of New Apprenticeships Centres among employers, DETYA is undertaking a National New Apprenticeships Marketing Campaign via television, radio and newspaper advertisements. They are also providing marketing material to New Apprenticeships Centres for promotional purposes.

Relationships with other stakeholders

Good relationships with other Job Network members, group training companies and registered training organisations are important to a New Apprenticeships Centre's ability to achieve a one-stop, integrated service for employers, apprentices and trainees. Contracting to undertake a range of employment or training services may be one way to help achieve integration, particularly among small providers. Some companies achieve this by becoming a New Apprenticeships Centre, a group training company, a registered training organisation and a Job Matching provider. Others think it is better done by specialising as a New Apprenticeships Centre.

10 Breaching and compliance

Highlights

- The activity test is a means to enforce job search requirements and participation in active labour market assistance. The activity test is examined here in terms of the role of Job Network members in its application. (A broader evaluation of the activity test is being undertaken by the Department of Family and Community Services.)
- Most breach recommendations are due to job seekers not turning up to the provider they have been referred to. Between July 1998 and August 1999, 97 700 activity test breach recommendations were made by Job Network members. Of these, 43% were applied by Centrelink. The rate of breach recommendations remained fairly constant (between eight and nine per 1000 job seekers) between October 1998 and May 1999, but had risen to almost 14 per 1000 in August 1999.
- Breaches are not applied for a variety of reasons, the main ones being the job seeker provided Centrelink with sufficient evidence to support their claim (34%) and insufficient documentation provided by the Job Network member (13%).
- Some Job Network members in qualitative research reported that they are reluctant to recommend a breach because of the administrative burden involved, the potential it has for interfering with the relationship they have developed with the job seeker and insufficient feedback from Centrelink on the reasons breach recommendations are overturned. Regarding feedback, it should be noted that Privacy Act requirements restrict the amount of information that can be passed to Job Network members. Initiatives to address concerns about the administrative burden and complexity of breaching are underway.

10.1 Introduction

The activity test is a means to enforce job search requirements and participation in active labour market assistance (Vanstone 1996). Breach action occurs when a job seeker does not meet the requirements of the activity test. Both Centrelink staff and Job Network members can recommend that job seekers be breached, but only Centrelink can impose the breach. This chapter concentrates on compliance as it relates to Job Network activity test breaching, the role of Job Network members in this process and experience to date with this process.

A broader evaluation of the activity test is being undertaken by the Department of Family and Community Services. This broader evaluation will look at activity testing arrangements and outcomes, flexibility of activity test policy and administration, the overall cost effectiveness of the activity test, Centrelink best practice and the appropriateness of current activity test arrangements.

Job Network members, Centrelink staff and job seekers have certain obligations under the activity test. Job Network members must monitor job seeker compliance with activity agreements and/or the work efforts of job seekers referred to vacancies. Centrelink is responsible for actioning all breach recommendations received from Job Network members.

Job seekers must:

- Actively seek and be willing to undertake suitable paid work.
- Enter into an activity agreement when required.

- Undertake approved training activities (including Job Search Training) when required.
- Take reasonable steps to comply with the terms of an activity agreement (Department of Employment, Workplace Relations and Small Business 1999e).

If an activity test breach is applied, a penalty is imposed upon the job seeker's income support payments. Their payments may be stopped or reduced (for example, by 18% for 26 weeks for the first infringement). Access to Job Network services may also be withdrawn and the job seeker may not be referred back to Job Search Training or Intensive Assistance for 12 months.

10.2 The process for considering breach recommendations

The process for dealing with breach recommendations is as follows:

- When a Job Network member believes a job seeker has not complied with the activity test, they must recommend a breach to Centrelink. They record this on the Integrated Employment System and send Centrelink formal notification and documentary evidence within seven days.
- On the information provided and after consultation with the job seeker, Centrelink investigates the circumstances and decides whether to apply the breach and, if so, imposes a penalty on the job seeker.
- If the job seeker is dissatisfied with Centrelink's decision they have a right to appeal. The appeal is referred to the original decision maker to review and if the job seeker is still not satisfied with the review decision, the case is referred to an authorised review officer.
- If the job seeker does not accept the decision of the authorised review officer they may appeal to the Social Security Appeals Tribunal and subsequently the Administrative Appeals Tribunal. The Department of Family and Community Services and Centrelink may also appeal to the Administrative Appeals Tribunal.

10.3 Breaching activity

10.3.1 Breaches recommended—applied and not applied

Between July 1998⁵⁴ and August 1999, 97 700 activity test breach recommendations were made or revoked⁵⁵ by Job Network members. Of these, 43% were applied by Centrelink and 57% were not applied, with no subsequent penalty imposed on the job seeker (Table 10.1).⁵⁶ The fact that many breaches recommended by Job Network members are subsequently not imposed is not new. Under the previous labour market assistance arrangements a similar trend was evident for breach recommendations for failure to contact or attend an interview with the Commonwealth Employment Service or case manager.

The rate of breach recommendations by Job Network members per month remained fairly constant (between eight and nine per 1000 job seekers) between October 1998 and May 1999, but has since risen to almost 14 per 1000 in August 1999. This rise suggests improved awareness by Job Network members of their role in applying the activity test, assisted by training delivered by Centrelink in September 1998.

⁵⁴ Data were collected for July 1998 rather than May 1998 (at the start of Job Network) because the processing of breach recommendations from the Integrated Employment System to Centrelink's administrative system was not accurate in the first two months of Job Network.

⁵⁵ These breaches were previously applied, but the decision to apply the breach was subsequently overturned.

⁵⁶ The number of breaches applied is the number still in force after a four-week period. It does not include recommended breaches that may have been imposed and subsequently revoked within four weeks.

Table 10.1: Breaches recommended and applied, July 1998 to August 1999

Month	Total recommended breaches	Rate per 1000 ¹	Applied	Rate per 1000 ¹	Not applied	Rate per 1000 ¹	Rate applied (%)
Jul 98	2 440	2.7	1 010	1.1	1 430	1.6	41
Aug 98	3 260	3.7	1 330	1.5	1 930	2.2	41
Sep 98	5 970	6.8	2 430	2.8	3 540	4.0	41
Oct 98	7 870	9.2	3 340	3.9	4 530	5.3	42
Nov 98	7 550	9.5	3 260	4.1	4 290	5.4	43
Dec 98	6 860	8.3	3 070	3.7	3 790	4.6	45
Jan 99	6 130	7.3	2 680	3.2	3 460	4.1	44
Feb 99	7 310	8.8	3 360	4.0	3 960	4.7	46
Mar 99	7 570	9.3	3 180	3.9	4 390	5.4	42
Apr 99	6 270	7.8	2 430	3.0	3 840	4.8	39
May 99	7 260	9.1	2 690	3.4	4 570	5.7	37
Jun 99	8 560	10.9	3 750	4.8	4 800	6.1	44
Jul 99	10 000	12.8	4 600	5.9	5 400	6.9	46
Aug 99	10 640	13.7	5 090	6.6	5 550	7.1	48
Total	97 690		42 210		55 480		43

¹ Rates were calculated by dividing the number of breaches by the total amount of job seekers available to be breached each month (that is, total stock of job seekers in the Job Network).

Source: Centrelink

In qualitative research, Job Network members reported that breaching was used as a last resort. Reluctance to recommend a breach was due to:

- Breaching as an administrative burden. It was time consuming and involved a lot of effort to get paperwork together and information to Centrelink, which in turn took time to process the recommendation. When Job Network members did not provide sufficient documentation Centrelink could not apply the breach.
- Concern that it might damage the trust relationship with the job seeker.
- Lack of feedback from Centrelink on the reasons for breach recommendations being overturned. Because of privacy requirements, Centrelink is unable to supply detailed feedback to Job Network members on breach recommendations that are not imposed. To help overcome this, breach revoke-reason categories were developed in March 1999 to give Job Network members a better idea of why a recommended breach was not applied (Table 10.2). In the qualitative research, Job Network members indicated these codes were useful.

Together, these reasons suggest the number of breach recommendations by Job Network members could be potentially higher.

Concerns by providers about recommending breaches are not new. Research for the evaluation of *Working Nation* found that case managers believed recommending a breach could be counter-productive to their relationship with job seekers. Fears for personal safety and perceptions that breaches were always overturned and did not encourage compliance were also given as reasons for reluctance (Department of Employment, Education, Training and Youth Affairs 1996d).

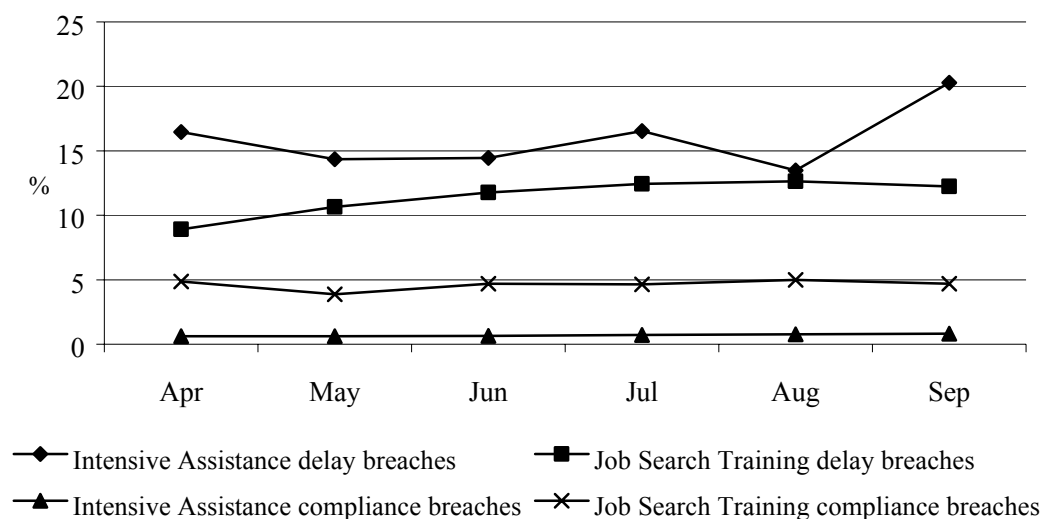
Breach recommendations by service type

Providers of Job Search Training and Intensive Assistance can recommend a breach if a job seeker does not turn up to commence the assistance they have been referred to (known as a delay

breach) or if a job seeker, having commenced assistance, does not comply with the agreement⁵⁷ they have signed with their provider (known as a compliance breach).

