



Australian Government

**Department of Education, Employment
and Workplace Relations**

Active Participation Model Evaluation:

July 2003 — June 2006

Evaluation and Program Performance Branch
Research and Evaluation Group

November 2007

For further information about this report contact
the Employment Services Evaluation Section, Jobs Strategies Group
Department of Education, Employment and Workplace Relations
GPO Box 9880, CANBERRA ACT 2601
General: 1300 363 079
Switchboard: 13 33 97
Text telephone for the hearing impaired (TTY): FreeCALL TM 1800 554 609
<http://www.deewr.gov.au/>

ISBN: 978-0-642-32869-4

© Commonwealth of Australia 2007

This work is copyright. Apart from any use as permitted under the Copyright Act 1968, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to the Commonwealth Copyright Administration, Attorney General's Department, Robert Garran Offices, National Circuit, Barton ACT 2600 or posted at <http://www.ag.gov.au/cca>

Executive summary	1
1 Introduction	13
1.1 The <i>Active Participation Model</i>	13
1.1.1 A continuum of assistance.....	13
1.1.2 Job seeker engagement.....	15
1.1.3 Expanded employment exchange.....	15
1.1.4 Customised assistance	16
1.1.5 The Job Seeker Account.....	16
1.1.6 Links between Job Network and other programs.....	16
1.1.7 The activity test and mutual obligations	17
1.2 Evaluating the <i>APM</i>	17
1.2.1 Performance measures.....	18
1.2.2 Job seeker groups	18
1.3 Trends in unemployment and income support recipients.....	19
1.4 Characteristics of Job Network clients.....	20
2 Job seeker engagement.....	23
2.1 Background	23
2.2 Initial referral to Job Network services	23
2.2.1 Effectiveness of the initial connection processes.....	24
2.2.2 The effect of <i>RapidConnect</i> on job seeker outcomes.....	25
2.3 Job seeker attendance at appointments with providers	27
2.4 Reconnection and appointment attendance rates	30
2.4.1 Effectiveness of the reconnection process	30
2.4.2 Compliance effect	33
2.5 Conclusion.....	34
3 Commencements and participation	35
3.1 Background	35
3.2 Program commencement rates	36
3.2.1 Intensive Support job search training.....	36
3.2.2 Intensive Support customised assistance.....	40
3.2.3 Other phases in the continuum.....	41
3.3 Factors affecting commencement.....	42
3.4 The continuum of assistance	43
3.4.1 Did job seekers follow the continuum.....	43
3.4.2 The effect of the continuum on outcomes.....	45
3.4.3 Exits while in the continuum.....	47
3.5 Conclusion.....	48
4 Employment exchange services	51
4.1 Background	51
4.1.1 Job Placement.....	51
4.1.2 Increased automation of employment exchange	51
4.2 Evaluating Employment Exchange services	52
4.3 Labour market accessibility	52
4.3.1 The number and range of positions (vacancies) advertised	52
4.3.2 Referrals	54
4.3.3 Placements.....	57
4.4 Employer servicing	58
4.5 Have the changes contributed to increased employment outcomes?.....	61
4.5.1 Job Placement outcomes	61
4.5.2 Sustainability of outcomes	62
4.5.3 Outcomes arising from automated job matching	63

4.6	Conclusion.....	65
5	Job search behaviour	67
5.1	Background	67
5.2	Job Network and job search	67
5.3	Auto-matching and job search.....	69
5.4	Job search activities.....	69
5.4.1	Methods used to look for work	70
5.4.2	Changes over time	71
5.4.3	The role of private employment agencies	72
5.5	Job applications	73
5.6	Job search effectiveness	74
5.6.1	Sources of vacancies	75
5.6.2	Types of jobs obtained	76
5.6.3	Changes in successful job search methods.....	77
5.7	Conclusion.....	77
6	Intensive phase of assistance.....	79
6.1	Background	79
6.2	Have the right job seekers been referred to ISca?	80
6.3	The characteristics of ISca participants.....	82
6.4	Participation in ISca	85
6.4.1	Reported barriers to employment.....	85
6.4.2	Assistance provided.....	86
6.5	Effectiveness of assistance	93
6.5.1	Outcomes.....	93
6.5.2	Sustainability of outcomes	95
6.5.3	Net impact of assistance.....	98
6.5.4	Impact on costs and cost effectiveness.....	100
6.6	Conclusion.....	101
7	Options for providing assistance	103
7.1	The Job Seeker Account.....	103
7.1.1	Broad trends in JSKA allocation and expenditure	103
7.1.2	Use of the Job Seeker Account by providers	106
7.1.3	The effectiveness of JSKA-funded assistance	109
7.2	Complementary Programs.....	111
7.2.1	Use of Complementary Programs	111
7.2.2	Commencements in Complementary Programs.....	112
7.2.3	Exits from Income Support	112
7.2.4	The Impact of Complementary Programs	113
7.3	Conclusion.....	114
8	Post-ISca2 assistance.....	117
8.1	Background	117
8.2	Job seekers who completed ISca2.....	117
8.2.1	Characteristics of job seekers who completed ISca2	117
8.2.2	Barriers to employment.....	118
8.3	Job seeker participation.....	119
8.3.1	Assistance after ISca2	119
8.3.2	Level of contact.....	120
8.3.3	Exemptions.....	121
8.4	Assistance provided to job seekers.....	121
8.4.1	Job Network services	121
8.4.2	Use of the Job Seeker Account	122

8.5	Effectiveness of assistance	123
8.5.1	Job referrals and job placements	123
8.5.2	Income support status	125
8.6	Conclusion	125
9	Further aspects of performance	127
9.1	Background	127
9.2	Level of disadvantage	127
9.3	Overall performance	128
9.3.1	Exits from Job Network	129
9.3.2	Off-benefit exits and returns to income support	133
9.3.3	Income support reliance	135
9.3.4	Value for money	136
9.4	Factors affecting performance	138
9.4.1	The JSCI threshold	138
9.4.2	Star ratings	140
9.5	Conclusion	142
10	Concluding comments	145
10.1	Summary of findings	145
10.2	Areas for improvement	148
10.3	Did the <i>APM</i> meet its objectives?	149
Attachment A: Overview of employment services		151
Job Network		151
Changes after the introduction of the <i>APM</i>		152
Attachment B: Data sources		155
Specific studies		155
Other sources		156
Bibliography		161
List of acronyms		165

Executive summary

The *Active Participation Model (APM)*, implemented on 1 July 2003 as part of the third Employment Services Contract (ESC3), was the most significant change to Job Network since its inception in 1998. This report presents an analysis of the operation of Job Network in the first three years of the *APM* (ie, during ESC3, 1 July 2003 to 30 June 2006). Where it is appropriate and possible, comparisons are presented with the performance of Job Network in the second Employment Services Contract (ESC2).

The primary objectives of the *APM* are to:

- increase the effectiveness of employment services in securing employment and other positive outcomes for job seekers; and
- ensure that job seekers who remain unemployed are engaged in ongoing employment-focused activity and job search.

Main changes to employment services under the APM

The *APM* introduced a continuum of assistance to ensure that job seekers had continuous and uninterrupted employment services. This involved:

- a single Job Network member providing increasingly intensive assistance to a job seeker throughout their period of unemployment;
- the introduction of two streams of assistance: Job Search Support and Intensive Support (after three months of unemployment);
- incorporating mutual obligation requirements into the continuum; and
- increasing the range of outcomes fees to strengthen the link between the delivery of services and achieving outcomes.

Rapid connection processes were introduced to hasten job seekers' engagement with Job Network. Reconnection processes were also introduced to re-establish engagement when a job seeker failed to attend an interview or service without a valid excuse.

Employment exchange services were expanded. These changes involved increasing the number of organisations providing job brokerage through issuing Job Placement Licences to Job Network members and other (private) employment agencies, the inclusion of commercial job vacancy data bases on Australian JobSearch and greater use of electronic services in job search and matching activities. This included auto-matching information in a job seeker's vocational profile against the requirements of vacancies listed on JobSearch.

Intensive Support customised assistance replaced Intensive Assistance, with each episode of assistance (to a maximum of two per unemployment spell) reduced from a maximum of 12 to six months, with a six-month gap in between. All Fully Job Network Eligible job seekers assessed (by the Job Seeker Classification Instrument) to be at risk of long-term unemployment (ie, highly disadvantaged) and those continuously unemployed for 12 months were eligible for Intensive Support customised assistance. To accommodate this change duration of unemployment was removed from the Job Seeker Classification Instrument as one of the factors used to assess risk of long-term unemployment.

The Job Seeker Account was introduced to provide Job Network agencies with a pool of funds for purchasing services or other forms of assistance for job seekers. Although the

amount credited for each job seeker increases with the job seeker's duration of unemployment and level of disadvantage, the level of expenditure on any job seeker is at their Job Network provider's discretion.

The *APM* was designed to enhance the link between Job Network and other programs. Accordingly, employment service providers were able to refer job seekers to programs outside Job Network (Complementary Programs) while continuing to provide Job Network services.

To maintain their eligibility for income support job seekers were now required to maintain a minimum level of job search activity irrespective of where they were in the continuum of assistance. Moreover, most job seekers on activity tested payments were required to participate in mutual obligation activities for six out of every 12 consecutive months they received income support while actively participating in Job Network services.

The changing client group

Economic growth occurred in most areas of Australia throughout ESC2 and ESC3. This contributed to an overall decrease in unemployment and higher labour force participation. Combined with government moves to increase the labour force participation of job seekers not subject to the activity test, this significantly changed the characteristics of the population eligible for Job Network services. Understanding this change to the client population is crucial to interpreting the relative performance of Job Network under the *APM*.

The main change in the Job Network eligible population over this period was a fall in the proportion and number of job seekers who were on activity tested payments. In June 2003, Newstart Allowance and Youth Allowance (other) recipients represented 80% of the Fully Job Network Eligible population compared with 64% in June 2006. Over the same period, the proportion of job seekers on non-activity tested payments increased from 18% to 33%. The remainder of the population were not on income support. Steps to increase labour force participation of sole parents contributed to an increase in the number of Fully Job Network Eligible job seekers from 677,600 at the start of the *APM* to 724,700 three years later. Job seekers not subject to the activity test can participate in Job Network as volunteers.

Key evaluation findings

The evaluation did not attempt to measure the performance of all aspects of Job Network. Rather, it focussed on the main changes to the employment services introduced with the *APM* and assessed the model against its objectives. The analysis was based on a broad range of partial measures. While at the aggregate level, the proportion of job seekers who exited from Job Network assistance was found to be lower for ESC3 than for ESC2, a detailed analysis found that:

- net employment impacts of Intensive Support job search training and Intensive Support customised assistance increased compared with the corresponding programs delivered during ESC2;
- commencement rates for Intensive Support job search training and customised assistance also improved. This was particularly evident for job seekers not subject to the activity test;
- a comparative analysis of exit rates from both Job Network (ie, employment assistance no longer required) and income support for Fully Job Network Eligible job seekers confirmed Job Network's stronger performance during ESC3 relative to ESC2;

- the costs per employment outcome continued to decline during ESC3 despite increasing numbers in assistance and increasing costs of assistance; and
- outcomes under the *APM* were more likely to be sustained.

The introduction of the *APM* was also found to have increased the level of engagement between job seekers and Job Network. Under ESC3 job seekers commenced assistance sooner and undertook more active job search. This higher level of engagement seemed to be maintained throughout a job seeker's spell of unemployment and is likely to have contributed to improved employment outcomes.

In the main, improved performance can be largely attributed to the changes to Job Network introduced under the *APM*, including:

- expansion of employment exchange services which contributed to an increase in job placements;
- the implementation of new processes for connecting (and reconnecting) job seekers with employment service providers, combined with a single provider and continuum of assistance. These changes reduced the time that job seekers wait before receiving assistance and appear to have helped raise and maintain job seekers' levels of engagement;
- the introduction of the Job Seeker Account, which facilitated the delivery of significant levels of assistance to disadvantaged job seekers serviced by Job Network ; and
- the reduction in the length of the intensive phase of assistance which may have reduced the attachment effect (ie, a reduction in job search as a result of participating in a labour market program) of this type of intervention and extent to which job seekers were being "parked" (ie, received a minimal level of service from their Job Network provider). The intensive phase of assistance prior to the introduction of the *APM* could last for over 12 months and in this time the level of service to job seekers and the extent to which they undertook pro-active job search dwindled. This lowered the effectiveness of this type of assistance.

Areas where refinements to the employment services could be made include:

- providing job seekers in the early days of their unemployment spell with more detailed advice on the best ways to look for work;
- encouraging job seekers without significant barriers to employment to make greater use of private employment agencies;
- developing more effective approaches towards:
 - assisting disadvantaged young job seekers. Intensive Support customised assistance was found to have a very small impact on the employment prospects of job seekers under 25 years of age;
 - engaging job seekers who persistently fail to attend interviews. Many of these job seekers repeatedly provide reasons accepted as valid for not attending appointments with their employment service providers;
 - increasing participation among job seekers not subject to the activity test. Commencement rates by these job seekers improved after the introduction of the *APM* yet remained well below those of activity tested job seekers; and

- the use of Complementary Programs by raising awareness in Job Network of the availability of these programs; and
- raising the quality of data collected on job seeker skills and characteristics and vacancies. This could be used to improve auto-matching if auto-matching is to continue.

Detailed findings

Job seeker engagement

The *APM* attempted to increase the frequency and continuity of contacts between job seekers and the employment services. This was to be achieved by the following:

- Reducing the time that job seekers waited before receiving employment assistance:
 - Both the *Streamlined Referral* process, (July 2003 to August 2005), and *RapidConnect* (a refinement implemented in September 2005) reduced the time it took to connect job seekers with their Job Network provider and improved job seeker attendance at their initial appointment with their provider.
 - Under ESC2 only 57% of job seekers had connected with a Job Network member within two weeks of commencing income support whereas 69% had connected under *RapidConnect*.
 - The average time between first contact with Centrelink and the first contact with a Job Network provider fell from 11 days under *Streamlined Referral* to three days under *RapidConnect*.
 - Job placements at initial contact with a Job Network member were found to be slightly higher under *RapidConnect* than under the *Streamlined Referral* process. (36% and 30% respectively of job seekers referred to a job obtained a placement within two weeks of initial Job Network contact).
 - Overall, these improvements are likely to have led to income support savings because some job seekers did not claim income support as a result of this initial contact.
- Introducing minimum contact requirements designed to maintain engagement between job seekers and their provider:
 - During ECS3, however, job seekers attended just over 50% of scheduled Intensive Support customised assistance appointments with this proportion declining slightly over the course of ESC3. In around 30% of cases of non-attendance job seekers failed to provide an acceptable reason, while the remainder (around 20%) provided reasons deemed valid.
 - The most significant factors associated with non-attendance were being Indigenous, under 25 years of age, living in less accessible labour markets, living in a household other than with a partner or a spouse and having only ever looked for work, not worked or had unpaid work.
 - These findings could be used to target initiatives for profiling job seekers to improve attendance rates.
- Reducing the length of time job seekers were disconnected from their provider if they failed to attend an appointment:

- The *Rapid Reconnection and Suspension* process (September 2003) and the *Modified Rapid Reconnection* process (end of May 2004) were introduced to reduce the time job seekers were disconnected from their providers.
- Under the modified process the proportion of job seekers with a reconnection appointment rose from 86% to 93% and attendance rates at appointments rose from 26% to 30%.
- A possible compliance effect was also demonstrated with some job seekers appearing to cease income support rather than attend an appointment. The most significant factors affecting attendance at re-connection appointments were the time between the appointment and interview and, where interviews were held within two days of the appointment being made, the threat that income support would be suspended.
- Although the *Modified Rapid Reconnection* process addressed non-attendance for reasons deemed to be invalid, many job seekers were found to have avoided appointments by repeatedly providing reasons accepted as valid for not attending.

Commencements and participation

Program commencement rates in Job Network improved under the *APM*, particularly for job seekers not subject to the activity test. Nevertheless, the commencement rates for these job seekers remained well below those of job seekers who were subject to the activity test.

Improved commencement rates, in combination with a greater number of referrals, contributed to increased numbers of participants in Job Network's intensive services. During the first three years of the *APM*, 1.13 million job seekers commenced intensive services. Over a similar period of ESC2, three quarters of a million job seekers commenced the equivalent services of either Job Search Training or Intensive Assistance.

Most job seekers who were required to follow the *APM's* continuum of assistance did so. The reasons for job seekers not moving from one phase of assistance to the next phase in the continuum included leaving assistance (to take up a job, for example) and being referred to and commencing another Job Network program. Other reasons included participating in Complementary Programs or having a medical incapacity exemption.

The exit rates from income support were higher for job seekers who followed the continuum than for those who remained Fully Job Network Eligible and did not follow the continuum. This may reflect the fact that job seekers who followed the continuum had more contact with Job Network, possibly resulting in a stronger labour force attachment, or as a group were more compliant.

Employment exchange

As part of the changes to the employment exchange services, over 640 organisations were licensed to deliver Job Placement services (in addition to Job Network agencies). These Job Placement Licensed Organisations contributed to increases in the number and range of positions available to job seekers eligible for Job Network services, although the inclusion of vacancies from commercial recruitment websites on JobSearch was the main cause of the increases. It was difficult to quantify the increase as potential exists for the same vacancy to be listed more than once on JobSearch.