Recommendations for delay breaches are much more common than those for compliance breaches. For example, a delay breach was recommended for 20% of job seekers referred to Intensive Assistance and 12% of job seekers referred to Job Search Training in September 1999 however, the corresponding rate of compliance breach recommendations was just under 1% and 5% respectively (Figure 10.1).⁵⁸ This pattern is likely to be influenced by the incentive that providers have to ensure job seekers commence assistance so that up-front payments are secured. This finding is consistent with qualitative research in which Job Search Training providers reported that the reason they recommended a delay breach was primarily to encourage job seekers to attend their training sessions.

Figure 10.1: Recommended breach rates for Intensive Assistance and Job Search Training—delay and compliance breaches for April to September 1999



Source: Integrated Employment System

Total breach recommendations for Job Search Training are fewer than those recommended for Intensive Assistance, although the compliance breach recommendations for Job Search Training occur at a rate about five times that of Intensive Assistance. The likelihood that there is more contact between provider and job seeker in three weeks of Job Search Training than in a similar period of Intensive Assistance may explain this. Another reason may be because Intensive Assistance has a lower level of structured activity for the job seeker to adhere to. In the second tender, there has been a stronger emphasis on Job Network members undertaking more structured activities with the job seeker in Intensive Assistance, which may affect the future level of compliance breaches.

10.4 Breaches appealed and revoked

Once a Job Network member recommends a breach, Centrelink's role is to investigate the breach recommendation and determine whether to apply a penalty to the job seeker. As noted in Table

⁵⁷ The job search skills plan for Job Search Training and the activity agreement for Intensive Assistance.

⁵⁸ Individual rates for Job Matching were not calculated because the number of breaching recommendations as a proportion of the number of job seekers available to be breached in Job Matching produces a negligible rate.

10.1, 57% of recommended breaches were not applied or were revoked. If a job seeker is dissatisfied with Centrelink's decision to apply a breach, they have a right to appeal.

10.4.1 Reasons breaches are revoked

The main reasons breaches were not applied or revoked between April and September 1999 were because job seekers provided Centrelink with sufficient evidence to support their claim (34%) and Job Network members did not provide sufficient documentation (13%) (Table 10.2). A substantial proportion of breaches are not applied for seemingly avoidable reasons such as insufficient documentation (13%), advising a breach in error (10%) or misdirected correspondence (10%). One reason correspondence is misdirected is because up-to-date contact details for some job seekers are not on the Integrated Employment System, reflecting the issues

Table 10.2: Breaches not applied and revoked by reason, March–April and April–September 1999

Breach revoke reason	March– April	April– September
	%	
Customer provided Centrelink with sufficient evidence to support their claim	29.2	34.1
Insufficient documentation provided	11.8	13.0
Other reason (not defined)	23.2	11.1
Job Network member advised breach notified in error	9.7	10.4
Breach notification not appropriate, that is Centrelink breach only (for example, 'customer voluntarily unemployed')	7.3	10.3
Letter sent to incorrect address	7.7	10.0
Reasonable notice not provided by Job Network member when contacting customer to attend interview to negotiate activity agreement/job search skills plan	2.8	2.8
Duplicate breach notification (system generated/provider generated)	4.2	2.2

Source: Integrated Employment System

raised on the Integrated Employment System/Income Security Integrated System interface (Section 3.3.2). These issues are being addressed by the quality assurance project and ongoing systems improvements. The 'other reason' (not defined) code is being used less now by Centrelink, a decrease from 23% in March to April 1999 to 11% in April to September 1999.

10.5 Issues

In the context of this evaluation, it has not been possible to examine comprehensively the role of Job Network members in job seeker compliance with the activity test. The research to date, however, has identified a number of issues that could be further explored in the broader evaluation of the activity test that is currently under way:

- Is the activity test process more complex than necessary? While it should be noted that much of the apparent complexity of breach processes is due largely to the need to conform to legislative requirements, a number of the findings suggest the need to examine whether there is scope to simplify the process. There are a high number of breaches overturned for seemingly avoidable reasons. The complexity involved is also indicated by a reluctance among some providers to recommend a breach because of the administrative burden involved, and reports by job seekers in qualitative research that errors in the administration of the activity test had resulted in unnecessary interruption to their income support payments.
- In the absence of benchmark data it cannot be assessed whether the rate at which breaches recommended by Job Network members are applied (43%) is poor. However, while the percentage has risen recently, the fact that more than half of the breaches recommended by Job Network members are not applied suggests that the complexity of the process is a

continuing problem. These findings raise the issues of how well Job Network members understand the objectives of activity testing and their role in the process, and the effectiveness of training for Job Network members and Centrelink staff.

Initiatives to address these concerns are under way and their impact should be monitored closely. They include a joint agency study of the breach recommendation process at some Centrelink sites, seminars conducted by Centrelink for Job Network members who are unable to meet their contractual obligation with regard to breaching and a quality assurance project to address issues arising from the breaching process.

Using current management information (held on the Department of Employment, Workplace Relations and Small Business' administrative systems) it is not possible to identify the points in the process where most breach recommendations by Job Network members are unsuccessful, and what is happening over time in the relationship between recommendation, decision and appeal. While Job Network members report that the revoke-reason categories have improved their understanding of the process, further refinement of the management information system should form part of any initiative to improve the efficiency and effectiveness of activity testing.

The quality assurance project team found two main reasons for the low rate of application of breaches. These were:

- Inconsistent levels of knowledge and skills among Job Network members and Centrelink staff to effectively administer activity test policy and procedures.
- Lack of quality feedback to Job Network members about the reasons why Centrelink revoked their breach decision. (As noted earlier, strict privacy provisions prevent Centrelink from discussing individual cases with Job Network members without agreement from the job seeker.)

Other reasons included Job Network members recommending breaches with little or no investigation to substantiate a possible breach of the activity test; wide interpretation of what constitutes a 'reasonable excuse' and a general tendency to give job seekers the benefit of the doubt; inconsistency of procedural approach from Job Network members and Centrelink in the breach recommendation process (insufficient paperwork, breach recommended in error, timeliness issues); and systems issues, such as incorrect address details on the Integrated Employment System or duplicate breaches on the system.

The quality assurance project made recommendations to improve the effectiveness of breaching processes. Implementation of these recommendations has commenced (Centrelink National Support Office—Employment Services Segment 1999).

11 Discussion

The introduction of Job Network on 1 May 1998 marked a comprehensive and radical change in the delivery of employment services in Australia. These changes are complex and far reaching, with impacts on the point of access to services, who provides services and how, and what service is delivered. This chapter draws together the issues raised elsewhere in the report to provide an overall assessment of the implementation and early market experience of Job Network. To do this, the chapter considers Job Network against the evaluation criteria set out in Section 1.4.3. Progress on implementation of the Job Network design principles and the development of Job Network as a competitive market are also examined.

Of the four evaluation criteria (equity, quality, efficiency and effectiveness) the focus of this report is on equity and quality of services. To consider the effect of the implementation of Job Network on equity and quality, this chapter examines participation and endorsement by clients, particularly disadvantaged job seekers, and the implications of implementing policy reform for equity and quality (Schmid 1996 and Wherrett 1999).

Given the scale of change and the long-term nature of much of Job Network assistance, it is too early to derive comprehensive measures of efficiency and effectiveness. Moreover, in assessing progress towards implementing the reform principles and the development of a competitive market, it is important to note that in announcing the policy reforms the Government recognised that market arrangements would take time and effort to fully develop (Vanstone 1996). A fully competitive market was not expected to have developed by the end of the first contract period.

Where possible and relevant, the discussion includes comparisons with previous labour market assistance arrangements. However, these comparisons should be considered cautiously because both the mechanisms for service delivery and the nature of the service itself has changed.

11.1 Access, quality and equity—take-up and endorsement by clients

It is too early to measure the precise impact Job Network has had on the employment prospects of job seekers, particularly disadvantaged client groups. Early performance information in terms of commencements and placements, service quality and (job) outcomes are encouraging. This view is supported by the results of an early study of Job Network in Western Australia by the Centre for Labour Market Research (1999) which suggested that the difficulties encountered by Job Network have generally been implementation problems, rather than reflecting any inherent flaws in Job Network.

11.1.1 Participation levels—commencements, placements and early outcomes

Large numbers of job seekers have been assessed and assisted through Job Network:

- More than three-quarters of a million job seekers, including new registrants and people on the books when Job Network was implemented, were screened and classified for employment assistance by the Job Seeker Classification Instrument (JSCI) in the first 13 months. The proportion of job seekers assessed has increased from less than 40% at the start of Job Network to around 80% in August 1999. The post implementation review of the JSCI found that most of those assessed were classified accurately.
- In the 12 months to September 1999, placements in unsubsidised jobs under Job Network were 312 000. Job placements in September 1999 reached almost 30 000. A survey of those placed under Job Network found that almost two-thirds were still employed three months after placement.

- Commencements in Job Search Training are averaging over 4000 a month. In the 12 months to September 1999, 54 100 job seekers started Job Search Training. This compares to commencements in Job Clubs of about 45 000 a year between 1994–95 and 1996–97. Early post-assistance outcomes data compare favourably to Job Clubs.
 - Three months after leaving Job Search Training 46% of participants were in a job or studying compared to 30% for Job Clubs in 1995–96. Significantly, the cost per unsubsidised job for Job Search Training is half that of Job Clubs.
- Around 20 000–30 000 job seekers are commencing Intensive Assistance each month, and at any point in time there are almost 240 000 people in this service.
 - Three months after leaving Intensive Assistance, around 43% (for exits to the end of September 1999) of participants were in a job or studying.
- Of the 7500 places allocated for the Community Support Program in 1998–99, around 6000 commenced. NEIS commencements have been relatively stable at 6600 in 1998–99 compared to an average of 6950 for the previous two years.

11.1.2 Is the new system accepted and endorsed by its clients?

Job seeker views on quality of service under Job Network

The quality of service to job seekers appears to have improved with the implementation of the Job Network. In a survey of job seekers to compare Job Network and Centrelink with the previous arrangements, improvements were reported in the level of individualised and professional service. Allowing providers to tailor their services to meet individual needs is a key feature of the new arrangements. Job seekers rate Job Network as better overall than the Commonwealth Employment Service (CES) in this regard. The new arrangements were also rated as better at improving job seeker chances of getting a job and having a large range of suitable jobs. While offering a choice of providers in most locations may have increased the number of suitable vacancies, it has also meant that job seekers may need to visit more than one provider to access all the available vacancies. This is reflected in the job seeker satisfaction survey where job seekers rated Job Network lower than previous arrangements on measures of convenience and travel costs.