Job placement numbers increased under the *APM* reflecting increased job referral activity, largely due to the introduction of Job Placement Licenses with placements by Job Network members being similar between ESC2 and ESC3. The inclusion of organisations with these licenses in the public employment service allowed some, particularly short-term unemployed, job seekers access to jobs which they may not otherwise have been aware of:

- The relative success of these organisations in dealing with the less disadvantaged job seekers suggests there may be benefits in Job Network members encouraging these job seekers to make greater use of these agencies.

The proportion of job placements progressing to a 13-week outcome payment differed significantly by type of provider. Placements made by Job Placement Licensed Organisations were less likely to result in a payable outcome to Job Network, reflecting their relatively greater focus on the short-term unemployed and on short-term temporary positions.

The extent to which job seekers placed in jobs remained off income support provided a measure of the sustainability of job placements. For both Job Network members and Job Placement Licensed Organisations, 46% of the job seekers who left income support following a job placement returned to income support within two years. Job seekers with 13-week outcomes were less likely to return to income support within two years when placed by a Job Network provider.

Job search behaviour

The *APM*'s greater emphasis on keeping job seekers actively looking for work was designed to increase their prospects of finding employment. To assist with this, ESC3 required Job Network members to provide Job Search Support services to job seekers at their initial interview. The evaluation found, however, that some job seekers would have benefited from more services:

- The responses of job seekers, excluding Intensive Support job search training participants, surveyed for the evaluation suggested that they would have benefited from more help in using electronic job search methods, advice on the most appropriate forms of job search for their individual circumstances and advice on how to adjust for changes in employer recruitment practices.

Auto-matching was found to have a negative effect as it decreased initial job search efforts as job seekers believed that they would obtain a job through auto-matching. Seventy-five per cent of job seekers thought that auto-matching was a good idea and initially had high expectations of its potential:

- Their expectations, however, were not supported by subsequent performance of the service, with less than two per cent of job placements resulting from auto-matching. Promoting it as complementary to active job search may be one way to tackle this apparent over-reliance by some job seekers on auto-matching.

The evaluation found that job seekers in 2006 appeared to be more active in their job search behaviour than their counterparts in 2001:

- Overall increases were observed in pro-active forms of job search, such as contacting employers, looking in newspapers and talking to friends and relatives.
- Job seekers surveyed in 2006 reported that they used an average of nine different job search methods during their unemployment, with an average of five methods used each week. These figures were similar for different durations of unemployment, suggesting

that in keeping with the design of the *APM*, job seekers maintained their levels of job search throughout their spells of unemployment.

The *APM* introduced increased job search requirements for activity tested job seekers. This resulted in an increase in the number of fortnightly job applications, which was constant for all durations of unemployment. The survey found, however, that increased search requirements did not appear to have translated into increased employment outcomes, although due to the small size of the survey sample it was not possible to establish if this relationship was statistically significant.

Intensive services

Significant changes were made to Job Network's intensive services under the *APM*. These affected the way job seekers were selected for services, the services themselves and the incentives for providers to tailor assistance to the needs of job seekers.

Selection rates for immediate access to Intensive Support customised assistance were found to be high for those job seekers recognised as facing the greatest barriers to employment. This is to be expected as the characteristics of these groups make up the factors used in the Job Seeker Classification Instrument and many job seekers belong to more than one group because they have multiple barriers to employment.

Contact levels (which, as noted earlier, were subject to contractual requirements under the *APM*) and the type and level of service delivered were measured in the evaluation:

- Although job seekers' frequency of contact with their case manager during Intensive Support customised assistance appeared to have declined under the *APM* it was consistent with contractual requirements. The level of contact was similar across job seeker characteristics.
- At the aggregate level, job seekers from different client groups (such as Indigenous job seekers and job seekers with disability) reported receiving similar levels of service, though regional and urban Indigenous job seekers and Parenting Payment recipients reported receiving slightly higher than average levels of services. It was evident, nevertheless, that providers were tailoring services to the individual needs of job seekers in these groups.

Employment outcomes at three months after leaving Intensive Support job search training were eight percentage points higher than ESC2's Job Search Training program. The fact that, on average, job seekers participate in Intensive Support job search training eight weeks earlier in their unemployment spell than Job Search Training participants could be expected to have contributed to the increase in outcome levels. Intensive Support customised assistance achieved employment outcomes comparable to those of Intensive Assistance. Furthermore, outcomes under the *APM* were more likely to involve full-time employment and permanent positions.

The main Job Network services appear to have been more effective for participants since the *APM* was implemented than the equivalent services delivered during ESC2:

- The employment net impact of Intensive Support job search training (measured for activity tested job seekers) was estimated to be 9.3 percentage points compared with an estimate of 8.2 percentage points for Job Search Training. This improvement was particularly strong for culturally and linguistically diverse job seekers, the prime-aged (ie, 25–44 year olds) and job seekers with trade or TAFE qualifications.

- The employment net impact of Intensive Support customised assistance (measured for activity tested job seekers) was estimated to be 10.1 percentage points compared with an estimated impact of 6.0 percentage points for Intensive Assistance. Again, increased effectiveness was evident across most job seeker groups, especially prime-aged and Indigenous job seekers. The net impact for young people also improved but this form of program intervention still appears to have a relatively low effect on this group.
- In this context, compared with Intensive Assistance the job seekers who participated in customised assistance were more likely to be long-term unemployed (ie, 20% were unemployed less than 12 months compared with 37%).

Options for providing assistance

The *APM* expanded the options available to providers to assist job seekers in Intensive Support. This included the introduction of the Job Seeker Account (JSKA) and Complementary Programs.

Prior to the *APM*, Job Network members funded assistance to job seekers from their own revenue which was derived from service commencement fees and outcome payments. This encouraged Job Network members to spend funds on job seekers with better prospects of successful outcomes rather than on the more highly disadvantaged. The JSKA addressed this issue by providing Job Network members with a pool of funds which could only be used to purchase goods and services to assist job seekers into employment. Unused funds cannot be retained as profit by Job Network members:

- The *APM* expanded the options available to providers to assist job seekers in Intensive Support. Analysis of administrative data for ESC3 indicated that most allocated funds were spent on the more disadvantaged Fully Job Network Eligible job seekers assisted by Job Network, although at a lower level than would be expected on the basis of a job seeker's position in the *APM* and their disadvantaged status. Training and wage subsidies were the two biggest areas of Job Seeker Account expenditure with an increasing trend over time towards the latter.
- Qualitative research indicated that providers were influenced by a job seeker's level of engagement, their commitment to job search and the extent to which the provider thought the assistance would be of benefit in deciding who to assist, how much to spend and what to spend the funds on. There was only limited targeting of funds based on unemployment duration and type of income support. Many providers were found to place a high priority on using JSKA funds on job seekers who, although disadvantaged, were ready for a job.
- During ESC3, job seeker outcomes varied by type of assistance provided, with wage subsidies associated with the strongest off-benefit outcomes. While it was not possible to isolate the impact on job seeker outcomes of JSKA-funded assistance from other Job Network services, the introduction of the account does appear to have been associated with improved Job Network performance. Providers have been able to use the account to deliver significant levels of assistance without threat to their ongoing financial viability.

It was not possible in the evaluation to adequately assess the performance of Complementary Programs, including their links with Job Network, because referrals to these programs by Job Network members were often not recorded. This was the case, in particular, for programs administered by agencies other than the department.

- Nevertheless, use by Job Network of Complementary Programs during the first three years of the *APM*, apart from Work for the Dole and other programs administered by the department, seems to have been quite limited. Research with providers indicated that this reflects, in part, a lack of awareness by Job Network of the availability of the programs. Providers who did use the programs, however, saw them as valuable tools in helping to place job seekers into employment.
- The evaluation found that commencement rates for some programs were low and that this was in part due to inappropriate referrals. Links between Job Network and Work for the Dole, however, were improved under the *APM* with better referral processes and increased commencement rates. Possibly as a consequence, Work for the Dole has become more effective over time. While the program does not have enhancing employment outcomes as a primary objective, its net employment impact rose from 4.0 percentage points in 2002 to 7.3 percentage points in 2005.

Post-ISca2

Between July 2003 and June 2006 around 60,000 job seekers completed a second spell of Intensive Support customised assistance (ISca2) and remained unemployed (ie, 6% of all customised assistance participants in this period). Job seekers who remained unemployed after their second period of customised assistance were more disadvantaged than other customised assistance participants.

The evaluation found that job seekers who had completed a second spell of customised assistance continued to receive assistance and invariably remained engaged with the employment services:

- Most were found to have had regular contact with a Job Network provider, frequently at a level which exceeded contractual requirements.
- Providers continued to spend JSKA funds on their post-ISca2 job seekers, particularly on training, wage subsidies and professional services.
- The level of reported services received by these job seekers overall was similar to the level reported by other disadvantaged job seekers surveyed by the department in 2006. This may have reflected the incentives in the star ratings and outcomes fee structure for providers to assist these job seekers and the move under the *APM* to a single Job Network provider. Some of these services, however, may have been poorly targeted. Eighty per cent of post-ISca2 job seekers reported receiving assistance with résumés yet very few identified poor skills in this area as a barrier to employment.

While job referral rates and placements of post-ISca2 job seekers were higher than was the case for post-Intensive Assistance job seekers, changes in income support status of both groups in the 12 months after assistance were similar. This analysis was inconclusive as it did not control for client characteristics.

Further aspects of performance

An assessment of the relative performance of each assistance model which controlled for job seeker characteristics and labour market conditions confirmed that the intensive services provided during ESC3 under the *APM* were relatively more effective than those provided under ESC2. In particular, job seekers who commenced an intensive service were more than four percentage points more likely to exit under the *APM* than would have been the case under ESC2. For job seekers who did not commence an intensive service, observed exit rates

were marginally higher than predicted exit rates based on ESC2's performance, suggesting the initial engagement processes had a small impact.

The data on cost per outcome showed that the trend of improving efficiency under ESC2 generally continued during the first three years of the *APM*. This was at a time of increasing numbers in assistance and increasing costs. These improvements were driven by both changes in the post-program employment outcome rate and unit cost of assistance. Under ESC2, the employment outcome rate contributed 45% of the reduction in cost per outcome. The corresponding proportion for the *APM* was almost 51%.

The evaluation included an analysis of exit rates from income support and net impact by Job Seeker Classification Instrument score. This analysis indicated that net impact did not increase with increasing Job Seeker Classification Instrument score, thereby suggesting that gains to efficiency may be possible by raising the instrument's threshold score for immediate access to Intensive Support customised assistance. Such a change is unlikely to significantly affect outcomes.

Future options

The evaluation found that in the first three years of the *APM* the effectiveness of Job Network services, in terms of program participation and outcomes (including impact), improved relative to performance under ESC2. This improved performance was in the context of an ongoing improvement in the labour market and significant change in the mix of clients. As could be expected, however, some aspects of the *APM* did not work as well as intended and other more entrenched issues, such as high levels of program deadweight in the intensive phase of assistance, remain.

The evaluation highlights a number of areas where refinements could be considered to further improve Job Network's performance. These include:

- providing job seekers, especially in the early days of their unemployment spell, with more detailed advice on approaches to job search. This could include, for example, advice on the best ways to look for work. The *APM* increased the level of active job search by job seekers. It is important for the effectiveness of job search that increases in quantity are accompanied by increased and maintained quality of job search;
- encouraging less disadvantaged job seekers to make more use of private employment agencies in seeking referrals and job placements. Potentially this would free-up Job Network to be able to spend more time helping the more disadvantaged job seekers, thereby ensuring a more efficient and effective use of the employment services;
- developing a more comprehensive approach to job seekers who do not attend interviews. Non-attendance at interviews remains a significant problem which could be reduced by identification and targeting of those job seekers with a high risk of non-attendance;
- improving the quality of job seeker and vacancy data on JobSearch. This would facilitate an improvement in auto-matching, which has some potential to reduce the time it takes to fill some vacancies by increasing the speed with which job seekers can access and respond to these vacancies;
- identifying provider organisations that have developed strategies for effectively assisting young job seekers disadvantaged in the labour market and investigating the extent to which these approaches could be used more widely throughout Job Network.

Notwithstanding improved effectiveness compared with Intensive Assistance in ESC2, Intensive Support customised assistance was found to have little impact on the employment prospects of these job seekers;

- increasing the Job Seeker Classification Instrument threshold governing immediate access to Intensive Support customised assistance. Increased effectiveness under the *APM* of the intensive phase of assistance resulted in a reduction in the deadweight cost of this program. There is scope, however, to achieve a further reduction by increasing the Job Seeker Classification Instrument's threshold for immediate access to this type of assistance;
- raising Job Network members' knowledge of Complementary Programs. This may help to ensure that these programs are applied to the clients who need the specific kinds of assistance which they provide; and
- looking at further ways to increase labour force participation by job seekers not subject to the activity test. Commencement rates for these job seekers in Job Network's intensive services improved significantly following the introduction of the *APM* yet remained well below those of activity tested job seekers.

Arguably on the basis of improved program effectiveness and a greater level of job seekers engagement with the employment service the *APM* met its objectives in its first three years.

1 Introduction

1.1 The *Active Participation Model*

The *Active Participation Model (APM)*, which was implemented on 1 July 2003 as part of the third Employment Services Contract (ESC3), was the most significant change to Job Network¹ since its inception in May 1998. The *APM* was designed to provide a more flexible framework for the delivery of employment assistance and extend employment services to a broader range of job seekers.

Employment services contribute to the Government's goal of achieving an effectively functioning labour market and maximising the ability of unemployed² Australians to find work. They can play a part in reducing frictional unemployment, reducing long-term unemployment and increasing labour market participation (particularly of job seekers who otherwise may be uncompetitive in the labour market). The *APM's* primary objectives are to:

- increase the effectiveness of employment services in securing employment and other positive outcomes for job seekers; and
- ensure that job seekers who remain unemployed are engaged in ongoing employment-focused activity and job search.

The main changes to the employment services introduced with the *APM* are described below. This report examines the effect these changes had on the provision of employment services particularly in the context of the *APM's* broad objectives. The report analyses the operation of the *APM* during ESC3 (1 July 2003 to 30 June 2006), prior to the implementation of the Welfare to Work changes in July 2006. Comparisons are made with Job Network's performance during the second Employment Services Contract (ESC2)³ where possible.

1.1.1 A continuum of assistance

The *APM* introduced a continuum of assistance to ensure that job seekers have continuous and uninterrupted employment services. In addition to a clearly defined set of assistance options which increase in intensity as duration of unemployment increases, job seekers are serviced by a single Job Network member throughout their period of unemployment. This continuity of service replaced the previous arrangements where a job seeker was often referred to different Job Network members for each phase of assistance. Ongoing and more structured mutual obligation requirements were also introduced as part of the continuum.

The two main types of assistance provided to job seekers are Job Search Support and Intensive Support. Figure 1.1 illustrates the paths job seekers were typically expected to take through the *APM* continuum if they did not find work, including that of Fully Job Network Eligible⁴ job seekers who were classified as highly disadvantaged (ie, they were considered to

¹ Job Network is a key component of the Australia's publicly-funded employment service. It is a national network of community and private organisations which are contracted to help eligible job seekers into employment. Job Network members work with each job seeker until he or she gains employment. To be eligible for Job Network services under the *APM*, job seekers are required to register as looking for work. Job seekers may be either Fully Job Network Eligible or Job Search Support only eligible. A job seeker's eligibility directly impacts on the type of services that the job seeker will receive. Further information about Job Network is available at Attachment A and www.jobnetwork.gov.au.

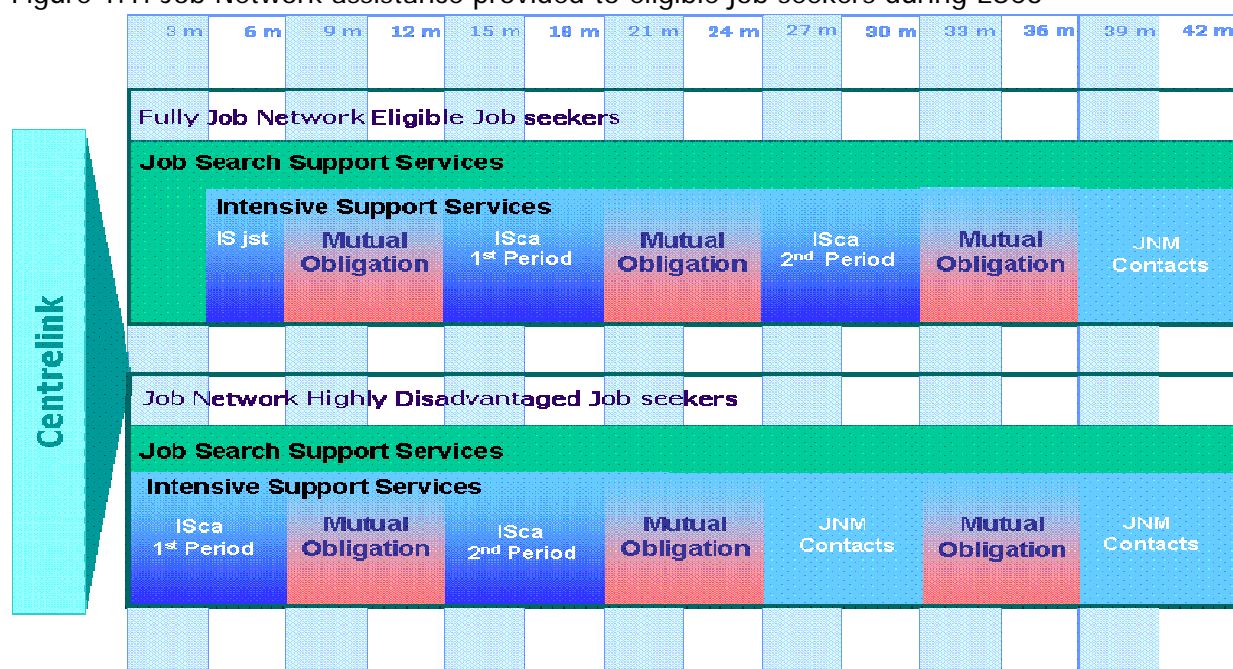
² For the purpose of this report a person is regarded as unemployed if they are seeking paid work and are without paid work or are undertaking paid work yet qualify as unemployed under Section 595 of the *Social Security Act 1991*.

³ To facilitate comparisons between ESC2 and ESC3, ESC2 data generally refer to the period July 2000 to June 2003.

⁴ Fully Job Network Eligible refers to those job seekers who are eligible to receive the full suite of Job Network services. Any unemployed person receiving Newstart Allowance or Youth Allowance (other) or another form of qualifying income

face a high risk on long-term unemployment) on the basis of their Job Seeker Classification Instrument (JSCI)⁵ score.

Figure 1.1: Job Network assistance provided to eligible job seekers during ESC3



Note: Job seekers maintain regular contact with Job Network during their mutual obligation periods.

Source: Brough 2002

Job Search Support

The majority of job seekers, including those not receiving activity tested⁶ income support payments can access Job Network's Job Search Support (JSS) services, which include:

- assistance with preparing a résumé;
- recording a job seeker's vocational profile⁷ (including a résumé) in Australian JobSearch (JobSearch);⁸
- explaining how JobSearch matches profiles to available jobs and arranging for the job seeker to be notified of matches to suitable vacancies;
- advice on finding work; and
- access to facilities such as JobSearch kiosks, telephones, fax machines, newspapers and photocopiers to assist job seekers in their job search.

Access to Job Search Support continues throughout a job seeker's spell of unemployment.

support payment, and young people not in full-time study irrespective of income support are eligible for Job Network assistance. Community Development Employment Project participants are also eligible for Job Network services.

⁵ The JSCI score is a measure of a job seeker's relative disadvantage in obtaining employment based on their personal circumstances and labour market skills. It is used to determine the amount of labour market assistance required.

⁶ Job seekers subject to the activity test include those in receipt of Newstart and Youth Allowance (other). The activity test is designed to ensure recipients of these allowances actively look for work or do everything they can to be ready for work (FaCSIA 2007).

⁷ In ESC3 a vocational profile was created for each job seeker during their initial appointment and included a résumé, along with other information such as job preferences and skills.

⁸ JobSearch is Australia's largest vacancy database. It is available online at www.jobsearch.gov.au and through Job Search Kiosks.

Intensive Support

For eligible job seekers⁹ who are not classified as highly disadvantaged, Intensive Support commences after three months of (continuous) unemployment¹⁰ with job search training (ie, assistance in job search techniques). Job seekers also become eligible for assistance funded from the Job Seeker Account (JSKA, see Section 1.1.5) upon starting Intensive Support.¹¹ For job seekers who remain unemployed for six months and who are subject to the activity test, job search training is followed by Intensive Support mutual obligation (see Section 1.1.7). After 12 months of continuous unemployment or immediately on being assessed as at high risk of long-term unemployment (ie, highly disadvantaged) job seekers become eligible for Intensive Support customised assistance (ISca, see Section 1.1.4).

As in previous Job Network contracts, ESC3 providers retained the flexibility to determine, in relation to each job seeker on their caseload, how much assistance to provide, how to allocate that assistance and the form the assistance should take. Incentives to encourage providers to place job seekers into jobs were also retained. These incentives include the star ratings (which determine whether providers retain repeat business) and a modified fee structure for provider payments. The fee structure was changed for the *APM* to strengthen the link between the delivery of services and achieving outcomes for disadvantaged job seekers. This included increasing the number of categories of outcome fees. Consistent with previous contracts outcome fees are higher for placing more disadvantaged job seekers.¹² A service guarantee was also introduced to further emphasise the need for providers to deliver services. The guarantee covers the type and frequency of services a job seeker could expect to receive.

1.1.2 Job seeker engagement

A key element of the *APM* is maintaining the contact between job seekers and their Job Network providers. Rapid connection processes were introduced under the *APM* to hasten a job seeker's engagement with Job Network. To maintain engagement, the ESC3 contract specified a minimum level of contact to occur between job seekers and their Job Network member in each phase of the continuum. Reconnection processes were also introduced to re-establish engagement when a job seeker failed to attend an interview without a valid excuse. For some job seekers this included strengthening the link between attendance and possible suspension of income support.

1.1.3 Expanded employment exchange

Concurrent with the introduction of the *APM* employment exchange services were changed. This included replacing the Job Matching service of the first and second employment services

⁹ Job seekers eligible for Intensive Support after three months unemployment include those receiving Newstart Allowance, Youth Allowance, Disability Support Pension and other eligible benefits. Young people aged 15 to 20 years who are not in full-time education or training and Community Development Employment Project participants are also eligible for Intensive Support.

¹⁰ Continuous unemployment includes allowable breaks. An allowable break in registration means that the job seeker's duration of unemployment is not broken by a period of inactivation (generally job seekers' registration is inactivated when their allowance is cancelled). If an inactive job seeker re-registers within an allowable break, the registration start date will be counted from the initial registration start date (prior to inactivation). The duration of the allowable break depends on the job seeker's duration of unemployment and their level of disadvantage. Job seekers who have been registered as unemployed for less than 12 months and are not identified as "highly disadvantaged" will have a six-week allowable break. Job seekers who have been registered for more than 12 months or are identified as "highly disadvantaged" will have a 13-week allowable break.

¹¹ Although Fully Job Network Eligible job seekers become eligible for expenditure from the Job Seeker Account during Job Search Support it can only be used for transport and interpreter services.

¹² DEWR 2002b contains more details of the fee structure for ESC3.

contracts with a Job Placement service. The new service includes an increase in the number of organisations offering job brokerage through the issuing of Job Placement Licences to both Job Network members and other (private) employment agencies (which are known as Job Placement Licensed Organisations) and increased use of information technology in job search activities. Electronic lodgement of vocational profiles for job seekers and auto-matching were introduced, complemented by SMS and email to inform job seekers of vacancies.

1.1.4 Customised assistance

Within Intensive Support, ISca provides job seekers with more intensive services to address their individual needs, including:

- regular (typically fortnightly) meetings with their provider to review their progress with looking for work and receive assistance with job search;
- work preparation activities such as counselling, coaching, work experience and vocational education; and
- further assistance funded through the JSKA, such as employment related services and activities, wage subsidies and assistance with transport or licenses.

Access to the this phase of assistance changed under the *APM* with the modification to the JSCI to remove duration of unemployment from the list of factors the instrument used to establish a job seeker's likelihood of becoming long-term unemployed. The rationale for this was that if job seekers reached 12 months unemployment then, by definition, they required a more intensive service. Immediate access to intensive servicing for job seekers identified as highly disadvantaged at registration was retained and the capacity for the JSCI score to be updated by employment service providers introduced. ISca replaced Intensive Assistance, with each episode of assistance (up to two) limited to six months, with a six month gap in between.

During ESC3 job seekers who completed two spells of customised assistance continued to attend interviews with their provider as part of Intensive Support. These job seekers were also required to undertake activities to meet their mutual obligations (see Section 1.1.7).

1.1.5 The Job Seeker Account

The JSKA was introduced to increase the amount of assistance going to the most disadvantaged job seekers serviced by Job Network. It provides Job Network agencies with a dedicated source of funds for purchasing services or other forms of assistance. Account funds are allocated to a notional bank on the basis of a job seeker's characteristics and their place in the continuum of assistance. The amount credited for each job seeker on a provider's caseload increases with the job seeker's duration of unemployment and level of disadvantage.

Job Network members can use JSKA funds flexibly, within the guidelines set by the department, to provide assistance to help job seekers obtain a job. Unused account funds cannot be retained as profit by provider organisations.

1.1.6 Links between Job Network and other programs

To enhance the options for assisting job seekers, employment service providers were given greater flexibility to refer job seekers to programs outside Job Network. These programs, known as Complementary Programs, include State and Territory Government and other Federal Government programs (such as courses to address language and literacy problems),

which are identified by the department as appropriate sources of additional assistance for job seekers.

1.1.7 The activity test and mutual obligations

During ESC2 a job seeker's requirements under the activity test¹³ were determined by their phase of assistance, in consultation with their Job Network member. In contrast, for the *APM*, all Newstart and Youth Allowance (other) recipients are required to maintain a specified level of job search throughout their period of unemployment, and this is monitored by Centrelink. Most job seekers on activity tested payments, moreover, are required to participate in mutual obligation activities for six out of every 12 consecutive months they receive income support.¹⁴ While participating in these activities, job seekers and providers should meet at least once every two months. At this time, job seekers continue to have access to their provider's job search facilities and are eligible to receive further assistance funded using the JSKA.

1.2 Evaluating the *APM*

These changes and the objectives set for them underpin a number of key evaluation questions on the performance of Job Network under the *APM* relative to its performance during ESC2. The structure of the report generally reflects these broad questions.

- Was the time taken by job seekers to connect with Job Network reduced following the introduction of revised processes for engaging and re-engaging job seekers?
- What effect did the introduction of the *APM* have on commencement rates in Job Network's intensive services relative to equivalent forms of assistance under ESC2?
- To what extent did job seekers who remained unemployed follow the continuum of assistance and did the introduction of the continuum increase job seeker participation and improve outcomes?
- Did the number of job placements increase with the increase in the number of organisations providing Job Placement services and what effect did increased use of electronic elements of labour exchange have on the speed at which vacancies were filled?
- What was the impact of the *APM* on the intensity and effectiveness of job search?
- Were intensive forms of assistance better targeted under the *APM* and, as a result, did the net impact of these forms of assistance increase?
- What types of assistance were funded using the JSKA and did the introduction of the account result in an increase in the level of assistance delivered to job seekers in ISca, particularly the more disadvantaged?

¹³ People receiving Newstart Allowance, Youth Allowance (other), Parenting Payment (with a participation requirement) and Special Benefit (who are on a particular visa type) must meet their activity test or participation requirements as a condition of their payment. They need to:

- negotiate, enter into and meet the terms of an Activity Agreement with Centrelink or their employment service provider when asked to actively seek and undertake suitable paid work;
- comply with any requirement from Centrelink to engage in a Centrelink or employment service provider approved activity; and
- attend appointments with Centrelink, their employment service provider and any other external providers when asked to do so.

¹⁴ Job seekers on activity tested benefits, for example, are typically required to undertake mutual obligation activities after six and 18 consecutive months of unemployment and every six months thereafter until they gain employment (Figure 1.1).

- Did the link between Job Network and Complementary Programs improve after the introduction of the *APM*?
- How did Job Network assist job seekers who remained unemployed after completing two episodes of Intensive Support customised assistance?

Broader aspects of the *APM*'s performance are considered in Chapter 9. The final chapter provides some general conclusions on the overall performance of the model, drawing on the findings reported earlier.

1.2.1 Performance measures

A number of measures of performance were used in the evaluation. They included:

- commencement or participation rates, usually expressed as the proportion of job seekers referred to a program who go on to commence;
- placement rates, which refer to the proportion of program participants placed in a job;
- employment and education outcome rates following program participation. The data mostly refer to outcomes measured around three months after assistance but, as the need arose, longer time frames were measured as were the outcomes for job seekers who had not participated in a program. Employment outcome rates were used to derive net impacts;
- exits from employment assistance. This refers to job seekers who cease to be registered as requiring assistance from Job Network;
- off-benefit outcomes. This refers to the proportion of income support recipients who leave income support. These "exit rates" rates were measured, for example, each month after commencement in assistance; and
- income support reliance, expressed as the proportion of a job seeker's income support payments as a total of all income (from earned income and from income support payments), where possible, measured monthly during the 12 months before and after assistance.

1.2.2 Job seeker groups

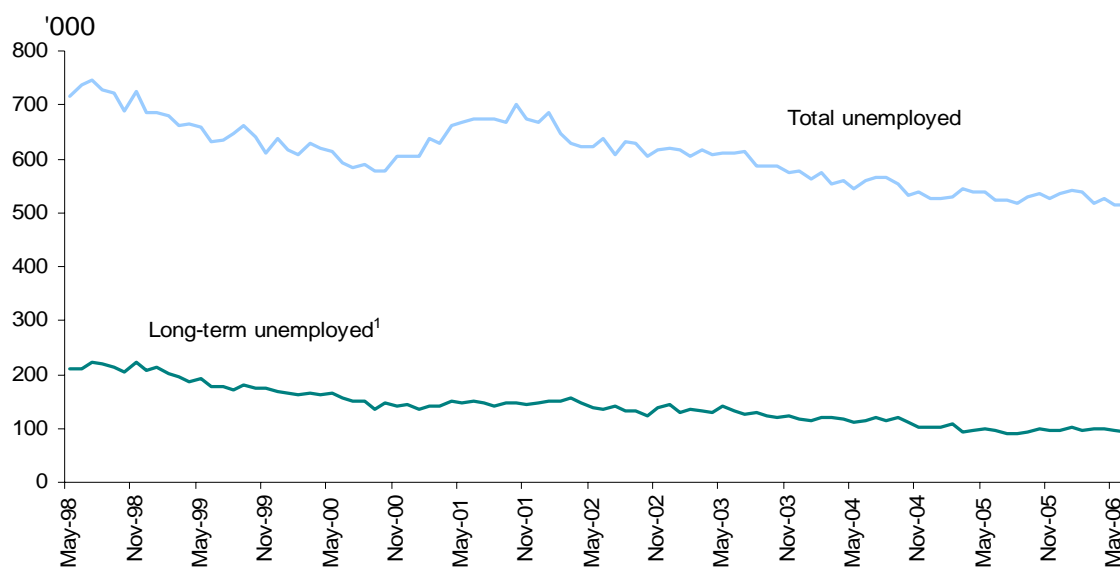
As noted above, the evaluation reports on the overall performance of Job Network and its main elements during the first three years of the *APM*. Performance is also considered for a number of client or job seeker groups:

- Indigenous job seekers focusing both on job seekers in urban and regional areas;
- job seekers who have completed a second period of ISca;
- job seekers with disability;
- job seekers from a culturally and linguistically diverse background;
- mature age job seekers; and
- sole parents and other job seekers in receipt of parenting payments.

1.3 Trends in unemployment and income support recipients

Participation in Job Network and outcome rates are affected by the strength of the labour market and the characteristics of the eligible population. Under ESC3, the APM operated in an environment of consistent economic growth in most areas of Australia (ABS 2006a). This growth contributed to an overall decrease in unemployment (including the proportion looking for work for over 12 months) (Figure 1.2) and higher labour force participation.¹⁵

Figure 1.2: Unemployed and long-term unemployed persons (seasonally adjusted), May 1998 to June 2006



¹ Long-term unemployed job seekers were those job seekers who had been out of work and actively seeking employment for 52 consecutive weeks or longer.

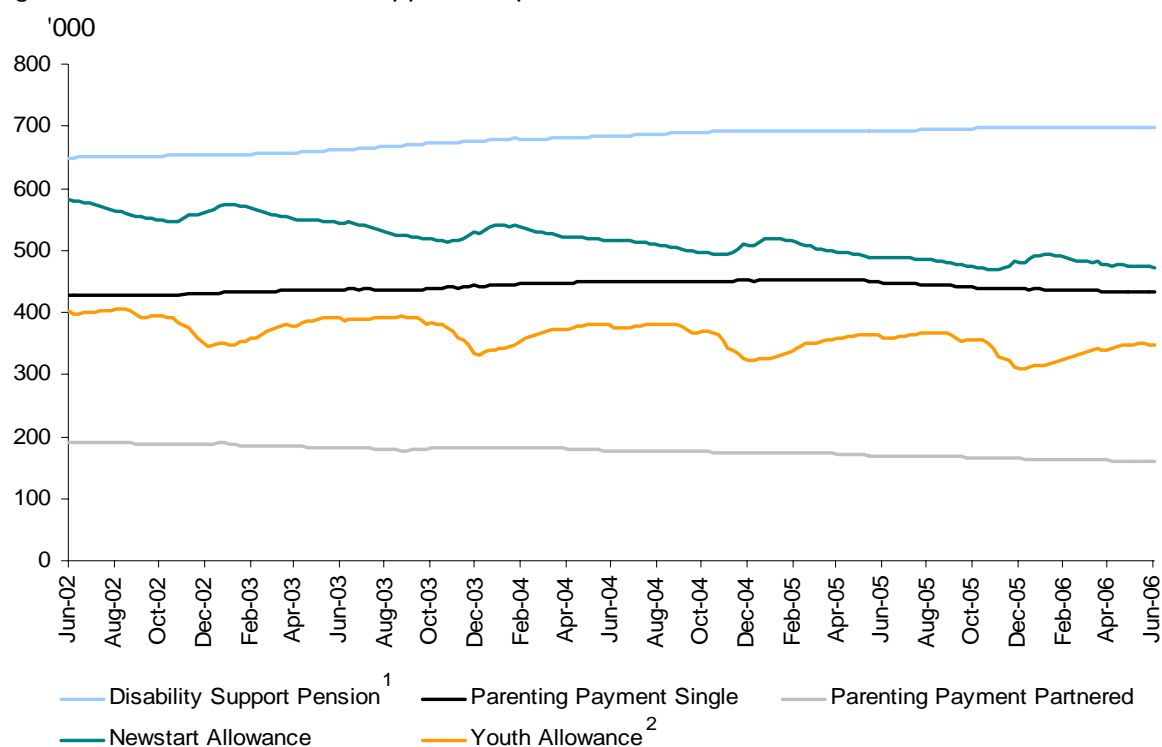
Source: ABS, 2006c

In line with the decline in unemployment and in longer-term trends, the number of individuals receiving unemployment benefits declined by approximately 82,000 during ESC3.¹⁶ While the total number of people receiving the main working age income support types declined, the total number of recipients of the Disability Support Pension increased (Figure 1.3). Parenting Payment Single recipient numbers also increased until early 2005.