While job seekers' perspectives on the extent of tailoring services to meet individual needs is valuable, their judgments are limited by their experience of what is possible. For example, job seekers are not always aware of activities undertaken by providers on their behalf. To fully appraise the quality of individualised assistance delivered under Job Network, quality assessment needs to make use of some form of independent comparison and to measure the type and level of assistance from the provider's perspective.

The most common, although infrequent, complaint from job seekers in all Job Network services was about a lack of service. This complaint was reported by around 10% or less of Job Matching clients, Job Search Training clients and Intensive Assistance clients. The second most common complaint related to poor service. However, this complaint was reported by a small proportion of job seekers (about 6%) in the three main employment services. These job seekers complained that service was inefficient, incompetent or unprofessional, or that follow-up was slow or infrequent. Some job seekers complained that some staff had a poor attitude and that they were provided with incorrect information.

Employer views on quality of service

Employers who had used both the CES and Job Network consistently rated Job Network better. Around three times as many employers thought that the overall quality, responsiveness of service and quality of applicants offered by Job Network was better than the CES. Employers appreciated several characteristics of service which contribute to responsiveness, including being quick, individually tailored and showing an understanding of commercial reality. Twice as many employers found the Job Network easy to contact. Employers thought that the number of job seekers available was about the same under both arrangements.

Employers' acceptance and endorsement of Job Network is evident from their use of the system and preparedness to use the system in the future. Thirty-eight per cent of employers who had recruited in the previous 12 months had lodged a vacancy with Job Network. Eighty-one per cent of these employers said they would consider Job Network for future vacancies. Overall utilisation of the Job Network by employers should increase with stronger marketing activity.

11.1.3 How have disadvantaged job seekers fared under Job Network?

One of the key objectives of Job Network is to target effective assistance to job seekers on the basis of need and capacity to benefit. Given the extent of change, an important test of the success of formulating and implementing a system that will achieve this goal is to examine how disadvantaged groups have fared.

The Government made a commitment to maintaining the focus of labour market assistance on the long-term unemployed and others most at risk of becoming so, including disadvantaged groups (job seekers from a non-English-speaking background, job seekers with a disability, young and older job seekers, and indigenous Australians). The new arrangements were intended to be sensitive to the needs of special groups in the labour market (Vanstone 1996).

Mechanisms for targeting assistance to those most in need are:

- A screening and classification instrument (including the Job Seeker Classification Instrument [JSCI] and secondary classification processes) to establish risk of long-term unemployment.
- Funding levels under Intensive Assistance that are higher for more disadvantaged job seekers.

In addition, providers' contracts included performance indicators covering commencements (that is, access to assistance and outcomes of different disadvantaged client groups).

This discussion covers access to Job Network assistance by disadvantaged groups. There are not sufficient data available to examine equity of outcomes.

Job seekers from a non-English-speaking background

Job seekers from a non-English-speaking background account for 14% of Job Network eligible clients. The rate of assessment and the rate at which this group are assessed as eligible for Intensive Assistance are both above that for other job seekers. The commencement rate in Intensive Assistance and Job Search Training is above average, resulting in participation levels of 21% and 12% respectively. The rate of placement through Job Matching is very similar to the rate of placement by the CES in 1996–97.

These job seekers were generally more satisfied than other job seekers with the services from Centrelink and Job Network members. However, this group was somewhat more critical than

other job seekers of the ability of Job Network members to take clients' individual needs and circumstances into account. Concerns were raised by providers about the appropriateness of assistance available to job seekers from non-English-speaking backgrounds in the Community Support Program. These findings suggest the need for more research to establish how responsive employment services, including those available under Job Network, are for people from non-English-speaking backgrounds. In particular, any research should assess whether it is appropriate to use the Community Support Program to address language or English literacy problems.

Job seekers with a disability

Job seekers with a disability make up almost 16% of the Job Network eligible population. Their rate of assessment for access to Job Network services is just above average. It should be noted that this group has access to a range of other specialist services. As to be expected, job seekers with a disability are much more likely than other job seekers to qualify for special needs assessment.

Selection rates for Intensive Assistance of job seekers with a disability were above average, given their greater level of disadvantage compared to all Job Network eligible job seekers. Job seekers from this group also had above average commencement rates for Job Search Training and Intensive Assistance. Satisfaction of this group with Centrelink services was above average, while their satisfaction with Job Network members was similar to the average across all services.

Youth

Job Network eligible young people include those on income support (mostly recipients of Youth Allowance who are not full-time students) and those not on income support who are looking for work. The latter group have access to all Job Network services, depending on their level of labour market disadvantage.

The introduction of the Youth Allowance close to the time that Job Network was implemented makes it difficult to identify any impact on youth registrations caused by the changes to labour market assistance arrangements. Also, concerns were raised in qualitative research that the number of youth registering with Centrelink who are not eligible for income support has declined, thereby reducing utilisation of Job Network services among this group.

Job seekers aged 15–20 represent more than 23% of the Job Network eligible population. The rate of assessment using the JSCI and the rate at which youth are assessed as eligible for Intensive Assistance are both below that of most other job seekers (Table 3.3). Once assessed, young people commence in Intensive Assistance at a rate lower than average. This may, in part, recognise that younger people are relatively less disadvantaged than other job seekers and can access a range of interventions, for example, Work for the Dole.

Placements of young people through Job Matching is similar to the level achieved by the CES (28% compared with 33%). Their commencement rate in Job Search Training and Intensive Assistance is below average. The fact that a substantial proportion of this group includes people whose participation in Job Network services is voluntary would partly account for these trends.

Young people appear more satisfied than older job seekers with Centrelink services, although qualitative research reveals that young job seekers are more confused about the services and obligations associated with Job Network and are less likely to complain than older job seekers. Young people were more critical than older job seekers when surveyed about the level of information Job Network members provided on their rights and responsibilities and relevant

rules and regulations.

Older job seekers

Job seekers aged 50 or more represent 13% of the Job Network eligible population. The rate of assessment for service eligibility through the JSCI is above average for this group. Reflecting their higher likelihood of labour market disadvantage, older job seekers are identified as eligible for Intensive Assistance and special needs assessment at a higher rate than other job seekers.

Older job seekers represented 6% of Job Matching placements, compared to 5% of job placements by the CES in 1996–97. The commencement rate for older people in Job Search Training and Intensive Assistance is above average.

Older job seekers' satisfaction levels with employment services were similar to those of other job seekers, although many thought that they could be better marketed by Job Network members to employers who they perceive to be reluctant to take on job seekers aged 45 years or more. Satisfaction levels with Job Search Training for this group were lower than average. In qualitative research, some older job seekers expressed concern about the appropriateness and content of Job Search Training courses.

Indigenous Australians

Indigenous Australians, who account for just over 4% of the Job Network eligible population, face more barriers to participating in Job Network than any other major group of job seekers. There appears to have been a reduction in the level of registration activity for indigenous job seekers after the start of Job Network. Qualitative research suggests that many indigenous job seekers do not yet fully understand the role of Centrelink or the assistance that Job Network may offer them. Job seekers in this research perceived the availability of indigenous staff in Centrelink had been reduced compared to the CES.

Indigenous Australians are less likely to have been assessed by the JSCI compared with the proportion of all job seekers assessed. Those who have been assessed had a high rate of selection for Intensive Assistance, but many referred to Intensive Assistance did not commence.

For indigenous Australians who participate in Intensive Assistance, concerns have been raised in qualitative interviews with Job Network members, Centrelink staff and indigenous job seekers about the quality and type of assistance delivered. This research suggests that some providers may be offering minimal assistance to job seekers they believe will be difficult to place. Many stakeholders are concerned that the high level of disadvantage and enduring nature of barriers to employment for indigenous job seekers may mean that providers have difficulty in assisting this group into sustained employment outcomes.

Two per cent of Job Matching placements went to indigenous job seekers, compared with 4% of placements made by the CES in 1996–97. Although some of this difference would be attributable to different ways of measuring job placement in previous and current labour market assistance arrangements.⁵⁹ The commencement rate in Job Search Training is below average for indigenous job seekers.

The Government has responded to concerns about indigenous job seekers' access to employment services by introducing a number of reforms, including the Indigenous Employment Policy (in

⁵⁹ In particular, employment program places and jobs of less than 15 hours duration could be counted by the CES.

July 1999), changes to Job Network in the second tender round and initiatives for Centrelink.

11.2 Progress on implementing the reform principles

The development of a new framework for the delivery of labour market assistance in Australia, including the establishment of Centrelink and Job Network, was underpinned by a number of reform principles (as noted in Chapter 1). They include integration of income support and labour market assistance, targeting job seekers at risk of remaining unemployed, flexibility in service delivery, contestability through competitive tendering, local choice-driven competition between multiple providers, and performance-based funding which rewards desirable outcomes.

Implementation of multiple principles in tandem may generate benefits but may also present difficulties where tensions arise between them. For example, full integration of income support and delivery of employment services is not possible in an environment of local competition between providers. This section considers progress towards the implementation of the design principles, bearing in mind that their implementation was to be a gradual process. Clearly, the introduction of initiatives such as increasing contestability and contracting-out will be subject to a learning curve before operating effectively (Fay 1997). Given that one of the major potential pitfalls under the new system is market failure, introduction of a market system requires careful monitoring (The Centre for Labour Market Research 1999). This section considers the implications of reform for market development, access and equity, and the quality and responsiveness of services.

11.2.1 Integration

Establishment of Centrelink achieved integration of income support and access to labour market assistance. The Government decided not to pursue integration of the delivery of employment services with income support and access to labour market assistance. While job seekers can access self-service job search through the Australian Job Search touch screens in Centrelink offices, providers of other services are not co-located.

Job seekers in qualitative research reported that registering for unemployment was considerably easier than previously. Being able to register at a single location is presumably the main factor contributing to this view. However, while the structures for the delivery of employment services have been integrated (to the extent planned), stakeholder awareness and the development of relationships between the different components of the new structure must also occur.