¹⁵ Participation in the labour force increased in seasonally adjusted terms from 63.7% in May 2003 to 64.5% in May 2006, representing an increase to the labour force of 581,700 (ABS 2006c).

¹⁶ The monthly total of individuals receiving Newstart or Youth Allowance (Other) benefits declined by 82,407 between July 2003 and July 2006 (DEWR 2005c and DEWR 2006e).

Figure 1.3: Selected income support recipients, June 2002 to June 2006



1 Disability Support Pension includes a small proportion of recipients who were over age pension age.

2 Youth Allowance includes students and job seekers.

Source: DEWR administrative systems

1.4 Characteristics of Job Network clients

During buoyant economic times the pool of unemployed job seekers could be expected to become increasingly disadvantaged as the more job ready find employment. At the aggregate level strong labour market conditions during ESC3 did not appear to impact on the level of disadvantage faced by the unemployment benefit recipients assisted by Job Network.¹⁷ While the total number of unemployment benefit recipients fell, the proportion of these job seekers who had been receiving unemployment benefits for 12 months or longer remained constant at around 60% (DEWR 2006e). The proportion of job seekers in receipt of income support payments other than Newstart Allowance and Youth Allowance (other) steadily increased between June 2003 and June 2006. This effectively increased the proportions of job seekers with disabilities and those who were parents.¹⁸

Changes in the numbers of both unemployed and income support recipients were reflected in the characteristics of population eligible for Job Network services. The main change in the eligible population between the end of ESC2 and the end of ESC3 was a decrease in the proportion of job seekers who were on activity tested payments (Newstart and Youth Allowance (other)). In June 2003, Newstart Allowance recipients represented 70% of the Fully Job Network Eligible population compared with 56% in June 2006 (Table 1.1). Over the same period the proportion of job seekers not on activity tested payments increased from 20% to 36%. This change reflects efforts by the government to broaden the base of the

¹⁷ It is important to note that not all unemployed people register with Centrelink and Job Network (ABS 2006b).

¹⁸ This observation is consistent with Job Network members' claims that the proportion of the job seekers on their caseload facing "hard" barriers to employment, such as poor health (which are more difficult for the provider to overcome than "softer" barriers such as limited vocational skills), increased during the first three years of the *APM*.

population of job seekers who participate in Job Network both in response to growth in the numbers of Disability Support Pension and Parenting Payment Single recipients (as shown in Figure 1.3) and in recognition of the need to increase the labour force participation rates of these groups. Since the start of the *APM* a number of initiatives¹⁹ were implemented to encourage these income support recipients (particularly Disability Support Pension and Parenting Payment) recipients, to participate in the labour force. In the first two Job Network contracts, many job seekers not subject to the activity test who were looking for work approached Job Network directly for assistance but were not identified as Fully Job Network Eligible. This limited their access to assistance. In addition, after the start of the *APM* the participation requirements for Parenting Payment recipients were changed.²⁰

The increasing proportion of non-activity tested allowees in the Fully Job Network Eligible population had a number of consequential changes. These included an increase in the proportion of females in the population eligible for Job Network services from 38% in June 2003 to 46% in June 2006 and increases in the proportions of job seekers with a disability (from 23% to 27%) and sole parents (from 8.4% to 18%) (Table 1.1). It is not possible to tell from these changes, however, if the overall level of disadvantage in the Fully Job Network Eligible population increased during ESC3. This issue is considered further in Chapter 9 of the report.

As expected, the characteristics of job seekers not subject to the activity test differ somewhat from the characteristics of those who are. In June 2006, non-activity tested job seekers were less likely to be males (36% compared with 65%) and to be short-term unemployed (22% were unemployed less than six months compared with 28% for activity tested job seekers) (Table 1.1).

Steps to increase labour force participation of sole parents and people with disabilities increased the number of Fully Job Network Eligible job seekers from 677,600 at the start of the *APM* to 724,700 three years later, in contrast to the downward trend in the numbers unemployed, as measured by the ABS (Figure 1.2). In this period the number of activity tested job seekers who were Fully Job Network Eligible fell from 542,900 to 461,500, while the number of non-activity tested job seekers almost doubled, from just over 134,700 to 263,200.

¹⁹ Centrelink undertook a campaign in mid-2004 to encourage income support recipients not on Newstart Allowance or Youth Allowance (other) to register with Job Network. Similarly, initiatives such as the Disability Support Pension engagement pilots (DEWR 2004b and DEWR 2005b) implemented during ESC3, sought to identify effective strategies to increase participation by these job seekers.

²⁰ From September 2003, parents whose youngest child was aged between 13 and 15 years were subject to participation requirements of up to 150 hours of approved activities in each 26 weeks, including paid work, looking for work, participation in Job Network, education or training, volunteering and other activities designed to overcome an identified barrier to participation. At the same time, parents whose youngest child was aged between 6 and 12 years were required to attend a participation planning interview but further participation was voluntary for this group.

Table 1.1: Characteristics of Fully Job Network Eligible job seekers at the end of ESC2 and ESC3¹

Job seeker characteristics	June 2003			June 2006			Inflow 2003 to 2006 ²
	Activity tested	Non-activity tested	All	Activity tested	Non-activity tested	All	
				%			
Male	67.5	41.6	62.4	64.8	36.2	54.4	56.4
Female	32.5	58.4	37.6	35.2	63.9	45.6	43.6
Age group (years)							
Under 21	13.5	17.5	14.3	11.4	11.5	11.4	21.2
21–24	15.4	8.9	14.1	13.6	11.1	12.7	16.2
25–49	54.8	49.2	53.7	52.6	56.7	54.1	50.8
50 and over	16.2	24.4	17.9	22.3	20.8	21.8	11.8
Duration of unemployment³							
Less than six months	29.7	13.5	23.2	27.5	21.8	25.5	86.5
6–12 months	16.4	13.5	15.9	16.0	12.7	14.8	2.2
12–24 months	17.6	23.6	19.5	17.8	22.0	19.3	2.9
24–36 months	10.4	15.9	12.0	10.5	12.7	11.3	1.7
36 months and over	25.9	33.5	29.5	28.2	30.8	29.2	6.6
Educational attainment							
Less than year 10	23.0	27.2	23.7	24.8	25.4	25.0	14.9
Year 10	36.7	39.1	37.1	33.6	35.7	34.3	29.7
Completed secondary	18.1	17.4	18.0	15.4	14.8	15.2	19.6
Post-secondary	22.2	16.3	21.3	26.2	24.0	25.5	35.9
Client group⁴							
People with disability	16.5	50.9	22.5	17.7	43.8	27.4	11.2
Culturally and linguistically diverse background	15.8	11.4	14.9	17.4	12.8	15.8	15.4
Indigenous	7.4	5.5	7.0	11.2	8.8	10.3	6.1
Sole parent	2.3	38.8	8.4	1.7	45.5	17.5	13.8
Income support type							
Newstart Allowance	86.8	..	69.5	88.5	..	56.4	62.8
Youth Allowance (other)	13.3	..	10.6	11.5	..	7.3	12.6
Non-allowee youth	..	11.4	2.3	..	8.5	3.1	4.3
Disability Support Pension	..	36.5	7.3	..	34.6	12.6	5.5
Parenting Payment	..	36.3	7.2	..	46.1	16.7	12.8
Other allowance	..	15.7	3.1	..	10.8	3.9	1.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1 Fully Job Network Eligible job seekers at 30 June 2003 and 2006.

2 Job seekers who became Fully Job Network Eligible between June 2003 and June 2006.

3 Duration on income support for inflow data.

4 Client groups are not mutually exclusive.

.. not applicable.

Source: DEWR administrative systems

2 Job seeker engagement

2.1 Background

A key element of the *Active Participation Model (APM)* is maintaining the contact between job seekers and their Job Network providers. Job seeker engagement with Job Network members was to be improved in three ways under the *APM* by:

- reducing the time that job seekers wait before receiving employment assistance;
- introducing minimum contact requirements to maintain engagement between job seekers and their provider; and
- reducing the length of time job seekers are disconnected from their provider when they have failed to attend an appointment.

Improving job seekers' engagement with Job Network serves three purposes. The first is to deliver assistance to those who need it as soon as possible.²¹ The second is to ensure that job seekers receive continuity of service and remain active throughout their period of unemployment. The third is to enhance compliance. Keeping job seekers engaged with the employment services helps "shake out" those who are working but have not reported this to Centrelink. In theory, these job seekers would have been unable to both participate fully in employment assistance and hold down a full-time job. This objective provides a rationale for connecting all job seekers with Job Network irrespective of their need for assistance and the potential this creates for deadweight costs.

Prior to the introduction of the third Employment Services Contract (ESC3) only limited data were collected on job seeker contacts. This constrains comparisons that can be made between ESC2 and the *APM*.

2.2 Initial referral to Job Network services

The method of initial job seeker engagement with Job Network changed between ESC2 and ESC3, and again during ESC3 (Table 2.1). Prior to the third contract job seekers were expected to register with up to five Job Network members to obtain Job Matching services. In contrast, under the *APM* Centrelink refers eligible job seekers to a single Job Network member who provides access to all Job Network services, including Job Search Support.²²

The *Streamlined Referral* process operated from July 2003 until August 2005. Under this process, a job seeker's initial contact with Centrelink (ie, Stage 1 of the process) was to be followed within 14 days by an appointment for a Centrelink new claim interview (Stage 2) to establish their eligibility for income support and to assess their level of labour market disadvantage using the Job Seeker Classification Instrument (JSCI). At this time an appointment was scheduled with a Job Network member to take place within two days (Stage 3).

²¹ This purpose represents an important objective of labour market assistance, which is to help job seekers who are uncompetitive in the labour market become more competitive.

²² The department's administrative system was improved to allow appointments between job seekers and Job Network to be recorded so that the frequency of contact and job seeker attendance at appointments could be monitored.

Table 2.1: Comparison of initial referral processes, ESC2 and the *APM*

ESC2	APM	
	<i>Streamlined Referral process</i>	<i>RapidConnect process</i>
<p><u>Stage 1:</u> Initial contact with Centrelink</p> <ul style="list-style-type: none"> Centrelink books Centrelink new claim interview 	<p><u>Stage 1:</u> Initial contact with Centrelink</p> <ul style="list-style-type: none"> Centrelink books Centrelink new claim interview within 14 days 	<p><u>Stage 1:</u> Initial contact with Centrelink</p> <ul style="list-style-type: none"> Centrelink books appointment with Job Network within two working days Centrelink books Centrelink new claim interview within 14 days
<p><u>Stage 2:</u> Job seeker attends Centrelink new claim interview</p>	<p><u>Stage 2:</u> Job seeker attends Centrelink new claim interview</p> <ul style="list-style-type: none"> Centrelink books appointment with Job Network within two days 	<p><u>Stage 2:</u> Job seeker attends appointment with Job Network</p>
<p><u>Stage 3:</u> Job seeker enrolls with up to five Job Network members for Job Matching</p>	<p><u>Stage 3:</u> Job seeker attends appointment with Job Network</p>	<p><u>Stage 3:</u> Job seeker attends Centrelink new claim interview</p>
Applies to all Job Seekers		Applies to job-ready, Fully Job Network Eligible job seekers

Source: Job Network reference material

A refinement to this engagement process, known as *RapidConnect*, was implemented in September 2005 to further reduce the time job seekers wait for employment assistance and to increase attendance at appointments. The initial Job Network appointment was moved forward to occur within two working days of the job seeker’s **initial** Centrelink contact, ie, up to 14 days earlier than under *Streamlined Referral*. *RapidConnect* only applies to job seekers who, at their first contact with Centrelink (Stage 1 in Table 2.1), are assessed as job-ready (determined in part through the JSCI), Fully Job Network Eligible, eligible to claim Newstart or Youth Allowance (other) and not subject to any exemptions from the activity test.²³ These job seekers are required to attend a Job Network appointment before receiving income support.

2.2.1 Effectiveness of the initial connection processes

Both the *Streamlined Referral* and *RapidConnect* processes reduced the time it took Fully Job Network Eligible job seekers to connect with Job Network. Under ESC2, about 57% of income support recipients who enrolled with a Job Matching provider did so within two weeks of commencing income support.²⁴ Under the *Streamlined Referral* process 62% of job seekers attended a Job Network appointment within two weeks of commencing income support. This attendance rate increased to 69% after the introduction of *RapidConnect*.

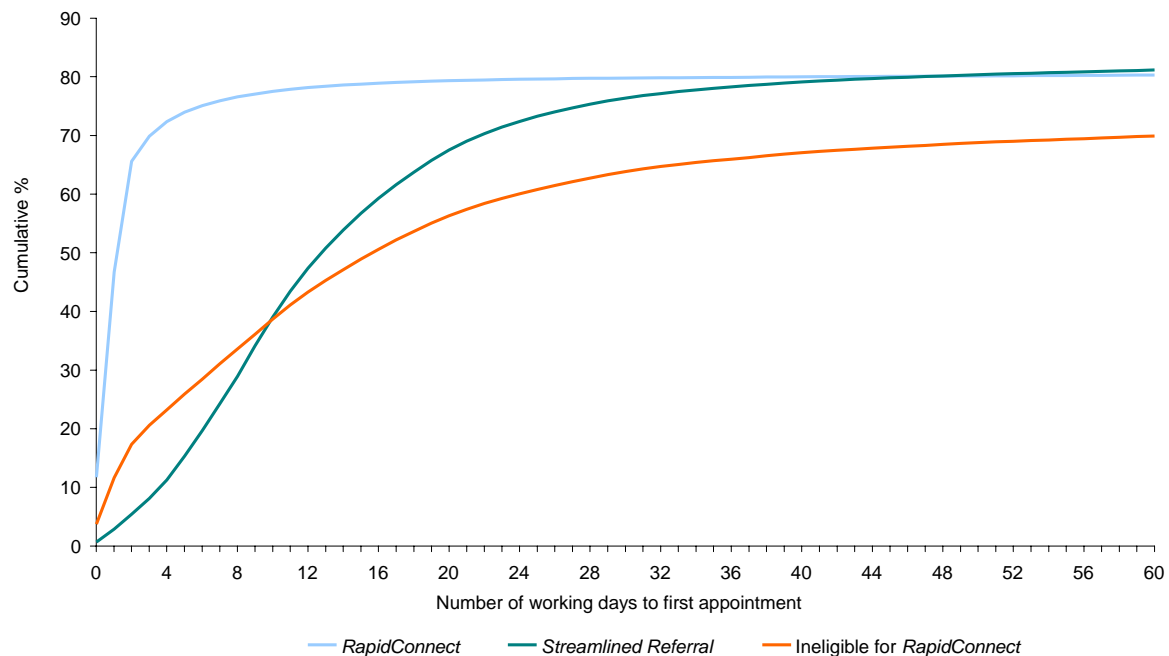
²³ There are some other job seekers for whom *RapidConnect* is not suitable, for example, job seekers in regional or rural areas with limited access to transport and to Job Network. Overall, 46% of Fully Job Network Eligible job seekers were eligible for *Rapid Connect*.

²⁴ As many job seekers were never recorded as enrolling with Job Network during ESC2 this figure overstates the level of engagement under Job Matching.

After the implementation of *RapidConnect* a higher percentage of job seekers attended their first Job Network appointment (63%) than under *Streamlined Referral* (58%), further suggesting that the *RapidConnect* model hastened the first contact with Job Network. Consistent with the grant of income support being conditional on attendance at the first appointment, *RapidConnect* eligible job seekers were more likely to attend their initial appointment (74%) than those ineligible for *RapidConnect* (49%).

Although many job seekers initially failed to attend their first Job Network appointment, the majority eventually did so. Figure 2.1 shows that 66% of *RapidConnect* job seekers attended their appointment within two days of their first contact with Centrelink. This connection time was faster than the connection time under *Streamlined Referral* where only 5% of job seekers were connected within two days, with the average time from first contact with Centrelink to Job Network connection falling from 11 days to three days.

Figure 2.1: Number of working days between initial Centrelink contact and attendance at *any* Job Network member appointment by referral process, ESC3¹



¹ Only includes job seekers who are identified as Fully Job Network Eligible and whose first Centrelink contact occurred within 28 days of creation of an initial Job Network appointment.
Source: DEWR administrative systems

2.2.2 The effect of *RapidConnect* on job seeker outcomes

One of the benefits for job seekers of earlier access to assistance is the potential to be referred to a job vacancy earlier in an unemployment spell. Figure 2.2 shows that similar proportions (2%) of Fully Job Network Eligible job seekers engaged by the *Streamlined Referral* and *RapidConnect* processes were referred to a job vacancy by their Job Network provider on the day of their first appointment with Job Network. A slightly higher percentage of referrals for *RapidConnect* job seekers (27%) resulted in job placements than did so for *Streamlined Referral* job seekers (25%).

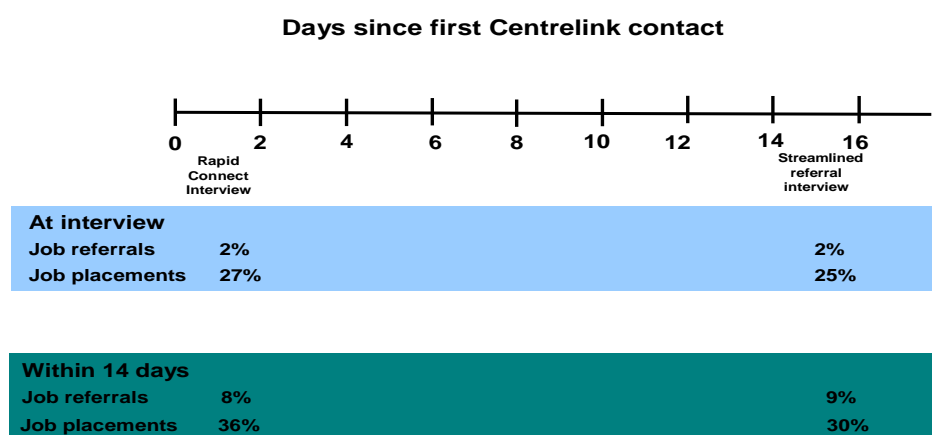
About 8% of *RapidConnect* job seekers were referred to a job by their Job Network member within 14 days of the creation of their initial Job Network appointment. As *RapidConnect* can bring forward job seeker engagement by up to 14 days, this suggests that these job seekers

may have found employment earlier than they would have under the previous process. Similar proportions of job seekers had a job referral within 14 days under both processes. Again, for those who received a referral to a job, *RapidConnect* job seekers were more likely to be placed in employment than *Streamlined Referral* job seekers, at 36% and 30% respectively (Figure 2.2).

The higher placement rates for *RapidConnect* were likely to have been due to a combination of factors:

- *RapidConnect* Fully Job Network Eligible job seekers are job-ready and therefore slightly less disadvantaged than those engaged under *Streamlined Referral*;
- improving labour market conditions; and
- the fact that some *RapidConnect* job seekers would have found employment prior to their first Job Network contact under the previous process and never have become Job Network clients.

Figure 2.2: Job referrals and placement by initial referral process, ESC3



Source: DEWR administrative systems

Consistent with the above, job seekers who were placed in jobs were less likely to have claimed income support if they were engaged under *RapidConnect* than if they were engaged under *Streamlined Referral*, 57% and 73% respectively. This suggests that the introduction of *RapidConnect* has reduced the number of Fully Job Network Eligible job seekers claiming income support. It is possible, however, that some of these job seekers would never have claimed income support or become clients of Job Network under *Streamlined Referral* because, as noted above, they would have found employment through other means before their first Job Network contact.

Earlier commencement of employment assistance benefits job seekers only if it helps them find employment earlier than they would have done otherwise. Finding a job has the potential to generate income support savings. The employment outcomes of job seekers in their first two weeks of unemployment were higher under ESC3 (during which they received

employment assistance) at 4.3% than under ESC2 (when no employment assistance was provided in the first two weeks) at 1.1%:

- It does not appear that these early employment outcomes were simply being brought forward. In the first month of unemployment, employment outcomes under ESC3 were 6.3% compared with 3.5% under ESC2.²⁵

2.3 Job seeker attendance at appointments with providers

Once job seekers complete their first contact with their Job Network member it is necessary to ensure that they remain engaged (ie, in contact with their provider to help them find a job as soon as possible). To maintain job seekers' engagement and facilitate their movement through the continuum of assistance the *APM* introduced a minimum level of contact that Job Network providers were required to have with their job seekers.²⁶

Administrative data on the first three years of the *APM* show considerable variation in the number of appointments job seekers had during each phase of assistance. One per cent of job seekers, for example, attended more than 40 appointments during a first spell of Intensive Support customised assistance (ISca1). Table 2.2 presents data on the average number of appointments, scheduled and attended by job seekers who commenced and completed a phase of assistance and had at least one scheduled appointment during that phase. In summary:

- job seekers only attended one appointment on average while in Job Search Support;
- job seekers in ISca had the highest number of appointments scheduled, seven. On average, however, only five appointments were actually attended reflecting high rates of non-attendance for both valid reasons (just over one appointment on average) and invalid reasons (almost one appointment on average);
- job seekers had just under four appointments scheduled while they were participating in Intensive Support mutual obligation and attended over half of these; and
- on average during Intensive Support contacts, job seekers had three appointments scheduled of which they attended two.

²⁵ These results do not control for differences in labour market conditions or the personal characteristics of job seekers which could have affected employment outcomes in the transition period between ESC2 and the *APM*.

²⁶ For the majority of job seekers, providers are required to meet Fully Job Network Eligible job seekers face to face at least at the following times and frequencies:

- upon referral to the provider from Centrelink or registration with the Provider;
- to negotiate the terms of a Job Search Plan;
- at the commencement of Intensive Support;
- during Intensive Support, after job seeker had been unemployed for a period of 7 months, 10 months, 20 months and 22 months in duration, and once every two months after the job seeker had been unemployed for a period of 32 months in duration;
- at the commencement of ISca;
- during ISca1, once every fortnight; and
- during ISca2, an average of eight times, ranging between 3 and 12 times, depending on the job prospects of the individual job seeker and local labour market conditions.

Table 2.2: Average number of appointments scheduled by appointment result and phase of assistance, ESC3¹

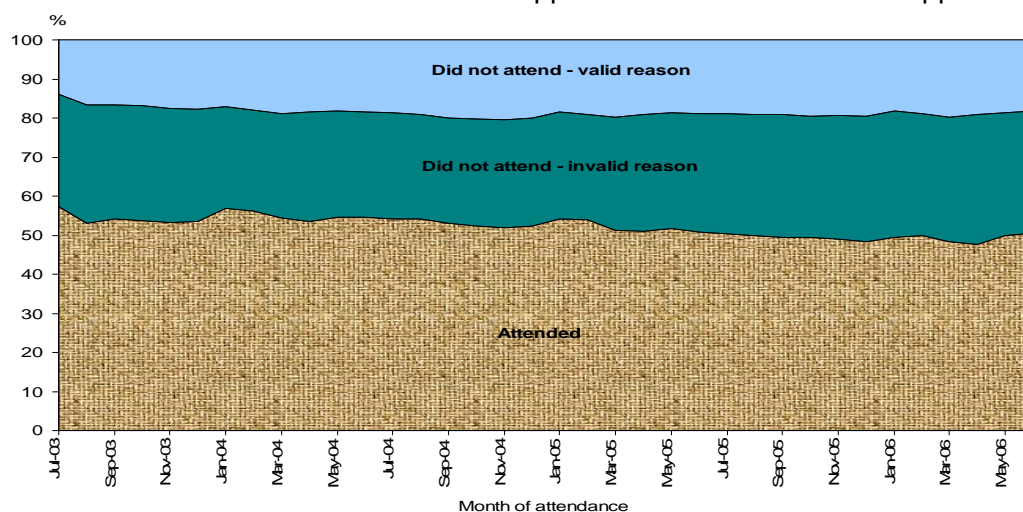
Appointment Result	Job Search Support	IS contacts	ISca1	ISca2	ISmo	All IS
Number of appointments scheduled	1.1	3.2	6.8	7.1	3.2	4.3
Attended	1.0	2.1	4.8	5.1	2.4	3.0
Did not attend for invalid reasons	0.1	0.6	1.2	1.2	0.5	0.8
Did not attend for valid reasons	-	0.4	0.8	0.8	0.3	0.5

¹ Job seekers who commenced and completed a phase of assistance and had at least one appointment scheduled in that phase. Source: DEWR administrative systems

In November 2004, as part of the department’s Job Seeker Omnibus Survey, those who had failed to attend an interview were surveyed. Interestingly, 11% of respondents claimed they missed an interview because they did not know about it. Many job seekers provided obviously valid reasons for non-attendance, including: they were working (27%), at a job interview (6%) or studying (2%). Invalid reasons, such as they forgot or did not want to attend the interview, were given by 13% of respondents. Other job seekers cited somewhat ambiguous reasons, including personal reasons, 31%, (such as illness, or family responsibilities) and being away from home, 2%. Although some reasons for non-attendance may appear valid, their regular recurrence may indicate intentional avoidance behaviour. Indeed, 5% of job seekers provided valid reasons for missing half of their scheduled appointments.²⁷

As most appointments occur during ISca1 and ISca2, attendance at these appointments was examined more closely. The attendance rate for ISca appointments decreased slightly during the first three years of the *APM* (Figure 2.3). There was a corresponding increase in the proportion of job seekers who did not attend appointments for invalid reasons. The rate of non-attendance for a valid reason remained fairly stable at 18%. Frequency of contact during ISca is considered in more detail in Section 6.4.2.

Figure 2.3: Attendance rates at Intensive Support customised assistance appointments, ESC3



Source: DEWR administrative systems

²⁷ One job seeker, for example, failed to attend 45 appointments during ISca1 for valid reasons.

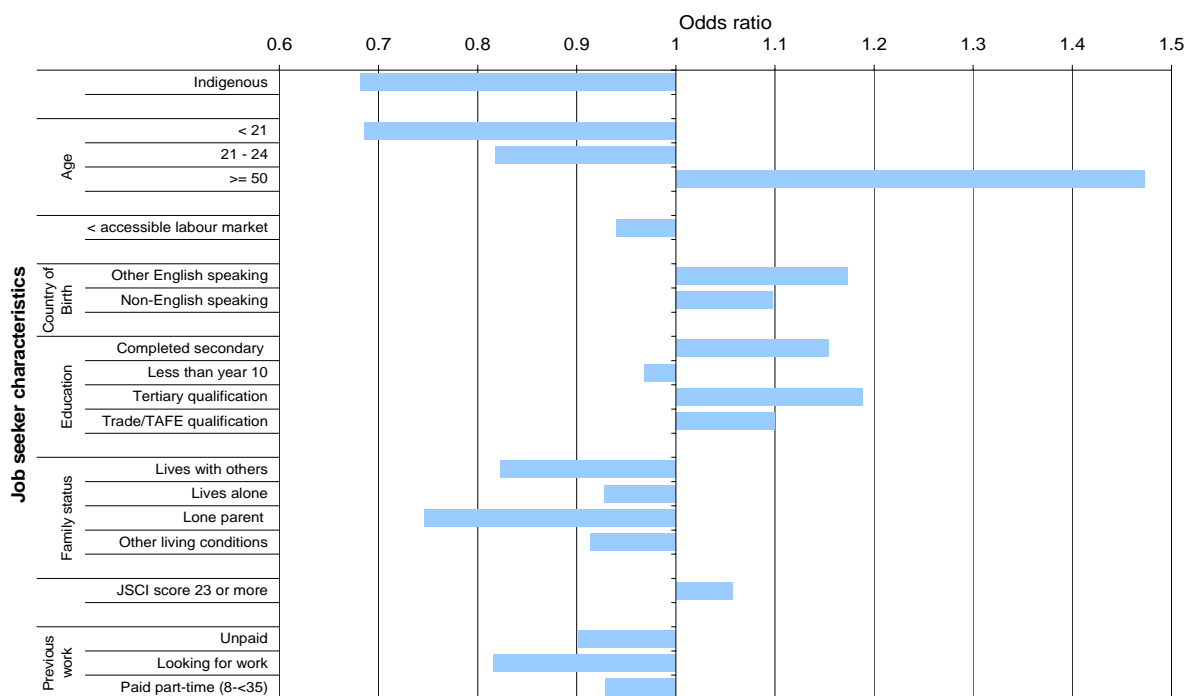
Regression analysis was undertaken to determine what, if any, factors were associated with job seekers attendance at 75% or more of their scheduled appointments while participating in ISca1 and ISca2. This analysis found that the factors associated with reduced likelihood of attending at least 75% of appointments were generally those associated with lower employment prospects (Figure 2.4), including:

- being Indigenous;
- being under 25 years of age;
- living in less accessible labour markets;
- having less than year 10 education;
- living in a household other than with a partner or spouse; and
- having only ever looked for work, not worked or had unpaid work.

A number of factors were consistent with an increased likelihood that a job seeker would attend more than 75% of their appointments. These included:

- being over 50 years of age;
- having higher than year 10 education; and
- having a JSCI score of 23 or higher.

Figure 2.4: Odds ratios¹ for factors affecting attendance at 75% or more of appointments, ESC3



¹ The odds ratio is derived from regression analysis and is a way of determining the probability of a certain event for different groups.

Source: DEWR administrative systems

These findings suggest that it is possible to identify job seekers with characteristics associated with a lower probability of appointment attendance and to target initiatives to encourage attendance by these job seekers.

2.4 Reconnection and appointment attendance rates

During the transition from ESC2 to ESC3, all job seekers were required to attend a Job Network appointment to have a vocational profile created which enabled them to be auto-matched²⁸ to job vacancies. A large number of job seekers missed these appointments without valid reasons and, as a result, experienced a break in their employment assistance. The prevalence of these problems during the transition led to the establishment of a *Rapid Reconnection and Suspension* process to strengthen compliance and reduce the time and employment assistance lost when job seekers missed appointments.

Between 22 September 2003 and 30 May 2004 the process allowed for the suspension of payments to job seekers in receipt of Newstart and Youth Allowance (other) who could not be contacted by Centrelink to discuss their failure to comply with the activity test (ie, had not provided a valid reason for missing an appointment). Centrelink was required to reconnect these job seekers with their employment service provider within 16 working days of their non-attendance being reported to Centrelink.

Despite the introduction of the *Rapid Reconnection and Suspension* process many job seekers continued to miss appointments without providing valid reasons. Research into the effectiveness of the process found that non-attendance was exacerbated by the amount of time between booking and holding a re-connection appointment. It also established that calling job seekers in for an appointment had a compliance effect as many of these job seekers then left income support.

In response to this research the *Modified Rapid Reconnection* process was introduced on 31 May 2004. This requires Centrelink to telephone the provider to arrange an appointment between the job seeker and provider, ideally within 24 hours, and to suspend the job seeker's income support payments until they attend an appointment with their provider.

2.4.1 Effectiveness of the reconnection process

The reconnection process seeks to limit a job seeker's "disconnection" by minimising the interval between missed and rescheduled appointments. The effect of the May 2004 change on appointment attendance was tested early in the operation of the *Modified Rapid Reconnection* process. Data on the timing of, and job seeker attendance at, rescheduled appointments was examined for a group of job seekers subject to the modified process and one subject to the previous arrangement.

The research, conducted in 2004, found that:

- 76% from both groups had an appointment booked within 16 working days of Centrelink being notified (Table 2.3);
- the appointment attendance rate was four percentage points higher for those job seekers subject to the modified process (30% compared to 26% for the pre-modified process); and

²⁸ Auto-matching is the term used to describe the process of comparing a job seeker's preferred work occupations and locations, skills, employment history and qualifications against the jobs on JobSearch. If the job seeker was a suitable candidate for a job, they were notified of the job lead based on their nominated notification method—email, personal page or SMS. It was then up to the job seeker to apply for the job. See Chapter 4 for more details.

- scheduling appointments on the day they were booked contributed more than any other factor to improved attendance rates.

More recent analysis of the reconnection process in 2005 found that the number of appointments which were actually held within 16 days had fallen slightly to 72% (Table 2.3). A higher proportion (93%) of job seekers, however, had a reconnection appointment scheduled.

Table 2.3: Booking of subsequent appointments under the reconnection processes, ESC3

Subsequent appointment booking	Pre-modified	Post-modified	
		2004	2005
		%	
Within 16 working days	76	76	72
Over 16 working days	10	5	21
No appointment	14	19	7
Total	100	100	100

Source: DEWR administrative systems

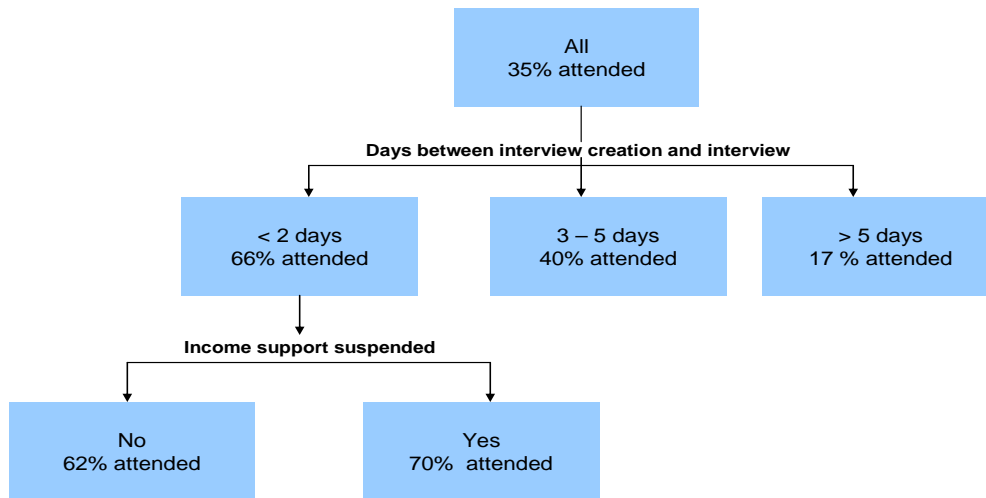
Decision tree analysis²⁹ (Figure 2.5) demonstrates how different job seeker circumstances interact to affect appointment attendance and provides the basis for a regression model. This analysis, based on the 2005 data, confirms that the most significant factor determining attendance at a re-connection appointment was the interval between the scheduling and the actual occurrence of an appointment. For appointments scheduled to occur within two days, 66% of job seekers attended, but this dropped rapidly as the interval increased. In contrast, only 17% of job seekers attended appointments scheduled more than five days in advance.