Informed consumers are a necessary prerequisite of market development. Knowledge and understanding of the new arrangements by all users are crucial to facilitate fair access and participation. Some job seekers do not yet fully understand the services available following integration of income support and access to labour market assistance. This applies particularly to indigenous job seekers (Section 11.1.3), but also to young people not on income support. Concerns were raised in qualitative research that these young job seekers may not be aware that they are eligible for Job Network services. During this early stage of the market, young people not on income support who were interviewed expressed a high degree of confusion about what was available. It appears they obtain information on the new arrangements in an ad hoc manner. These comments should be viewed in light of the magnitude of the changes and the early stage of market development.

Some job seekers in qualitative research indicated they did not understand the process of registration, the services available or their entitlement. Job seekers were also frustrated when they were required to provide the same information twice (for registration and assessment).

Some Job Network members reported in qualitative research that job seekers do not reveal relevant sensitive information to Centrelink. Job seekers reported that because of Centrelink's policing role, they were often reluctant to reveal information which they might reveal to Job Network members.

Many employers (55%) have not understood how Job Network operates, while those interviewed in qualitative research were confused about the respective roles of Centrelink and Job Network. The significance of these findings needs to be considered in the context of the qualitative research finding (reported by executive officers of Area Consultative Committees) that it was difficult to communicate with employers about Job Network, largely because most employers operate on a need-to-know basis. This meant that they only took an interest in Job Network when they needed to hire staff. To raise employer awareness of Job Network, DEWRSB is planning a communication strategy focused on employers to coincide with the start of the second Job Network contract.

Development of the relationships between the different stakeholders in Job Network is also important to the effective functioning of an integrated system. So far in the evaluation only limited data are available on this aspect and it has not been covered in the discussion.

11.2.2 Targeting

Targeting of assistance seems to operate formally and informally. Formally, eligibility based on income support status is used as a threshold criterion for access to Job Network services, other than Job Matching, by most adult Job Network participants. (For eligibility purposes all youth are treated the same as youth on income support.) Level of disadvantage is assessed using the JSCI or through a special needs assessment (for those assessed as too disadvantaged to benefit from employment services). Targeting is also undertaken informally by providers who make decisions about who they will assist.

The way in which targeting impacts on market development, equity and the quality of services to job seekers includes:

- Government policy limitations on eligibility affects business volume for providers and equity of access for job seekers.
- The purchaser/provider split means that some decision making is devolved to providers. This may affect equity but is a key element of allowing providers due flexibility.

Eligibility criteria

Access to Job Search Training and Intensive Assistance is restricted to those job seekers on income support and youth (described as the Job Network eligible population). Initially, access to Job Matching was also limited to this group. This was changed in August 1998 and Job Matching was extended to people working fewer than 15 hours per week and who were not in full-time education and not in receipt of income support.

This widening of access was driven by a recognition that some non-eligible job seekers need assistance and by the benefits of improved business volume for providers. It has helped to increase business volume and, therefore, improve business viability for Job Matching providers.

Level of disadvantage

The cut-off point on the JSCI assessment scale used during the first stage of the Job Network to provide access to Intensive Assistance has been lowered as the new arrangements bed down. In

addition, Job Search Training has been made available earlier in an unemployment spell. These adjustments have widened access and have also helped to ensure that providers reached contracted capacity.

Issues of targeting were raised in relation to the Community Support Program. Concern was raised by providers about the appropriateness of referring people from non-English-speaking backgrounds when their main barrier to employment was poor literacy and English-language skills.

Informal targeting

Informal targeting is conducted locally by Job Network members. It may have an impact on the fairness of access to assistance. Targeting of assistance undertaken by providers includes using judgments about whether a job seeker will benefit from Job Search Training and making decisions about how much assistance to provide to job seekers in Intensive Assistance. Informal targeting occurs as an initial step in the business decision making undertaken by providers and may, in part, be driven by the providers' efforts to individualise service. While it is undesirable to reduce the flexibility of providers by reducing their capacity to make judgments, further research is needed to examine the impact on quality and equity—and the likely trade-off with efficiency and effectiveness—of informal targeting and flexible service delivery.

It is possible that the operation of informal targeting by providers differs according to the type of provider. Commercial service providers interviewed in qualitative research were more likely to emphasise a business approach to service provision—they reported taking the marketability of clients into account in determining what services to provide. Community organisations were more likely to report that they made decisions based on individual need and often had a policy of taking on everybody. The qualitative research also indicated there was considerable overlap between these two approaches.

11.2.3 Flexibility

Job Network members have a great deal of flexibility in what they do to pursue innovative forms of assistance to address the needs of individual job seekers, particularly in Intensive Assistance. Flexibility, however, needs to be balanced against ensuring sufficient accountability for expenditure. Flexibility is, in principle, driven by the implementation of a competitive framework for service delivery (including contestability, competition and performance-based funding). If these mechanisms produce efficient, effective and high quality outcomes for all job seekers, there is little need for the purchaser to prescribe how the services are delivered.

Flexibility within service delivery is put into practice by the choices providers make about the types of approaches they will use and their judgment on the needs of job seekers. Flexibility is also influenced by the extent to which job seekers themselves request, lobby for and use the assistance available. Providers and job seekers may have different views about what assistance is appropriate and effective. Development of a marketplace involves interaction between providers and job seekers. It may take time for a good match to develop between a provider's service delivery style and a job seeker's needs and preferences.

For this evaluation, some information is available on the style of approach, extent of assistance and the availability of services.

Style of approach

A common feature of service delivery throughout Job Network is an emphasis on fostering self-

reliance. Providers in the qualitative research reported that an important element to helping job seekers is to get them to help themselves. Commercial and community providers interviewed in qualitative research reported they foster this do-it-yourself approach. In addition, community and commercial organisations also reported instances where they were pro-active on behalf of individual job seekers.

Job seekers in qualitative research reported a wide variety in service quality in Intensive Assistance (Section 6.3.4). Job seekers praised the following features of good service: an ‘interested case manager’ who follows-up when they say they will; service that helps the job seeker plan for the longer term; assistance with training or help with uniforms, fares or travel costs as required; and help finding casual or part-time work if full-time work is not available.

Understanding the balance in emphasis between giving assistance and fostering self-reliance in Job Search Training and Intensive Assistance and the relationship with quality and effectiveness would benefit from further investigation.

The style of approach used by providers appears to vary between the standardised services more common in larger organisations, and the non-standardised case-by-case approach used more in smaller organisations. There are advantages and disadvantages with both approaches. Where a non-standardised approach has the potential to be more tailored and responsive, it also has the potential to be biased towards clients who are more vocal and demanding. Larger organisations interviewed in qualitative research also reported that they referred clients to internal services such as counselling and guidance, rather than using external services.

Extent of assistance

All Intensive Assistance providers interviewed in qualitative research said that they used an initial interview to make judgments about the needs of clients. Providers of Job Search Training also make judgments about which job seekers will benefit from this service before accepting them as clients (Section 5.2.3). Providers reported that they determined the services they would provide according to the marketability of the client and the client’s need. In a discussion of the competitive policy framework that has been applied, the Centre for Labour Market Research (1999) suggests that in a system where providers are paid for successful outcomes, it is clearly in their interests to service the most employable job seekers. It went on to suggest that a rigorous contractual framework may overcome this tendency.

Providers also acknowledged that some job seekers only receive minimal assistance, although there are differences between provider types in this regard. Commercial organisations may be more likely to provide limited assistance to clients who they judged to be very difficult to assist. Community organisations appeared more inclined to look beyond employability and offer these job seekers some kind of whole-of-life support, even if it could only be limited.

Most job seekers are satisfied with the services from their provider. For example, around 80% of job seekers thought that their Intensive Assistance provider took their special needs and circumstances into account. However, some job seekers were critical of what they saw as a lack of assistance, although job seekers were not always aware of the nature of services provided ‘behind the scenes’ (Chapter 6).

Within a flexible environment, decisions about assistance provided can be made locally. Equity issues may arise if a discretionary approach means some job seekers do not receive the services they need. It also means some job seekers can access services that would not be available to

them under a program-based approach. DEWRSB is undertaking research to examine more closely the type and volume of assistance provided to job seekers in Intensive Assistance.

Availability of services

Interviews with providers suggested that, in general, organisations offering a wider range of employment services were able to offer more versatile and responsive services to job seekers. Providers reported that their experience across a range of Job Network services allowed them to better share ideas and resources. A mix of business also makes it easier to move clients between services according to need. The benefits of having a mix of business was supported by research into best practice in case management which found that effective linkages and the support across business functions are a direct benefit of a diversified business and contribute to high performance (Employment Services Regulatory Authority 1997).

Providers who had delivered welfare assistance in the past, particularly Community Support Program providers, had a strong network of contacts with local support services. Providers who were new to an area took time to build these contacts. Qualitative research suggests that there was some adaptation and experimentation with forms of service delivery in the first year of the market. For example, one large organisation encouraged local initiatives and trials of approaches which could be applied elsewhere. Many providers interviewed said that new businesses needed a substantial buffer to allow for the business development needs of the establishment period in the first year. Most DEWRSB contract managers reported they had been allowing Job Network members plenty of space in the first 12 months to learn and adapt to the new system.

Service providers in country areas reported in qualitative research that they had access to a smaller range of local services compared with providers in urban areas. Large service providers in country areas also reported that it was more expensive for them to provide internal specialised services such as counselling and guidance compared with providers in urban areas, because of the cost of travelling between offices. This has been addressed in the second Job Network tender with the introduction of price competition for all services.

11.2.4 Contestability

The open tendering process resulted in a substantial increase in the number of sites delivering employment services compared to arrangements under a substantially non-contestable environment. It also resulted in a range of specialist providers and Job Network members who operate in a wide range of business combinations, both with other Job Network services and with other businesses. Examples of business combinations include government programs such as Work for the Dole, government contracts in other welfare services and private sector employment services.

Although this report is looking at implementation issues in the current Job Network market, the second tender results support the competitive tendering model and the role of competition in selecting the best performing organisations. The results of the second tender should also clearly focus providers on performance—through the delivery of outcomes and client service—as the key to their future role in the market.

It is also important to note that the achievement of outcomes is not just about providers' short-term viability. As demonstrated in the outcome for the second Job Network tender, poorer performing organisations and those that do not focus on the most disadvantaged job seekers are unlikely to secure ongoing contracts.

The implications of contestability for the future and the need for a full open tender process are discussed in Section 11.3.

11.2.5 Choice-driven competition

Under Job Network, employers and job seekers can make their own choices about which Job Matching provider or providers they use. Employers can in principle ‘shop around’, but this is limited by their understanding of the range of services provided under Job Network. To date, job seekers have selected Job Matching providers mainly on the basis of the available vacancies.