Figure 2.5 also shows that for job seekers who had a reconnection appointment scheduled within two days, being subject to a suspension increased their probability of attendance from 62% to 70%. If job seekers waited longer for an appointment, suspension did not significantly affect their probability of attendance. Overall, job seekers who had their income support suspended were five percentage points more likely to attend their reconnection appointment than other job seekers (39% and 34% respectively).³⁰

²⁹ A decision tree is a predictive model which allows for the consideration of both continuous and categorical data in predicting an outcome.

³⁰ Many job seekers would have been unaware that their payment had been suspended as they would have made a routine contact with Centrelink prior to their next scheduled income support payment being made. Therefore this figure may overestimate the effect of a suspension of income support.

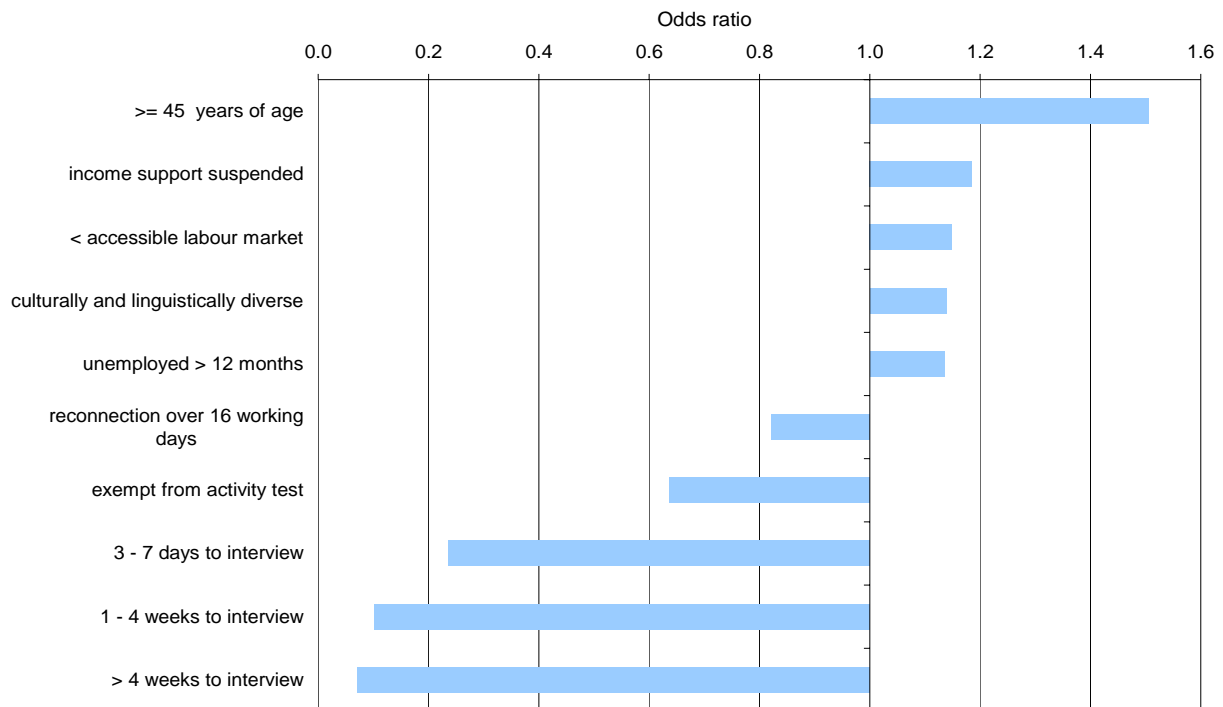
Figure 2.5: Decision tree analysis¹ of factors affecting attendance at reconnection appointment, 2005



¹ Decision trees identify a predictive relationship between factors and an outcome.
Source: DEWR administrative systems

Regression analysis also confirms that both the time between the appointment and interview and the suspension of income support, providing the interview was attended within two days of the appointment, affected attendance (Figure 2.6). Job seekers who had their appointment within two days of it being made were almost five times more likely to attend than other job seekers.

Figure 2.6: Odds ratios¹ for factors affecting attendance at reconnection appointment, 2005



¹ The odds ratio is derived from regression analysis and is a way of determining the probability of a certain event for different groups.
Source: DEWR administrative systems

Figure 2.6 shows that other factors also affected attendance. In general, more disadvantaged job seekers were more likely to attend their reconnection appointment. These job seekers included those:

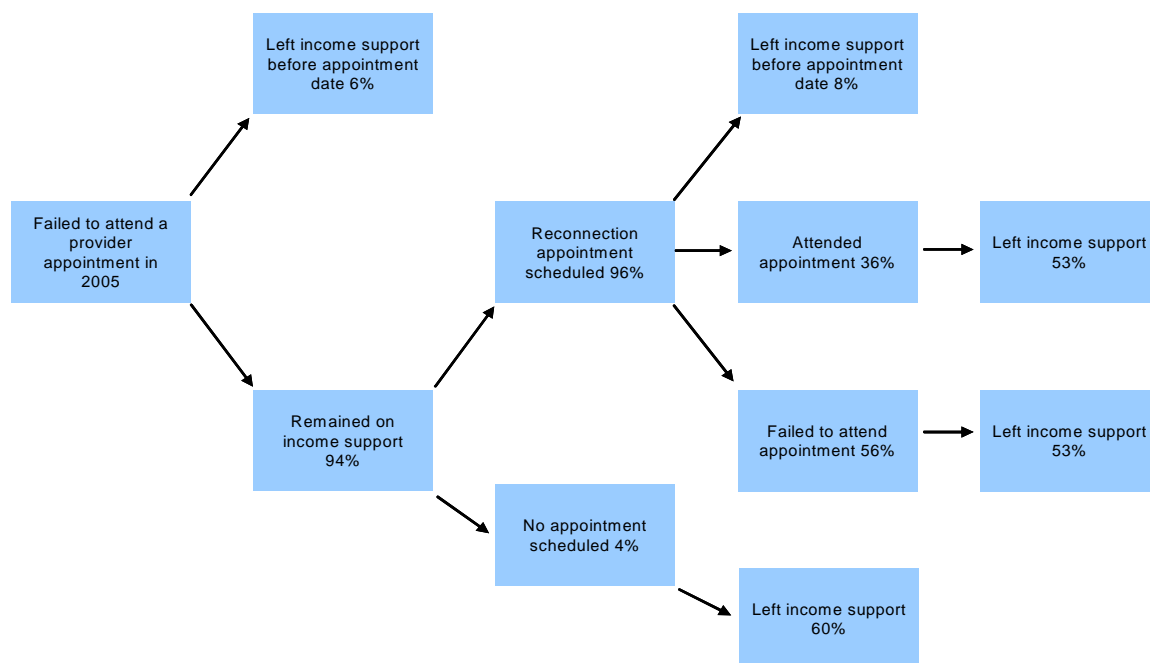
- aged 45 years and over;
- from less accessible labour markets, perhaps because they have less opportunity to find employment;
- from culturally and linguistically diverse backgrounds; and
- in receipt of income support for more than 12 months.

Job seekers were less likely to attend if reconnection was scheduled to occur more than 16 days after Centrelink was notified of the missed appointment or the job seeker was exempt from the activity test.

2.4.2 Compliance effect

As mentioned earlier, research conducted into the *Rapid Reconnection and Suspension* process established the existence of a compliance effect. The *Modified Rapid Reconnection* process had a similar compliance effect which is evident from the number of job seekers who failed to attend an appointment and declared finding employment. As Figure 2.7 shows, 6% of job seekers subject to the *Modified Rapid Reconnection* process during 2005 had their exit from income support back-dated to before their missed appointment. A further 8% of job seekers with a scheduled reconnection appointment left income support before this could occur. This suggests that at least some of these job seekers advised Centrelink of their change in circumstances only because they were required to attend an appointment. Fifty-three per cent of the job seekers who attended their reconnect appointment left income support after that appointment. In total, 60% of all job seekers who had been subject to the *Modified Rapid Reconnection* process left income support.

Figure 2.7: Change of income support status during the reconnection process, 2005



Source: DEWR administrative systems

2.5 Conclusion

The processes put in place under the *APM* which were aimed at increasing job seeker engagement appeared to have raised the attendance rate of job seekers at their initial appointments. Overall, however, non-attendance at appointments continued to be a significant issue under ESC3.

RapidConnect was designed to get job seekers into Job Network as soon as possible. This was achieved by reducing the average time between first Centrelink contact and the first scheduled Job Network appointment and increased incentives for job seekers to attend their first interview. The average time from first contact with Centrelink to attendance at a Job Network interview fell from 11 days under the *Streamlined Referral* process to three days for *RapidConnect*.

Appointment attendance rates increased and this translated into slightly higher job placements at the initial contact with Job Network. There is evidence that a small number of job seekers may not have claimed income support as a result of that initial contact suggesting that some income support savings may have occurred. Some of these job seekers, however, would have found employment without that contact indicating that there are some deadweight costs associated with the *RapidConnect* process. At the outset, the department made a decision that the potential benefits of early access to Job Network assistance outweighed these small additional costs. Changes to the initial engagement model were also supported by an increase in the number of employment outcomes for job seekers in their first two weeks of unemployment from 1.1% under ESC2 to 4.3% under ESC3.

Appointment attendance rates, particularly for Intensive Support appointments, did not improve in the first three years of the *APM*. The majority of Newstart and Youth Allowance (other) recipients (77%) who failed to provide valid reasons for missing appointments, however, were not subject to participation reports.

Although the *Modified Rapid Reconnection* process addresses non-attendance for invalid reasons, many job seekers appear to have avoided appointments by repeatedly providing valid reasons for not attending. Nevertheless, the *Modified Rapid Reconnection* process increased the probability that a job seeker would attend a subsequent appointment and demonstrated a compliance effect with some job seekers exiting income support in response to this process.

A number of job seeker characteristics were found to be associated with a low probability of attendance at appointments. These characteristics could be incorporated into a profiling instrument and used to target initiatives to improve attendance rates.

3 Commencements and participation

3.1 Background

Connecting Fully Job Network Eligible job seekers with the employment services through changed referral processes and, in particular, the introduction of a continuum of assistance was designed to increase commencement rates in the main Job Network services. The continuum is based on a single provider model and a set of clearly defined phases of employment assistance, with progression through the continuum determined by a job seeker's duration of unemployment and assessed level of disadvantage.³¹ Under ESC2, the movement of job seekers through different stages of assistance was delayed³² as job seekers had to be connected by Centrelink with at least one provider at each stage.

The continuum also includes ongoing mutual obligation activities for the Fully Job Network Eligible aged less than 50.³³ Integration of mutual obligation activities and Job Network services replaced previous arrangements whereby job seekers participating in mutual obligations or other non-Job Network activities discontinued their participation in Job Network. In the *Active Participation Model (APM)* job seekers were to maintain regular contact with Job Network during their participation in mutual obligation and other activities, including Complementary Programs. In essence then, for most job seekers the *APM* involves a single provider, eligibility for different types of assistance based on duration of unemployment and ongoing engagement with employment services. This replaced a multiple provider model, with eligibility for assistance based on a combination of duration of unemployment and level of disadvantage, and disrupted engagement.

As noted in the report's introduction, the different phases of *APM* assistance include:

- Job Search Support in the first three months of unemployment (and throughout a job seeker's spell of unemployment). This replaced Job Matching;
- after three months of unemployment, Fully Job Network Eligible job seekers are referred to Intensive Support, which includes:
 - Intensive Support job search training (ISjst) at three month's unemployment. This is much the same as the Job Search Training under previous Job Network contracts;
 - at 12 month's unemployment job seekers who have not been classified as highly disadvantaged become eligible for Intensive Support customised assistance (ISca), which can last up to six months (compared with up to a year for Intensive Assistance under ESC2);
 - a second period of ISca after 24 months of unemployment; and
 - six monthly periods of mutual obligation activities, at 6, 18, and 30 months of unemployment.

³¹ Via the Job Seeker Classification Instrument (JSCI). This change meant that eligibility for the most intensive service (Intensive Support customised assistance) was now based on both duration of unemployment and JSCI score. Under previous arrangements eligibility was based solely on a job seeker's JSCI score. As a result some job seekers never became eligible for an intensive service despite long periods of unemployment.

³² The referral mechanism to Job Search Training, for example, involved Centrelink sending a letter to eligible job seekers advising them of their selection for the program and offering a choice of provider. If no provider had been nominated after 10 days, job seekers were automatically referred to a local provider with spare capacity.

³³ With the Welfare to Work changes introduced from July 2006 job seekers aged 50 and over face the same job search requirements as all other job seekers, although those aged 55 and over are considered to be meeting these requirements through part-time or voluntary work.

3.2 Program commencement rates

In the first year of the *APM* over one million job seekers commenced Job Search Support,³⁴ while in the next two years the numbers were around half this level. Higher commencements in the first year reflect the change from ESC2 to ESC3 and the number of job seekers in Job Network at the time the *APM* was introduced. Equivalent numbers for ESC2 are not available because the means of engaging job seekers with Job Network changed for ESC3 (as discussed in Chapter 2). It is possible, however, to compare commencements and commencement rates from one contract to the next for Job Network's Intensive Support services.

Commencement rates for all job seekers in the programs in the intensive phase of assistance during ESC3 changed little from equivalent programs of ESC2. Some 31% of job seekers referred to ISjst commenced compared with 30% of job seekers referred to ESC2's Job Search Training (Table 3.1). ISca1 had a commencement rate of 59% in this period compared with 61% for Intensive Assistance under ESC2. These comparisons, however, do not recognise the fact that commencement rates could be expected to be influenced by the composition of the eligible population (which, as noted in Chapter 1, changed between ESC2 and the *APM*) and the timing of assistance in a job seeker's spell of unemployment. Disaggregating commencement rates by whether or not job seekers were subjected to the activity test revealed, for instance, that between ESC2 and ESC3 rates increased for both types of job seekers, particularly for those not subject to the activity test.

Table 3.1: Participation¹ in intensive services, ESC2² and ESC3³

Program/phase of assistance	Commencement rate		
	Activity tested	Non-activity tested ⁴	Overall ⁵
		%	
Job Search Training (ESC2)	33.7	6.8	29.6
Intensive Support job search training (ESC3)	38.7	11.7	31.0
Intensive Support job search training refresher (ESC3)	48.4	26.7	44.7
Intensive Assistance (ESC2)	63.5	34.0	60.6
Intensive Support customised assistance1 (ESC3)	64.6	41.4	58.8
Intensive Support customised assistance2 (ESC3)	74.6	41.9	69.2
Work for the Dole (ESC2)	18.4	..	18.4
Intensive Support mutual obligation (ESC3)	38.8	..	38.8
Intensive Support contacts (ESC3)	73.7	52.3	69.2

1 Job seekers might have participated in multiple periods and types of assistance.

2 Job seekers who were referred to either Job Search Training or Intensive Assistance between July 2000 and June 2003.

3 Job seekers who were referred to a phase of assistance between July 2003 and June 2006.

4 This includes job seekers who were not recorded as being on income support when referred to a phase of assistance.

5 The overall commencement rate is less than suggested by the change in commencement rates for the activity and non-activity tested job seekers due to the significant increase in the proportion of non-activity tested job seekers in Job Network after the introduction of the *APM*.

.. not applicable.

Source: DEWR administrative systems

3.2.1 Intensive Support job search training

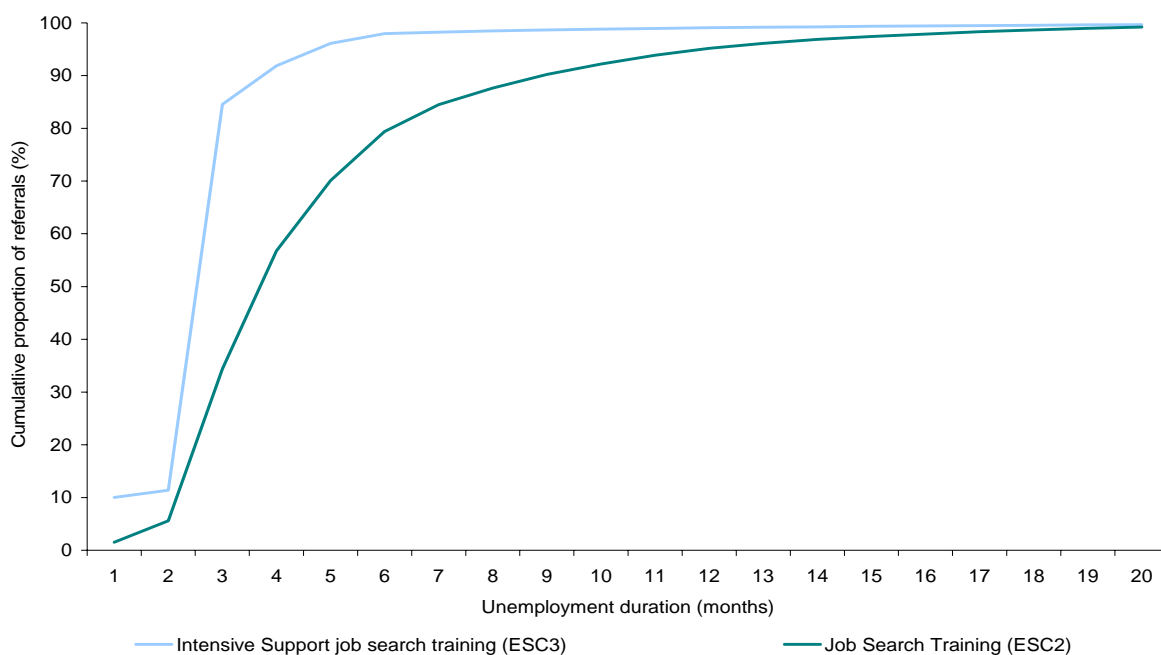
In the first three years of the *APM* over 600,000 more referrals were made to ISjst than were made to Job Search Training over a similar period under ESC2.³⁵ This reflects bringing

³⁴ Based on the number of job seekers with a vocational profile created in the year to the end of June.

forward the timing of referral to this type of assistance in a job seeker’s spell of unemployment, an increase in the number of job seekers available to be referred and a reduction in the proportion of job seekers qualifying for immediate access to ISca. The latter was a result of changes to (ie, removal of duration of unemployment) and re-weighting the factors in the Job Seeker Classification Instrument (JSCI) used to estimate a job seeker’s JSCI score. The proportion of job seekers with JSCI scores sufficient to enable immediate access to the most intensive forms of assistance (ie, Intensive Assistance and ISca) fell from just under 30% for ESC2 to 16% for ESC3.

Referrals to ISjst during ESC3 were made when job seekers had been unemployed for, on average, 12 weeks, more than eight weeks earlier than for job seekers referred to Job Search Training. Almost 85% of job seekers referred to ISjst were referred within their first three months of unemployment (Figure 3.1). The corresponding proportion for Job Search Training was about 35%. Some referrals to ISjst occurred later in a job seeker’s spell of unemployment reflecting delays that arose when job seekers transferred between providers or were granted an exemption from participation for reasons such as ill-health. As a general proposition, bringing forward assistance in a spell of unemployment is likely to reduce commencement rates because job seekers with shorter durations of unemployment have a higher probability of finding a job and leaving Job Network before starting a program.

Figure 3.1: Cumulative referrals¹ to Job Search Training by unemployment duration, ESC2 and ESC3



¹ Those who commenced a new period of unemployment after the start of each contract.

Source: DEWR administrative systems

The introduction of a continuum of assistance with its single provider model was designed to reduce the time between referral to and commencement in assistance by reducing the number of players involved in the referral process. For ISjst the reduction does not appear to have been significant. During ESC3, job seekers commenced ISjst on average 27 days after referral, compared with 30 days for Job Search Training under ESC2. This time lag may, in part, be a result of the timing of courses, with some not being offered until sufficient numbers of job seekers were available and the likelihood that some job seekers were referred in

³⁵ In total there were 1,374,300 referrals to ISjst and 734,800 to Job Search Training in the three year periods analysed.

anticipation of them becoming eligible for this assistance. Both would also act to reduce commencement rates.

Referral to a program can produce benefits in the form of compliance effects if, as previous research has shown (DEWR 2002a and DEWR 2003b), it acts as an incentive for job seekers to increase their job search efforts or declare pre-existing employment. The presence of a time lag between referral and commencement also has the benefit of reducing program deadweight costs which occur when job seekers who would have found a job anyway, participate. Accordingly, many job seekers referred to a program do not commence because they find a job before the program starts. During ESC2, an analysis of administrative data found that around 10% of job seekers did not commence Job Search Training because they had found employment. The proportion for ISjst was similar at around 9%.³⁶

While the aggregate commencement rate for Job Search Training was little changed between ESC2 and ESC3, the change for some groups was quite marked. Commencement rates for particular groups of young people showed the most noticeable increase, up from 36% to 44% for Youth Allowance (other) recipients and 12% to 21% for young people who were not on income support (Table 3.2). Commencement rates declined most noticeably for job seekers who had been unemployed more than six months,³⁷ for those with a disability and for sole parents (reflected also in a fall in commencement rates for Parenting Payment recipients).

These findings suggest the increased commencement rate overall for job seekers not subject to the activity test between ESC2 and ESC3 was a result of increased participation by young people relative to their eligible population and not by the key Welfare to Work target groups (Parenting Payment recipients and Disability Support Pensioners).

³⁶ This issue is discussed further in Section 3.4.2

³⁷ Due in part to a rise in the proportion of job seekers not subject to the activity test in this group.

Table 3.2: Commencement rates in the intensive services, ESC2 and ESC3¹

Job seeker characteristics	Commencement rates			
	Job Search Training (ESC2)	Intensive Support job search training (ESC3)	Intensive Assistance (ESC2)	Intensive Support customised assistance (ESC3)
			%	
Male	30.2	32.4	58.5	61.8
Female	28.4	29.0	61.6	58.7
Age group (years)				
Under 21	27.9	30.8	55.5	51.6
21–24	30.3	34.1	59.8	60.3
25–34	27.5	29.3	59.0	59.4
35–49	32.2	30.5	64.7	65.1
50 and over	33.6	30.6	60.6	66.9
Duration of unemployment				
Less than six months	34.5	31.0	63.7	62.5
6–12 months	26.2	20.0	59.4	55.7
12–24 months	26.4	19.9	60.1	58.0
24–36 months	29.3	21.3	60.8	60.4
36 months and over	30.0	20.5	64.6	65.6
Educational attainment				
Less than year 10	29.6	27.9	58.1	57.8
Year 10	28.1	29.9	60.5	59.8
Completed secondary	29.8	31.7	62.6	60.3
Post-secondary	30.8	32.1	63.8	65.1
Client group²				
People with disability	28.9	23.1	57.4	59.3
Culturally and linguistically diverse background	36.6	34.8	63.0	65.7
Indigenous	26.3	24.7	55.0	53.4
Sole parent	25.0	18.9	59.3	66.1
Income support type				
Newstart Allowance	33.3	37.2	64.0	66.9
Youth Allowance (other)	36.0	44.1	60.2	64.0
Non-allowee youth	11.7	20.6	45.9	41.6
Disability Support Pension	10.5	11.5	29.7	43.9
Parenting Payment Single	24.7	16.0	59.2	56.0
Parenting Payment Partnered	23.9	17.0	56.4	48.5
Other allowance	25.1	14.4	46.2	42.8
Total	29.6	31.0	60.6	60.5

¹ Commencements in Intensive Assistance or Job Search Training between July 2000 and June 2003 and Intensive Support customised assistance or Intensive Support job search training between July 2003 and June 2006.

² Client groups are not mutually exclusive.

Source: DEWR administrative systems

Refresher courses

Job seekers who have participated in ISjst within the last 12 months are eligible for Intensive Support job search training refresher courses instead of repeating ISjst. The refresher course operates over five days as an abridged version of ISjst. In the first three years of the *APM*, less than 10% of all commencements in both ISjst and the refresher course combined were in the refresher course, well below initial expectations that a third of job seekers would do the course (DEWR 2002b). This was a result of a low return rate to Job Network by ISjst participants generally. By the end of June 2005 (the second year of the *APM*) only 20% of them had exited and returned to income support within a year thereby potentially making

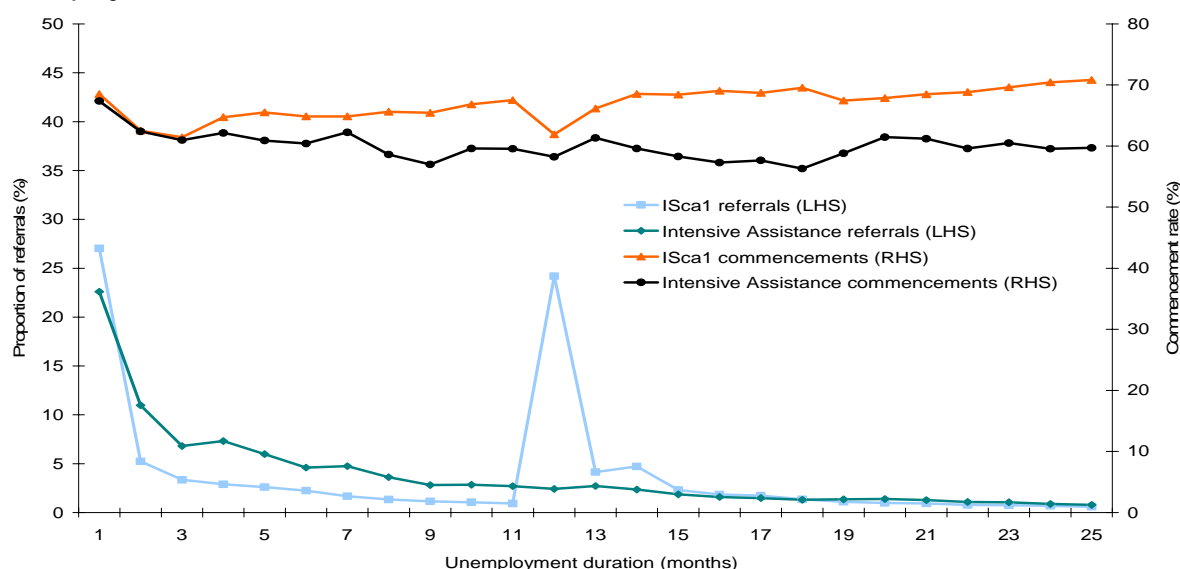
them eligible for the course. On their return, moreover, some of these job seekers were referred to ISjst rather than the refresher course.

3.2.2 Intensive Support customised assistance

Overall, similar numbers of job seekers were referred³⁸ to and commenced Intensive Assistance and a first spell of ISca. Commencement rates, disaggregated by income support type, were similar for activity tested job seekers in ISca in ESC3 and in Intensive Assistance in ESC2 (65% and 64% respectively). For non-activity tested job seekers there was a seven percentage point improvement in the commencement rate (Table 3.1).

The timing of referrals relative to duration of unemployment differed significantly between Intensive Assistance and ISca. Referrals to Intensive Assistance declined with increasing duration of unemployment (Figure 3.2) and on average a job seeker was referred to Intensive Assistance after 37 weeks of unemployment. For a first spell of ISca the proportion of referrals was high at the start of a spell of unemployment and after 12 months of unemployment. This pattern reflects the fact that job seekers who are classified as highly disadvantaged have either immediate access to ISca or they are referred to this service once they have been unemployed for 12 months. During ESC3, about half of the highly disadvantaged job seekers were referred to ISca during their first month of unemployment and two-thirds within three months (on average referral after 14.5 weeks of unemployment). Around two-thirds of those unemployed for 12 months or more who were not classified as highly disadvantaged were referred to ISca after they had been unemployed between 12 and 15 months (giving an average duration at referral of 55.3 weeks). In total, just under half the referrals to ISca were for job seekers classified as highly disadvantaged, yet these job seekers made up less than 20% of the eligible population (based on job seeker inflow in the first three years of the *APM*).

Figure 3.2: Referrals¹ to Intensive Assistance/ISca1 and commencements by duration of unemployment, ESC2 and ESC3



¹ Those who commenced a new period of unemployment after the start of each market.
Source: DEWR administrative systems

³⁸ In total, 1,242,500 referrals to Intensive Assistance were made between July 2000 and June 2003 and 1,299,500 to ISca1 from July 2003 to June 2006. It should be noted that the data for ESC3 include job seekers who were already in Job Network and who were unemployed for 12 months or more at the start of ESC3.

As with ISjst, the introduction of the continuum of assistance was not associated with a reduction in the time between referral to and commencement in ISca. During ESC3, job seekers commenced ISca on average 33.5 days after being referred. This was almost seven days longer than was the case for Intensive Assistance during ESC2. This increase does not appear to have resulted in more job seekers finding work between referral and commencement. The proportion of job seekers who did not commence Intensive Assistance or ISca within three months of referral because of employment was 5.8% for both. The average time between referral and commencement was the same for highly disadvantaged and other job seekers.

As noted earlier, the commencement rate for Job Search Training varied significantly between ESC2 and ESC3 for some groups of job seekers while the rate overall was little changed. For Intensive Assistance and ISca the pattern of variation by job seeker group was similar. Notable changes occurred for Disability Support Pensioners (whose commencement rate increased from 30% to 44%), sole parents (59% to 66%) and Parenting Payment Partnered recipients (down from 56% to 49%) (Table 3.2).

Commencements in ISca2

As expected, the commencement rate for ISca2 during ESC3 was higher than that for a first spell of this type of assistance. Job seekers who progressed to ISca a second time tended to be more disadvantaged than first time participants and more disadvantaged job seekers tend to have higher commencement rates than other job seekers. Fifty-eight per cent of job seekers who completed ISca once between July 2003 and June 2005 progressed to a second spell.

3.2.3 Other phases in the continuum

Based on a comparison between commencement rates for Work for the Dole during ESC2 and Intensive Support mutual obligation during ESC3, the inclusion of mutual obligation activities in the continuum of assistance seems to have increased participation in this type of assistance (Table 3.1). This comparison should be treated cautiously, however, because job seekers can participate in a range of activities other than Work for the Dole to meet their mutual obligation requirements (such as Community Work placements and study). The rise in the commencement rate, nevertheless, partly reflects the increased role that Job Network providers have in organising mutual obligation placements and maintaining contact with job seekers during placements. Under the *APM*, if a job seeker has not commenced a mutual obligation activity after seven months unemployment their Job Network provider is responsible for arranging the referral of the job seeker to these activities with a Community Work Coordinator.

Providers also have an incentive to get their clients to participate in Intensive Support mutual obligation. As providers are able to influence the type of activity the job seeker undertakes to meet their mutual obligation, activities such as work experience can be selected to develop the skills and behaviours of job seekers. This could be expected to improve their employment prospects and increase the likelihood that the provider would secure an outcome payment.³⁹

Job seekers in Intensive Support who are waiting to start a phase of assistance (ie, job search training, customised assistance or mutual obligations) are referred to as being in “Intensive Support contacts”. During this time job seekers are generally required to attend interviews

³⁹ The extent to which Job Network members managed and directed job seekers’ participation in mutual obligation activities was not investigated in the evaluation. This is an area for future research, especially with the introduction of full-time Work for the Dole for some job seekers under the Welfare to Work changes.

with their provider to review their vocational profile and job search efforts and to identify potential opportunities for Job Seeker Account assistance. Most job seekers were found to have maintained contact with their provider in this period. The department's Job Seeker Omnibus Survey (March 2006) found that over 95% of job seekers who commenced Intensive Support contacts had contact with Job Network while in this phase of the continuum, with almost all having attended their Job Network agency. Moreover, 55% of those who had gone to their provider said that they had visited at least fortnightly.

3.3 Factors affecting commencement

Administrative data for ESC3 indicate that commencement rates in the main phases of assistance of the continuum (ISjst and ISca) were, in overall terms, similar to the commencement rates of the equivalent programs during ESC2. The main area of improvement between ESC2 and the APM were the commencement rates for job seekers not subject to the activity test. These job seekers typically had lower commencement rates than other job seekers, but following the introduction of the APM their commencement rates increased significantly (yet remained well below those of activity tested job seekers). Participation by young people subject to the activity test also improved. These changes were accompanied by increased referrals of young people. The proportion of job seekers aged 20 and under referred to ISjst was 6.1 percentage points higher than the proportion referred to ESC2's Job Search Training and the proportion referred to ISca was 8.6 percentage points higher than for Intensive Assistance.

The findings on commencement rates suggest, generally, that there is scope to improve commencement rates of those job seekers not subject to the activity test. Qualitative research by the department with providers indicated that many non-activity tested job seekers referred to Job Network understood little about the service and only attended because they believed they were compelled to do so. As one provider noted:

"[these job seekers] don't have a clue about Job Network. They only come here because they think they will lose their money and when they find out it's voluntary they are out of here".

The qualitative research also identified a number of other factors that influenced the likelihood of a non-activity tested job seeker successfully engaging with Job Network. This included the job seekers' experiences in looking for work and what working entailed—they often were unsure about the process of finding and keeping a job. Barriers to employment such as low self-esteem, concern for child welfare and practical barriers such as restricted hours of work and skills and qualifications were other factors that influenced job search efforts. These barriers made it easier for a job seeker to rationalise their decision to drop out of the labour market.

Those providers that were more successful in getting non-activity tested job seekers to commence tended to be more pro-active in marketing the benefits of the assistance available from Job Network, through, for example, using brochures, outreach visits and posters at Centrelink. Similarly, group work was seen as a good way to engage job seekers. This type of assistance gave job seekers the sense that they were going to "work" and the chance to socialise in a work context. Results from the Disability Support Pension Engagement Pilot also identified raising awareness of the employment assistance available (including the availability of the Job Seeker Account) and alleviating concerns about participation as elements of successful engagement strategies (DEWR 2004b).

Low commencement rates among job seekers not subject to the activity test are being tackled in the Welfare to Work changes. This process includes extending part-time participation requirements to Parenting Payment recipients with school age children and people with disability assessed with a work capacity of 15 to 29 hours.