Job seekers choose Intensive Assistance providers predominately on the basis of location, recommendation or provider characteristics. A range of providers in each region means it is possible for disadvantaged job seekers to choose an organisation which suits their needs. Some job seekers do not choose and are referred automatically. It should be noted, however, that making a choice about providers is very new to job seekers. Many job seekers interviewed in qualitative research found the process of choosing daunting. However, the extent to which job seekers can make informed choices has been limited by the amount of information available publicly on provider performance (Chapter 6). Performance information on individual providers was not released in the first contract period because of the need to allow time for a valid body of performance information to accumulate for all providers.

The availability of performance information is important to employer and job seeker choice. Such choice, in turn, is central to making local competition work. How the performance information that is to be released throughout the second contract period will affect choice will therefore be an important area for further investigation.

11.2.6 Performance-based funding

Performance-based funding in the first contract period involved fees for placement in Job Matching and outcome fees for Intensive Assistance. The structure of fees in Intensive Assistance was designed to provide incentives to pursue quality and equity:

- Quality of outcomes was pursued by paying for placement in employment that substantially reduced a job seeker’s income support. Payments for placement in sustained employment are strictly defined in terms of either reduction or cessation of income support for a duration of 13 or 26 weeks.
- Equity of outcomes was pursued by providing higher financial rewards for placing disadvantaged job seekers and by informing providers that outcomes for disadvantaged groups would be used as indicators of performance for the second tender.

Under Job Matching a number of changes were made in the payment of fees primarily in order to overcome early problems that some providers experienced with cash flow. In December 1998, the fee structure was modified to allow the payment of a retainer of 30% of the placement fee. Service fees were also provided to cover a wider range of services to job seekers such as the preparation of resumes and to facilitate access to touch screen job search facilities.

Up-front service fees were paid for Job Search Training in the first contract period. Fees were price competitive. Job Search Training providers also received Job Matching contracts and, therefore, could obtain placement fees through Job Matching for Job Search Training participants. In the second contract period, retention in sustained employment will also be rewarded for Job Search Training participants with the application of the payment after 13 consecutive weeks in employment. This means that this retention payment will apply to job

seekers unemployed for three months or more in addition to those already eligible (the long-term unemployed placed through Job Matching).

Performance-based funding is designed to focus providers on securing employment outcomes (and education in some cases) for their clients. While the outcomes data available to date are early, especially for Intensive Assistance, they compare favourably to that of previous labour market assistance arrangements. For example, a higher proportion of Intensive Assistance participants were off income support, or on reduced rate, compared to the previous contracted case management system (where the outcome component of the fee structure was lower than under Intensive Assistance). This suggests that an increased emphasis on outcome payments may be related to better outcome levels, although the impact of differing client characteristics or economic conditions have not been taken into account. The system, however, has had some administrative issues to sort out. For example, providers reported they spent considerable time on the Integrated Employment System reconciling payments with outcomes, while many providers interviewed in May 1999 reported difficulty claiming payments, partly as a result of attempting to claim payments after the required 28 days (Section 6.4.1).

Some providers reported concerns with the availability of jobs that would meet the strict outcome payment requirements. They reported a scarcity of full-time work and the relative predominance of casual, part-time or seasonal work or jobs offered by contract labour organisations.

Use of outcome payments provides incentives in two ways. Firstly, they provide a simple financial reward and, secondly, they are a clear measure enabling comparison with other providers. This is important given the weight placed on performance in the second tender round. Job Network members were provided with regular information on a monthly basis concerning their performance compared to the average regional level of performance throughout the first contract period. At this stage of the evaluation, it is not possible to establish whether the fee structure is clearly operating as an incentive to providers to pursue cost effectiveness and equity of outcomes for all job seekers.

Equity and value for money can be a concern in Intensive Assistance if the fee structure does not provide sufficient incentive to help the most disadvantaged (as raised in Chapter 6). In the first contract period, the fee structure was graduated, with the most-difficult-to-assist awarded higher payments. In the second tender round, tenderers were able to submit their own prices for Intensive Assistance according to job seeker and labour market need (fees are still graduated by the level of job seeker disadvantage). Further analysis is planned to assess how these changes impact on issues about equity and value for money.

Experience with various fee structures in the first contract period suggests that it may be necessary to use a combination of up-front service fees and outcome payments to ensure cash flow for providers to fund services for job seekers. Use of service fees needs to be accompanied by a quality assurance process which establishes whether the service purchased has been delivered. This is being addressed under Job Network through contract management, performance monitoring, milestone reviews, a code of conduct, a complaints mechanism and quality audits. Such mechanisms are particularly relevant until a more competitive regime is developed where job seeker choice plays a greater role in selection of their Job Network member.

11.3 Some issues for future development

This report has examined the implementation of Job Network and the experiences of stakeholders (particularly job seekers and employers) with the employment services available from Job Network. It has not been possible, however, to examine all issues that have arisen from implementation and early market experience. Further research is warranted on areas such as: balancing competition with business viability; balancing quality service with flexible delivery; and developing a culture of informed choice for employers and job seekers. Issues for further research have been identified throughout this report. Some outstanding issues are covered below.

Maintaining service quality in a competitive environment

Mechanisms in place to ensure high quality services include:

- Entry level requirements—including the standards used in tender assessment, information on past performance, and requirements in the contract including service standards. Providers operate under a code of conduct and a mechanism for handling complaints has been established.
- Quality audits—Job Network providers may be audited in response to complaints by job seekers or issues identified by contract managers. Community Support Program providers may be audited several times during the contract period.
- Quality improvement process—encouraging ongoing attention to quality through mechanisms such as the practice-improvement approach being developed by DEWRSB. This strategy is based on quality management principles and incorporates the development of a range of training products and other resource materials including a practice-improvement information/feedback page on the Job Network internet site.

Further examination will be appropriate to establish how well the above arrangements ensure quality of service to clients.

How does competition impact on quality improvement?

Competition between providers may restrict the amount of information sharing. However, it provides a strong incentive for self-improvement. Small providers may choose to share information to develop best practice because they do not have internal research capacity to study the most effective forms of assistance. Larger providers may have this capacity.

The role of Government in developing and sharing information

There are limits on what we know about which forms of assistance are most effective. The flexibility inherent in Job Network makes it possible for members to trial various approaches in different locations and compare their impact. This information could be shared between Job Network members. How best can the Government distribute this information to all Job Network members while supporting a competitive environment?

Is a full open tender process the only option?

Are there more effective alternatives, such as extension of contracts for high performing providers resulting in their exemption from the open tender process?

Advantages of this approach are that it reduces the disruption to job seekers and may reduce costs. There is evidence that providers who are well established in a locality or who provide a mix of business offer a wider range of services and facilities to job seekers. Further examination is needed to establish whether these factors are related to higher outcomes levels. If so, this

would provide support for an examination of the need for a full open tender process.

Regional operation of Job Network

While it has been possible in the evaluation to assess Job Network implementation and early market experience at a national level, the question remains as to the extent of local variations from the national picture. An assessment of the operation of Job Network at the local labour market level is needed to measure regional variations in access, responsiveness and market development.

Attachment A

Job Network

Job Network is a national network of around 300 private, community and government organisations dedicated to finding jobs for unemployed people, particularly the long-term unemployed.

Centrelink is the gateway to Job Network and undertakes the registration, assessment and referral of job seekers to Job Network members. Centrelink also provides job seekers with information about Job Network and the employment services available in their local region.

Self-service systems

Self-help facilities form the first tier of support for job seekers and are available in Centrelink offices throughout Australia. All job seekers, regardless of their duration of unemployment or whether they are in receipt of income-support payments, are able to access the self-help facilities in Centrelink Customer Service Centres to assist with their search for work. The free-of-charge facilities available include:

- Job vacancy displays on touch screens and through the Australian Job Search web site (providing details of job vacancies throughout the National Vacancy Data Base).
- Information on service-provider services available locally.
- Information about other services such as migrant services, health issues and local initiatives.

The touch screens are also available at Job Network sites across Australia.

Job Network Access

Job Network Access provides job seekers with access to personal computers and printers, photocopiers, facsimile machines, telephones, newspapers and relevant career and job search information as well as information about Job Network members and relevant local initiatives.

Job Network services

Job Network members may offer the services outlined below.

Job Matching

Job Matching involves matching a job seeker to a vacancy. Eligible job seekers are given a Job Network card that can be shown to local Job Network members. Job seekers can link with up to five Job Network members at any one time. Job Network members providing Job Matching services canvass employers for jobs, and match and refer suitable job seekers to vacancies.

All Job Network members are required to register and advertise their job vacancies on the National Vacancy Data Base which is available from the touch screens in Centrelink Customer Service Centres and from certain Job Network members. These vacancies are also accessible on the internet.

Job Network members providing Job Matching are paid on an outcome basis and receive their tendered fee when they place job seekers into work.

Project Contracting

Project Contracting is an additional service within Job Matching. It is specifically concerned with harvest employment opportunities and involves attracting sufficient numbers of job seekers to undertake work in areas in the peak harvest season.

Job Search Training

Job Search Training provides practical help to improve a job seeker's chances of getting a job. The job seeker and Job Network member identify the job seeker's specific job search needs and decide what activities will improve their chances of getting a job. The job seeker and Job Network member then sign a job search skills plan.

Job Network members provide assistance to job seekers to prepare them to apply for jobs and to give them the skills and confidence to perform well when speaking to employers. Assistance may include access to telephones, computers and newspapers and a range of activities such as training in interview techniques, resume writing, presentation and practical job search skills. Job Search Training is provided over a three-week period.

Signing of the job search skills plan signifies the date when a claim for payment of the contracted fee can be made. In addition, Job Network members are eligible for a payment if they achieve a Job Matching outcome for a Job Search Training job seeker.

Intensive Assistance

Intensive Assistance provides individually tailored help to eligible job seekers who are long-term unemployed or disadvantaged in the labour market. Through Intensive Assistance, job seekers receive individually tailored help to address their specific barriers to employment and help them find a job. This assistance may include counselling, vocational training, work experience, training in literacy, numeracy, English as a second language, wage subsidies, workplace modifications, help in job search techniques and support after they have found a job.

Intensive Assistance can be provided for up to two years depending on the classification level of disadvantage of the job seeker. Job Network members providing Intensive Assistance receive an up-front fee and two outcome-based payments. The first of these is paid 13 weeks after the job seeker's outcome is obtained (subject to the job or training placement being maintained to this point). A final payment is made if the outcome is maintained for 26 weeks.

In general, the focus of Intensive Assistance and its regime of outcome payments is on getting job seekers into employment. However, in line with the government's concern that young people should be encouraged to complete year 12, Job Network members providing Intensive Assistance are eligible to claim a full outcome payment if they assist a young person, 15 to 20 years of age who has not completed year 12 or equivalent, to complete two semesters of an eligible education or training course.

New Enterprise Incentive Scheme

The New Enterprise Incentive Scheme (NEIS) assists eligible job seekers with an idea for a viable new small business to become self-employed. NEIS assists participants to develop the necessary skills essential for business success.

NEIS is delivered by specialist Job Network members called managing agents, who have expertise in small business development. Managing agents provide a range of assistance that

includes training in small-business management skills, business advice and help to develop a business plan.

If the business plan is assessed as viable, the job seeker may be offered income support for up to 52 weeks, and business advice and mentor support during the first year of business operation. While NEIS does not provide start-up funds in the form of loans or grants, the development of a business plan during NEIS training will assist participants to obtain loans from banks or credit unions.

New Apprenticeships Centres

New Apprenticeships Centres are one-stop shops providing integrated and streamlined apprenticeship and traineeship services to employers. New apprenticeships cover a range of employment options, including small business, multimedia, communications, sports, engineering, retail and tourism. New Apprenticeship Centres are available free of charge to all employers, apprentices and trainees.

For the first contract period, the Government contracted New Apprenticeships Centres to:

- Provide information to employers, apprentices and trainees about New Apprenticeships.
- Market and promote New Apprenticeships locally.
- Administer New Apprenticeships support services to employers, apprentices and trainees.
- Work with State and Territory training authorities to provide an integrated service for employers, apprentices and trainees.
- Establish effective relationships with training providers, schools and Job Network members providing Job Matching services.

New Apprenticeships Centres also play a significant role in promoting and supporting reforms under the New Apprenticeships agenda. Following the reorganisation of portfolio responsibilities in October 1998, the Department of Education, Training and Youth Affairs took on the administration of New Apprenticeship Centres for the second contract period. To this end, the centres are no longer part of the Job Network.

Changes to Job Network

The Government announced a number of adjustments to Job Network in August and December 1998. Both the August and December adjustments focused mainly on the Job Matching elements of the employment services contract.

The August adjustments

The adjustments to Job Network announced in August 1998 included two main measures to enhance Job Network services for unemployed people. The changes saw a broadening of the eligibility for Job Matching services, with Job Network members now eligible to claim a payment for placing unemployed people who do not receive an allowance.

The decision to pay Job Matching fees for jobs seekers not on income support replaced the Government's original decision to limit eligibility to Job Network to clients on allowances. This adjustment was made to accelerate the growth of the market by widening the pool of eligible clients. The Government was in a position to expand the categories of job seekers who attract

Job Matching payments without losing the focus of Job Network on getting real jobs for the most disadvantaged.

Another key change was the provision of a market development grant to Job Network members providing Job Matching services. The grant was payable to a maximum of five Job Matching sites per agency in each labour market region. Employers and other groups were experiencing some confusion regarding some aspects of the market, particularly in regard to whether Job Network members would charge employers. The grant was intended to provide support for Job Network members to further assist in the transition to a competitive market.

The December adjustments

The December 1998 changes were designed to increase the income and cash flow of Job Network members. One important element of the adjustment package was to provide funds for Job Network members to promote their services in order to help overcome some of the confusion and unfavourable press coverage experienced in the early stages of the market.

The key initiatives of the December adjustments were:

- To improve the income and cash flow of Job Network members through:
 - Up-front retainers of 30% of expected Job Matching places for each contract-monitoring period.
 - Additional payments of \$100 per successful Job Matching placement to ensure the provision of a wider range of services to unemployed people (such as the preparation of resumes).
 - An additional \$45 per successful Job Matching placement in regional areas in recognition of the extra costs involved in servicing these areas.
 - Funding of \$25 per successful Job Matching placement for those Job Network members leasing touch screen job search facilities.
- Funding of up to \$1000 to each Job Matching site for local marketing activities to increase Job Network members' reach to employers and unemployed people.
- Administrative changes to promote referrals to Job Network members plus speedy payment for successful outcomes.
- Extending Job Search Training services to carers returning to the workforce irrespective of whether they are receiving a form of qualifying income support.
- Extending the current contract for Job Network members by three months so that they expire in late February 2000.

Under the December changes, provision was also made for Job Network members who did not want to continue in the employment services market. A package of up to \$15 000 per site was offered to providers to help with the cost of withdrawal.

Attachment B

Labour market trends

This attachment provides information on the economic and labour market trends during the 1990s and, in particular, since the introduction of the Job Network. Also provided are trends in the number of income-support recipients⁶⁰ over the same period. While employment assistance initiatives are designed to improve the employment prospects of the unemployed (particularly income-support recipients) the degree of improvement will, in general, be small compared to the effects of changes in economic conditions. Hence, care needs to be taken when interpreting these results and any impact the Job Network may have had.

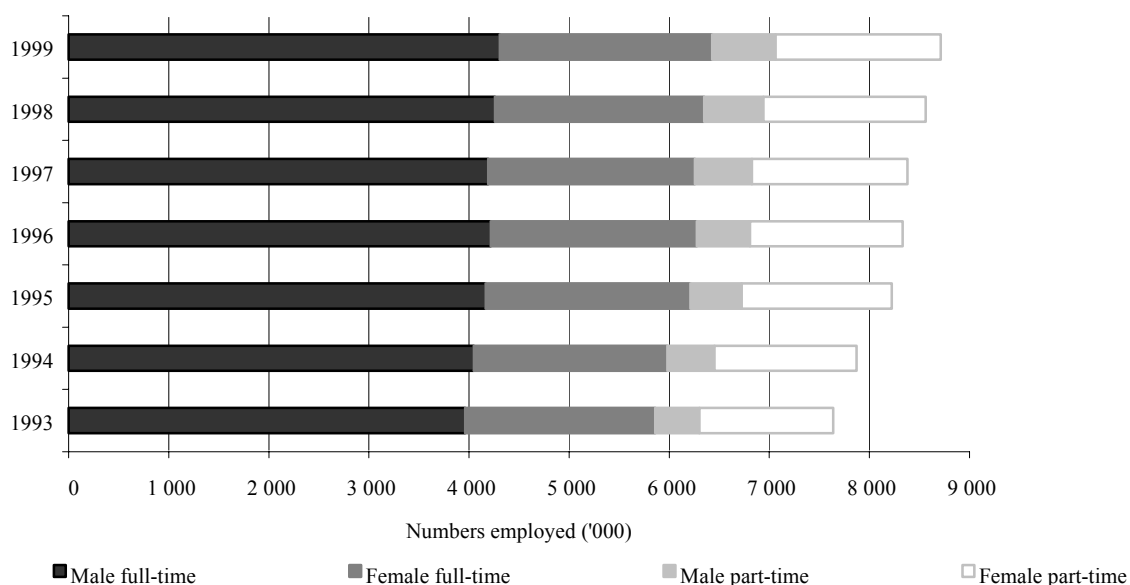
Economic and employment growth

Following the recession of the early 1990s, Australia has experienced sustained economic growth. Including the September quarter of 1999, the economy has grown in 33 consecutive quarters, expanding by nearly 40% since June 1991. This is the longest economic expansion since the 1960s and has been underpinned by strong business and consumer confidence in a low inflation, low interest rate environment.

Between 1993 and 1999, the number of employed Australians rose by more than one million (Figure B1). About half of this increase was in full-time employment. Growth in the number of employed women also accounted for about half of the increase. Men and women experienced employment growth in full-time and part-time employment.

Since the introduction of the Job Network, the total number employed has increased by 320 000.⁶¹

Figure B1: Total employment, 1993 to 1999



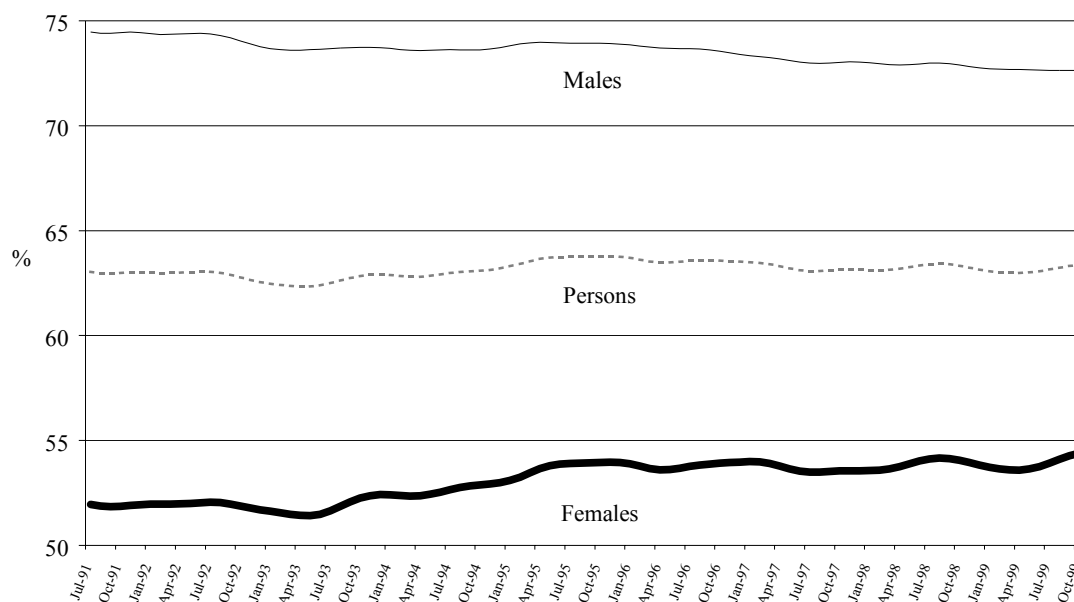
Source: Australian Bureau of Statistics, *Monthly Labour Force Survey*, Catalogue No. 6203.0

⁶⁰ Specifically, job seekers in receipt of Newstart Allowance and Youth Allowance who are not full-time students.

⁶¹ Australian Bureau of Statistics data are in trend terms (as at October 1999), unless otherwise specified.

Women have taken advantage of the strong jobs growth in the 1990s. The participation rate for women has increased from 51.9% in July 1991 to 54.4% in October 1999, while the participation rate for men in the labour force over the same period declined from around 74.5% to around 72.5% (Figure B2). The participation rate for all persons was 63.3 % in October 1999.

Figure B2: Participation rates for males, females and persons, July 1991 to October 1999 (trend data)



Source: Australian Bureau of Statistics, *Monthly Labour Force Survey*, Catalogue No. 6203.0

Over the last decade, casual employment has become a more prevalent form of employment. Over the period of 1993 to 1998, casual employment accounted for 56% of all job growth. Consequently, its share of total employment has risen from 23% to 27% (Table B1). During the last decade, the growth rate of full-time casual employment surpassed the growth rate of part-time casual employment. Since 1993, full-time casual employment has grown by 53%, albeit from a low base, while part-time casual jobs have grown by 29% over the same period. Despite recent trends, full-time casual employment currently represents around 30% of all casual employment and 12% of total full-time employment (and less than 10% of total employment).

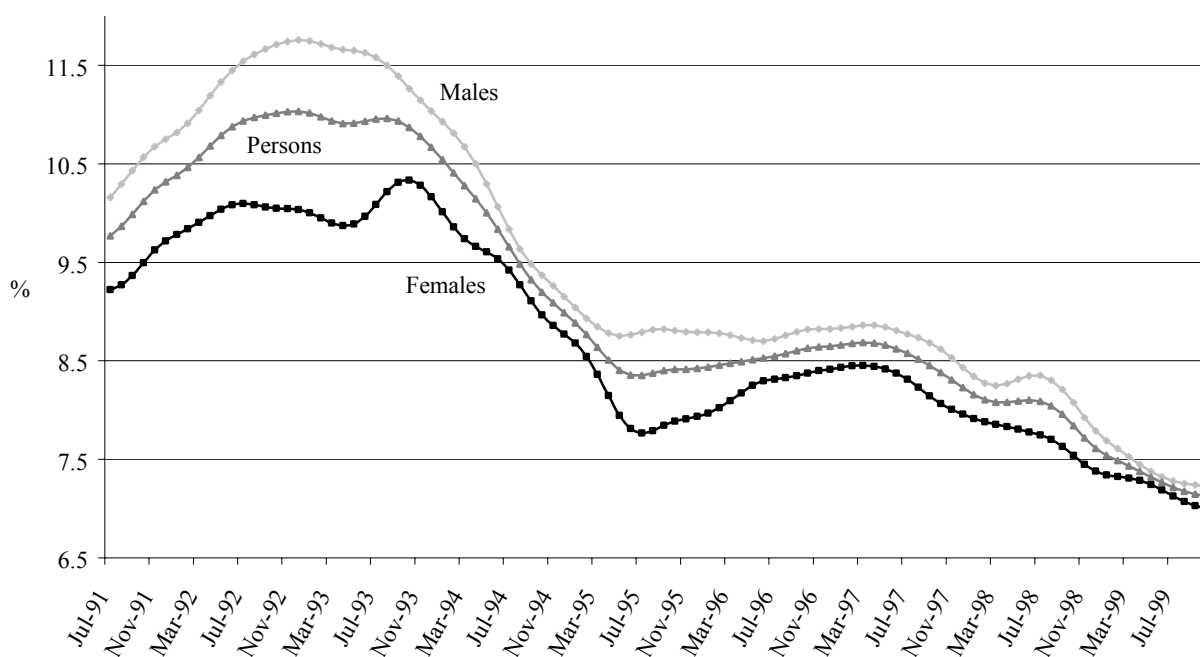
Table B1: Proportion of workers employed on a casual basis

	1993	1994	1995	1996	1997	1998
	% of those employed					
Full-time	8.4	9.1	9.5	10.8	10.6	11.8
Part-time	67.2	67.0	65.8	67.5	65.6	65.4
Total	22.7	23.7	24.0	26.1	25.8	26.9

Source: Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership, Australia*, Permanent and casual employees, Catalogue No. 6310.0

Unemployment rate

The unemployment rate for Australia decreased from a peak in mid-1993 of 11% to around 8.4% in mid-1995. There was a slight increase to 8.7% in 1997 but since then the unemployment rate has decreased (Figure B3). In May 1998, at the start of the Job Network, the unemployment rate was 7.9%. By October 1999, it had further decreased to 7.1%.

Figure B3: Unemployment rate for males, females and persons, July 1991 to October 1999 (trend data)

Source: Australian Bureau of Statistics, *Monthly Labour Force Survey*, Catalogue No. 6203.0

The decrease in the unemployment rate during the 1990s has been experienced across all unemployment duration categories. The number of unemployed job seekers decreased by 260 000 between the end of 1992 and October 1999 (Figure B4). Between May 1998 and October 1999, the number of unemployed job seekers decreased by 93 000. The number unemployed for less than one year decreased by 59 000, for those unemployed for one to two years by 26 600 and for those unemployed for two years or more by 7400.

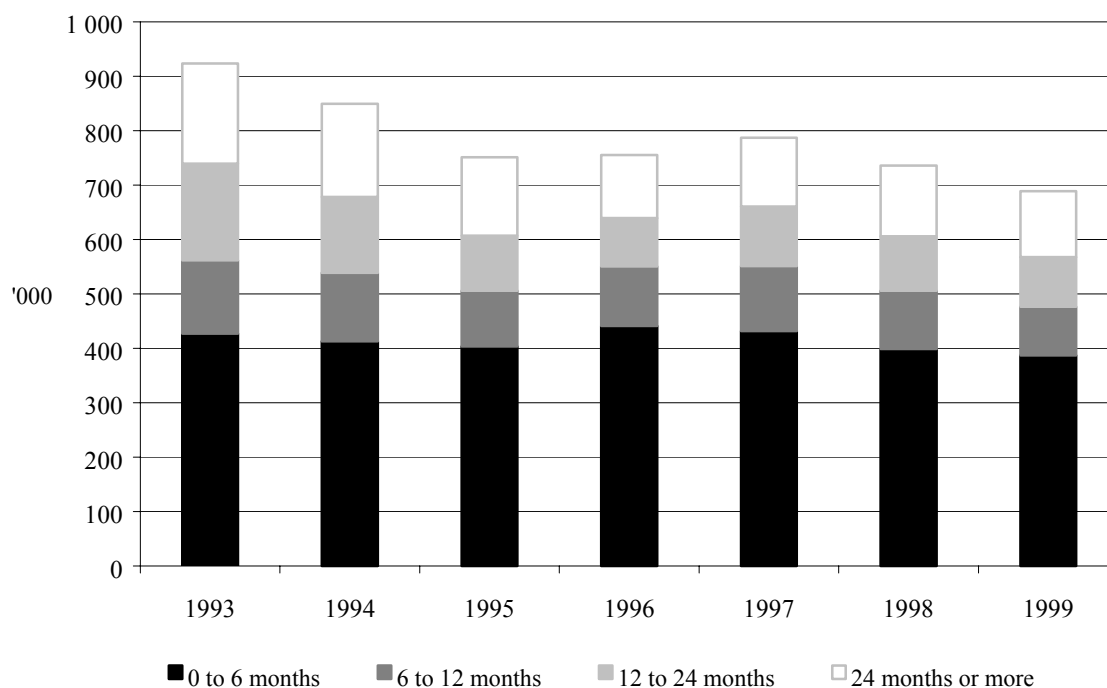
Income-support outcomes

Changes in the number of job seekers receiving income support will reflect how competitive these job seekers have been in the labour market. In the following analysis, only recipients of Newstart Allowance and Youth Allowance or Youth Training Allowance have been considered. These form the majority of job seekers who have access to all Job Network services. Job seekers on other types of income-support payments and registered as unemployed have not been included because their participation in the Job Network is voluntary. It should be remembered that job seekers on Newstart and Youth Allowance can transfer to other payments and leave the labour force.

Numbers of Newstart Allowance and Youth Allowance job seekers

The number receiving a Newstart Allowance increased to a peak of 977 800 in early 1994, then fell in 1995 before increasing slightly until 1997 in line with unemployment levels (Figure B5). Since 1997, the number receiving Newstart Allowance and Youth Allowance had declined to 713 900 by September 1999. This decline has been evident for short and long-term income-support recipients.

Between September 1999 and the introduction of the Job Network in May 1998, there has been a decline of 160 500 in the number of Newstart Allowance recipients. For Newstart Allowance, there has been a fall of 129 600 for short-term recipients (less than 12 months duration on benefits) and 30 900 for long-term recipients (12 months or more).

Figure B4: Number unemployed and duration of unemployment, 1993 to 1999

Source: Australian Bureau of Statistics, *Monthly Labour Force Survey*, Catalogue No. 6203.0

Income support for unemployed people

Since the early 1990s, changes in the administration of income support for unemployed people have affected the number of job seekers receiving income support. These include:

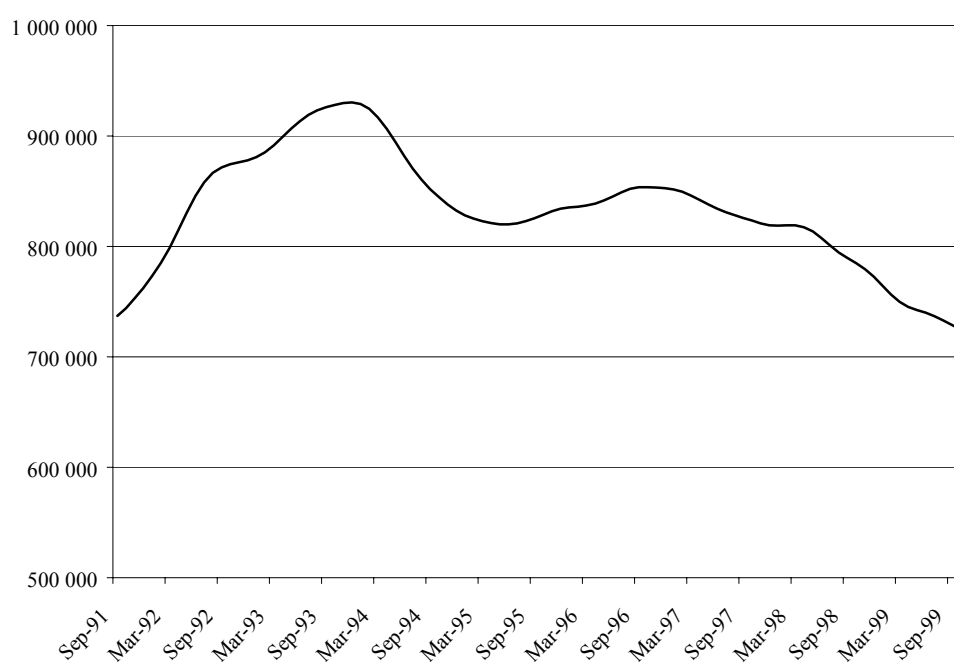
- Income-test reforms introduced in 1991 and 1995 to encourage job seekers to undertake paid employment. The amount a person could earn was increased before it affected their payment or their partner's payment. These changes would be expected to increase the number of income-support recipients because job seekers can continue receiving income support even though they have paid employment.
- From 1 July 1995, the partner allowances were changed to individual entitlements so both members of a couple could obtain a payment in their own right. Partners receiving income support are not included in Figure B5.
- From 1 July 1998, a family means-tested Youth Allowance was introduced for young people aged 15 to 21 years and to the age of 25 in the case of full-time students. The data contained in this report relate to Youth Allowance recipients aged 15 to 21 years, registered as unemployed and not in full-time education.

The Department of Employment, Workplace Relations and Small Business data show that the increase in exit rates by income-support recipients since the introduction of the Job Network has occurred for all duration categories. However, there is an increasing number of job seekers who leave income support for short periods but return again. This is likely to be the result of the increased availability of casual and temporary work. Many long-term-income-support recipients have had employment over the previous year. Research by the Department of Family and Community Services shows around 40% of these people have earned income in the previous year.

Encouragingly, this change in the types of available jobs and changes to the payment of income support to allow more part-time work has increased the attachment to work for a larger number of income-support recipients. However, it has reduced the flow between long-term and short-term income-support recipients. A period of at least 13 weeks off payment is required before a long-term-income-support recipient is reclassified to the short-term category upon re-registration.

However, the fall in the number of shorter-term-income-support recipients will reduce the flow into the longer-term categories over the year 2000. This, along with the increased exit rate, should see further reductions in the number of long-term-income-support recipients.

Figure B5: Number of income-support recipients (seasonally adjusted), 1991 to 1999



Source: Department of Family and Community Services

Attachment C

Sources of data

A number of studies were set up specifically for the stage one evaluation of Job Network. Details of these specific sources are provided below.

Qualitative study

This study was exploratory in nature and was intended to identify and examine the issues relating to:

- The setting up and implementation of Job Network.
- The extent to which the various components of the market were in place and operating as intended shortly after and again almost 12 months after implementation.

Field work for the study was in two waves:

- The first wave, conducted between July and August 1998, examined the transition to Job Network (including the tender process) and implementation. Focus groups and interviews were conducted with more than 300 participants in Inner Sydney, Wollongong, Goulburn, Gippsland, Brisbane, Cairns and Alice Springs. Participants in the study included job seekers, Job Network members, Area Consultative Committee representatives, Department of Employment, Education, Training and Youth Affairs (DEETYA) contract managers and Centrelink staff.
- The second wave of field work, conducted in April and May 1999, examined whether Job Network was operating as intended and provided feedback on early market experiences. This wave involved interviews and focus groups with more than 800 stakeholders in Canberra, Newcastle, Dubbo, Melbourne, Geelong, Hobart, Burnie, Brisbane, Rockhampton, Adelaide, Perth, Albany and Darwin. Participant interviews and focus groups were held with job seekers, employers, Job Network members, Area Consultative Committee representatives, Department of Employment, Workplace Relations and Small Business (DEWRSB) contract managers and Centrelink staff.

Indigenous case studies

The purpose of this research was to assess the level and quality of service delivered to indigenous people by Centrelink and Job Network. The research included focus groups with indigenous job seekers and interviews with a broad range of community stakeholders, (including Aboriginal Legal Service, Aboriginal Medical Service and the Aboriginal and Torres Strait Islander Commission), Centrelink representatives and Job Network members.

Fieldwork was conducted in June and July 1999 and covered issues relating to job seekers' expectations of Centrelink and the Job Network, Centrelink services and Centrelink's role in Job Network referral, indigenous job seekers' perceptions and their understanding of Job Network, cultural awareness of Job Network members, the role of indigenous specialists in Job Network, and issues for Job Network members.

Literature review

A comprehensive review of labour market assistance literature was conducted. The review covered employment-assistance policies over time and internationally. It examined these policies in terms of their response to the prevailing environment and in terms of their attempt to solve

particular problems. Information for the review was gathered from a number of resources including books and journal articles from Australia and overseas.

Other sources

The evaluation report has used information from a range of other sources which include:

DEWRSB administrative systems

Primarily this refers to the Integrated Employment System, which contains information on job seekers who have received employment assistance and the type of assistance received such as, placements, commencements and paid outcomes. Income-support recipient numbers and the income-support status of former program participants are also derived from Centrelink income support data in the system.

Post program monitoring (labour market assistance outcomes) survey

The ongoing post program monitoring survey is undertaken to assess the employment and education status of former employment assistance participants. The survey attempts a full enumeration of all former employment assistance participants around three months after participation, except in the case of Job Matching where a sample of around 50 000 job placements each year are followed-up. Job seekers who leave employment assistance and then proceed to another employment assistance place (that is, those in further employment assistance) are not surveyed as their outcome is known. The overall response rate for the post program monitoring survey, at around 60%, provides outcomes estimates that are generally accurate to within plus or minus one percentage point at the national level.

Service Quality Monitoring Program

The Service Quality Monitoring Program was developed to provide information on the quality and responsiveness of services delivered by Job Network and Centrelink. Quality of service delivery is one of the key design principles of Job Network and has an important role in supporting the efficiency and effectiveness of the market.

The program plays a key role in the performance management of individual Job Network service provider contracts and the Centrelink service arrangement, by monitoring performance against established standards of service. The surveys are conducted regularly (annually or biennially) using computer-assisted telephone interviewing techniques.

The current program of surveys for measuring service quality was implemented in 1998–99 following the changes in service delivery. The program comprises four surveys, which mirror the service relationships within the employment services market:

- *Job seeker satisfaction and perceptions with Job Network 1999*—A telephone survey was conducted in May–June 1999 covering approximately 15 000 job seekers who had used Job Network in the previous 12 months.
- *Job seeker satisfaction with Centrelink services 1999 and 1998*—Approximately 2000 interviews were conducted in April and May 1999 with job seekers who been in contact with Centrelink during the previous six months. In 1998, the survey covered 3000 job seekers.
- *Job Network members' satisfaction with Centrelink referral services 1999*—This survey canvassed the views and perceptions of all Job Network members about the quality of Centrelink services they received. Staff from over 1000 individual Job Network member sites involved in delivering the full range of Job Network services were interviewed.

- *Survey of employers' use of Job Network*—The study involved a telephone survey in June–July 1999 of approximately 10 200 employers, including employers who had used New Apprenticeships Centres in the past 12 months.

The previous survey program collected information on service quality under the Commonwealth Employment Service (CES). This included surveys of employer and job seeker satisfaction:

- *Employer satisfaction with CES 1996*—A national telephone survey of 32 900 employer clients. The survey was designed to measure employer satisfaction with the service provided by the CES office that they would normally use.
- *Job seeker satisfaction with CES 1997*—In July 1997, a survey of approximately 7500 job seekers was conducted to measure the quality of employment assistance delivered to job seekers by government agencies.

Job Seeker Classification Instrument post implementation review

A post implementation review of the Job Seeker Classification Instrument (JSCI) conducted between September and November 1998 examined the extent to which:

- The JSCI is being administered consistently and accurately through Centrelink.
- The instrument provides an accurate measure of job seeker labour market disadvantage.

The review consisted of:

- Focus groups with Centrelink staff, Job Network members and peak bodies including the Australian Council of Social Services and the National Employment Services Association. These were held in all Australian capital cities and Townsville to gather information on Centrelink's operation and application of the JSCI.
- Analysis of administrative data to determine JSCI bandwidth classification performance and how the JSCI bandwidth affects equity in group representation.

Job Network Access post implementation review

A post implementation review of Job Network Access was conducted in late 1998. The main aim of the review was to provide early feedback on the operation of Job Network Access within its established parameters and make recommendations for cost-effective finetuning. The review examined job seeker awareness and satisfaction with Job Network Access and Centrelink staff attitudes and awareness of the service. The review also looked at the implementation and operation of Job Network Access.

A mix of quantitative and qualitative data were gathered through a range of research approaches including:

- Focus group discussions with 120 job seekers and key Centrelink staff in nine sites.
- A survey of more than 1900 job seekers.
- An analysis of existing Job Network Access usage data collected by Centrelink and DEETYA from the fully equipped sites and from the help desk.

Job Matching pilot survey

The Job Matching pilot survey was carried out in February and March of 1999. The survey covered around 1500 randomly chosen job placements, and questionnaires were sent to job

seekers three months after their placement. The placements were chosen randomly. The aim of the survey was to assess the effectiveness of Job Matching by measuring the sustainability, income, hours worked, occupation and client satisfaction with Job Matching services. The main survey was conducted in July–October. Results from this survey were not available in time for the evaluation report.

Communications review

This study aimed to measure the effectiveness of the Job Network communication strategy, including the Job Network concept and logo. The research involved focus groups and surveys of employers, job seekers and members of the public, to assess their awareness of the advertising and knowledge of the changes in employment assistance. Fieldwork for this research was undertaken in June 1998 and again in April and May 1999.

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List of acronyms

CES	Commonwealth Employment Service
DETYA	Department of Education, Training and Youth Affairs
DEETYA	Department of Employment, Education, Training and Youth Affairs
DEWRSB	Department of Employment, Workplace Relations and Small Business
IES	Integrated Employment System
JSCI	Job Seeker Classification Instrument
NEIS	New Enterprise Incentive Scheme
OECD	Organisation for Economic Cooperation and Development

Explanatory note

Prior to October 1998, the Department of Employment, Education, Training and Youth Affairs oversaw the Job Network arrangements.

In October 1998, as part of a major restructuring of key government departments, the employment aspects from the Department of Employment, Education, Training and Youth Affairs were transferred to the new portfolio of Employment, Workplace Relations and Small Business.

From 21 October 1998, the Department of Employment, Workplace Relations and Small Business had responsibility for administering Job Network, and overseeing employment policies, programs and services.