3.4 The continuum of assistance

3.4.1 Did job seekers follow the continuum

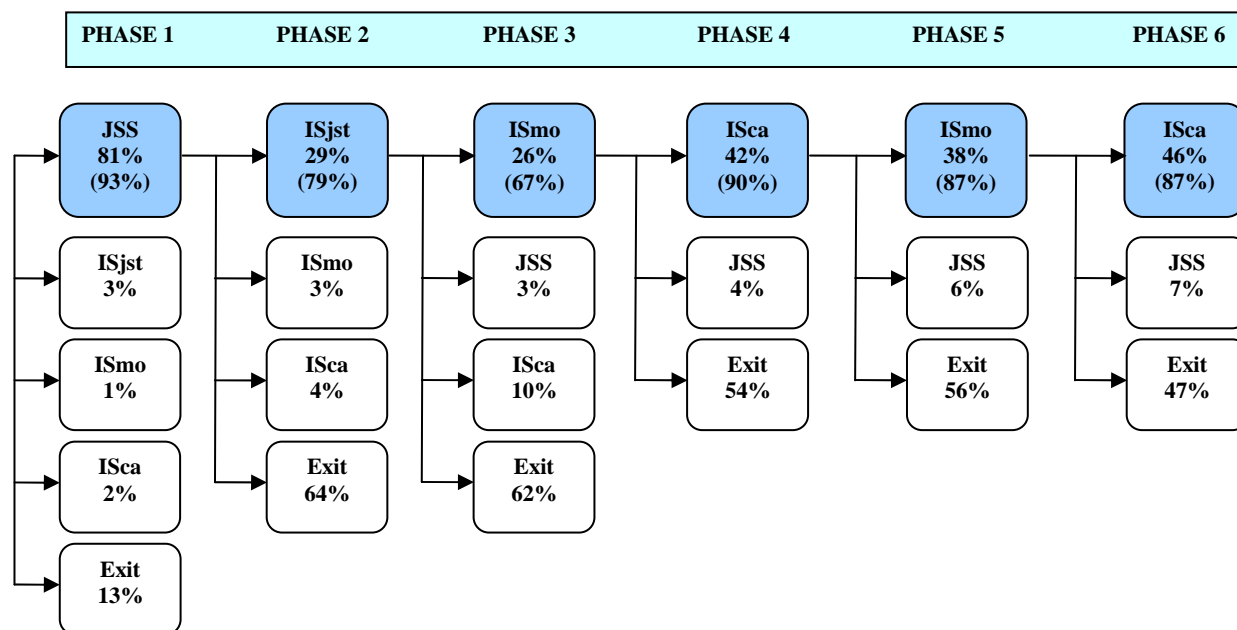
A Fully Job Network Eligible job seeker who remains unemployed and who is not classified as highly disadvantaged in the labour market, either when they become unemployed or subsequently, is expected to follow the continuum of assistance. This means that their first three months of unemployment involves Job Search Support. At three months they would be referred to and participate in ISjst. From six to 12 months unemployment they would undertake mutual obligation activities and from 12 to 18 months a first spell of ISca. This would be followed by a further six months of mutual obligation activities and a second spell of ISca, as shown in Figure 1.1.

To assess whether this order of progress through the continuum was indeed followed, a cohort of job seekers who became unemployed between October 2003 and March 2004 and were expected to follow the continuum was examined to identify which types of assistance they received during their episode of unemployment.⁴⁰ The research found that 81% of job seekers participated in Job Search Support as their first phase of assistance, 13% left assistance before they had the chance to participate and the remainder commenced other forms of assistance (Figure 3.3). Of those who participated in Job Search Support, 29% went on to participate in ISjst as their second episode of assistance, 7% commenced other forms of Job Network assistance and 64% left assistance. The data also show that of those who remained in Job Network for up to six phases of assistance (the figures in parenthesis), the majority followed the continuum.

In addition to the sequence of assistance, the continuum maps the program a job seeker should be undertaking at certain durations of unemployment. For the first three months of unemployment, for example, a job seeker who was not classified as highly disadvantaged should have been undertaking Job Search Support, then within the following three months ISjst. Measuring the extent to which the continuum was adhered to in terms of the timing of assistance was examined for those job seekers who were included in the analysis reported in Figure 3.3. The timing of each program was measured and compared with that set out under the *APM* requirements.

⁴⁰ Only Fully Job Network Eligible job seekers who are subject to the activity test are required to follow the continuum as set out in Figure 1.1 and were therefore the focus of this analysis. Job seekers already in Job Network when the *APM* was introduced, who under the transition arrangements would not necessarily follow the continuum, were excluded from the analysis (ie, job seekers who were in Job Network at any time before July 2003). The analysis also excluded job seekers who were classified as highly disadvantaged upon registration or at any time during their first year of unemployment and job seekers aged less than 21 and 50 and over.

Figure 3.3: Commencement of correct program in the continuum by job seekers¹



¹ Activity tested job seekers aged 21 to 49 who commenced income support between October 2003 and March 2004 and who had not been assisted by Job Network before July 2003. Job seekers who were classified as highly disadvantaged were also excluded. The estimates are based on episodes of unemployment. In the period analysed, some job seekers may have had more than one episode of unemployment. The estimates in parenthesis refer to the proportion of job seekers at each phase who within an episode of unemployment remained in assistance and followed the continuum.

Source: DEWR administrative systems

Not surprisingly, the analysis found that not all job seekers who followed the continuum of assistance did so at the correct time because they were granted an exemption from the activity test (Figure 3.4). Unlike the chances of an exit from assistance, which decreased across the continuum, exemptions were more likely as duration of unemployment increased.

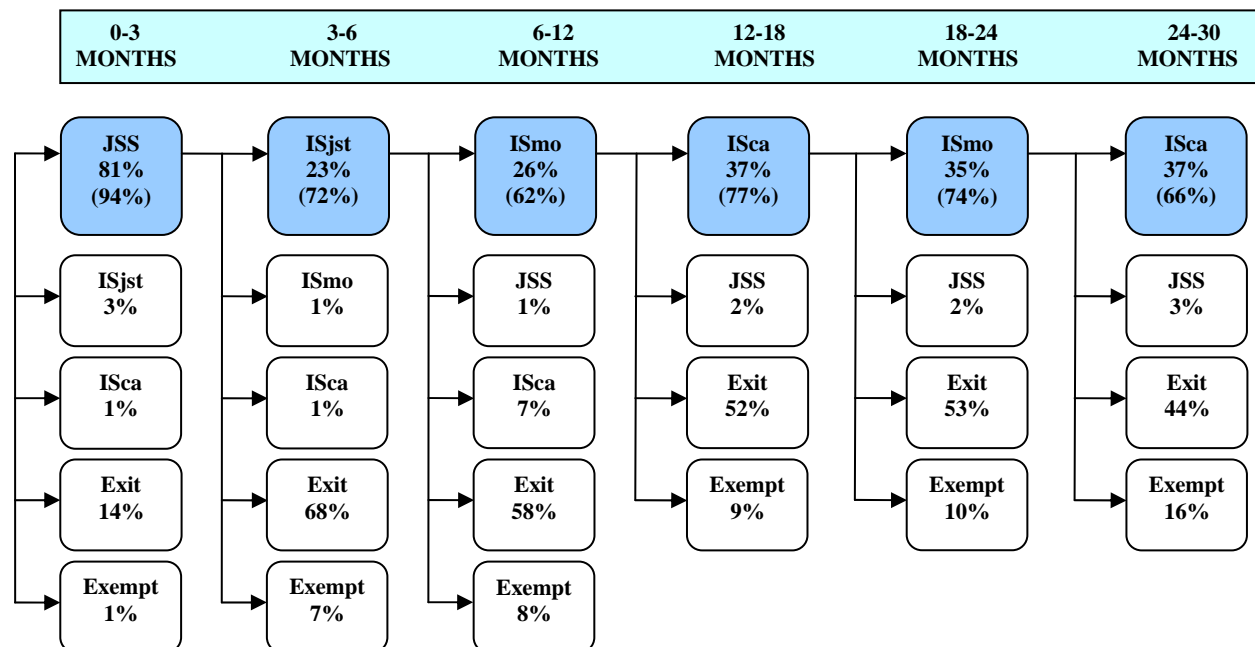
In summary, the reasons for job seekers not moving from one phase of the continuum to the next include that they left assistance (or their eligibility for assistance changed, which in some cases may have been because they found a job) or they were referred to and commenced the “incorrect” program (as shown in Figure 3.4, 7% of job seekers, for example, went from ISjst to ISca rather than to Intensive Support mutual obligation). Another reason relates to program exemptions⁴¹ such as job seekers participating in one of the Complementary Programs or having a medical incapacity. This probably explains much of the difference between Figures 3.3 and 3.4. In the analysis of whether job seekers followed the continuum, a period on exemption was treated as an allowable break irrespective of its duration,⁴² while in the analysis of those who followed the continuum at the correct time exemptions were accounted for. Being on an exemption is, as Figure 3.4 shows, a common reason for not following the continuum at the correct time. Not following the continuum in some instances

⁴¹ Circumstances when a job seeker can be exempt from the activity test for a specified period of time. If a job seeker becomes temporarily exempted from the activity test, it will not result in an exit from Job Network services. The job seeker will be suspended from participation in Job Network until the end of the exemption period. After the end of an exemption period the job seeker will resume Job Network services according to their duration of unemployment.

⁴² To do otherwise was too complicated. Job seekers returning to assistance after a period on exemption are expected to resume assistance at the point at which they left. For this reason and because there are no time constraints imposed in the analysis reported in Figure 3.3, job seekers regardless of whether they have had an exemption have the same chance of following the continuum (all else being equal). In Figure 3.4 however, where attendance of phases was assessed within specified time slots the inclusion of exemptions was required.

may reflect the scope for flexibility within the service delivery model (particularly the capacity to refer job seekers to Complementary Programs).

Figure 3.4: Commencement of correct program in the continuum at the correct time by job seekers¹



¹ Activity tested job seekers aged 21 to 49 who commenced income support between October 2003 and March 2004 and who had not been assisted by Job Network before July 2003. The estimates refer to the proportion of job seekers. The estimates in parenthesis refer to the proportion of job seekers at each phase who remained in assistance and followed the continuum. Source: DEWR administrative systems

3.4.2 The effect of the continuum on outcomes

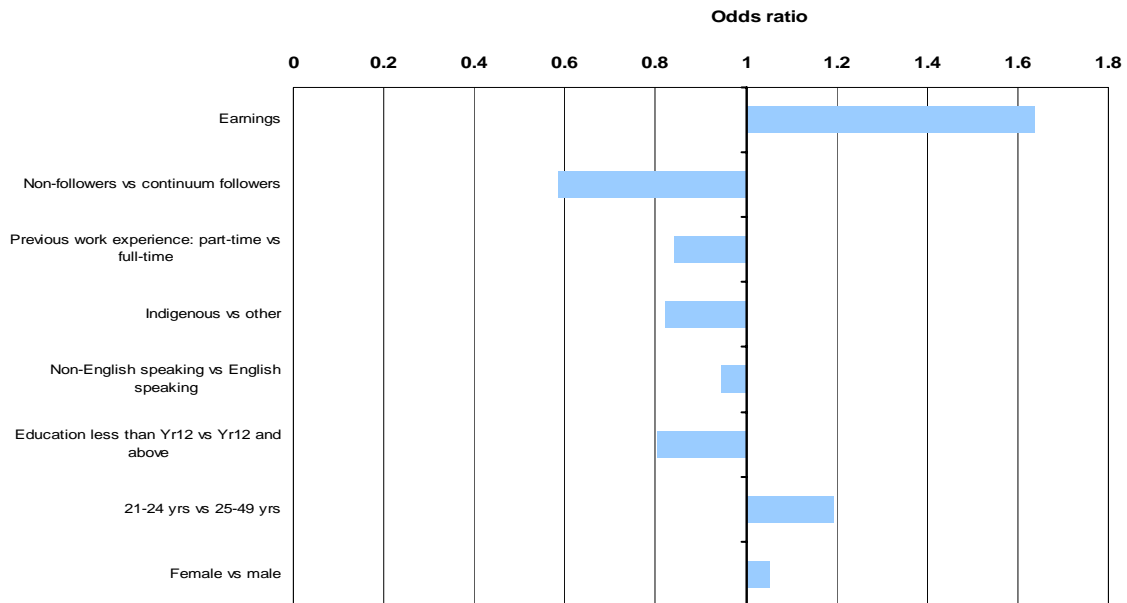
A rationale for introducing the continuum of assistance was that job seekers would remain actively engaged with the employment services as their duration of unemployment increased. The expectation was that this greater level of engagement would contribute to higher employment outcomes and less reliance on income support. One way of investigating whether this approach improves outcomes is to compare exit rates from income support of job seekers who did and did not follow the continuum.

The same cohort of job seekers referred to in Figure 3.3 was selected for this analysis (ie, job seekers who became unemployed between October 2003 and March 2004, who were expected to follow the continuum).⁴³ The exit rates (in terms of exit from income support) of those who followed the sequence of assistance prescribed by the continuum and those who were expected to follow this sequence but did not do so were compared. Regression analysis was used to test whether following the continuum was associated with a higher rate of exit once observable job seeker characteristics were controlled for. This analysis found that job seekers who followed the continuum had a significantly greater likelihood of exit from income support than those who did not (Figure 3.5). This may reflect the fact that job seekers who followed the continuum had more contact with Job Network and, as a result, possibly stronger labour force attachment than those who did not. A number of job seeker characteristics were also found to be associated with an increased likelihood of leaving income support, which, as expected, reflects the relationship between exit and level of labour market disadvantage. The

⁴³ Job seekers without a JSCI score were excluded from this analysis.

relationship between following the continuum and exit from income support, however, held for different demographic groups. There was no evidence (from interaction terms) to suggest that any one group benefited more than others.

Figure 3.5: Odds ratios for factors affecting exit rates from income support¹



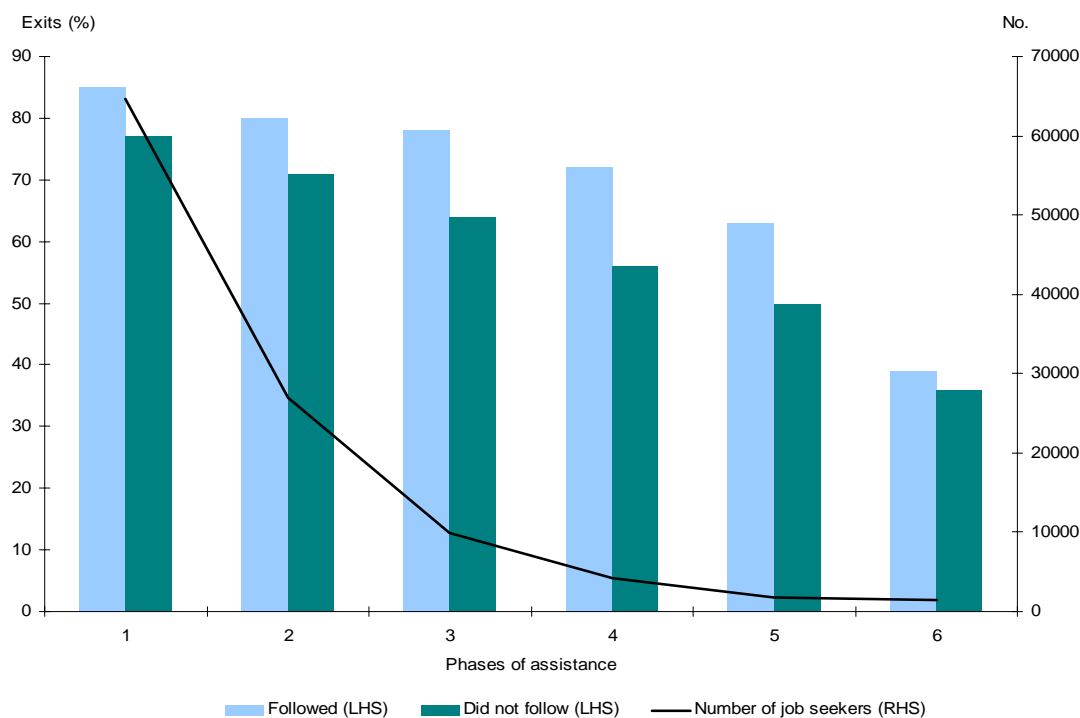
¹ Activity tested job seekers aged 21 to 49 who commenced income support between October 2003 and March 2004 and who had not been assisted by Job Network before July 2003 and who had a valid JSCI score. Job seekers who were classified as highly disadvantaged were excluded.

Source: DEWR administrative systems

Earnings while unemployed and previous work experience also affected exit rates. As expected, job seekers with earnings were significantly more likely to leave income support than those without. Those who previously had only had part-time work were less likely than those who previously worked full-time to leave income support, a finding consistent with the fact that job seekers who participate in part-time jobs often continue to receive income support, albeit at a reduced rate.

Movement through the continuum for job seekers in this analysis depended on continued unemployment and the length of the unemployment spell. Typically, moreover, as duration of unemployment increased, the probability of leaving income support decreased. This meant that job seekers who completed only the first phase or program in the continuum (ie, Job Search Support) had a much higher exit rate than those who completed multiple phases. Job seekers who completed two or three phases, for example, had exit rates of 80% and 78% respectively (Figure 3.6). Nevertheless, job seekers who followed the continuum had significantly higher exit rates than those who did not. This finding held for at least five completed phases of assistance. Exit rates were similar for job seekers who had completed six phases of assistance and who were eligible to have followed this many phases but had not done so. By this stage, however, numbers in the cohorts were very low.

Figure 3.6: Exit rates by whether or not the continuum was followed and phases of assistance¹



¹ Activity tested job seekers aged 21 to 49 who commenced income support between October 2003 and March 2004 and who had not been assisted by Job Network before July 2003 and who had a valid JSCI score. Job seekers who were classified as highly disadvantaged were excluded.

Source: DEWR administrative systems

3.4.3 Exits while in the continuum

A feature of the single provider model is that as a job seeker approached the next phase of assistance their provider would contact them outlining the assistance and requirements associated with that phase. Compliance effects⁴⁴ were expected to result from these contacts and these would be reflected in increased exit rates from Job Network around the scheduled time of the contact.

The rate of exit from Job Network assistance during ESC3 (for Fully Job Network Eligible job seekers who were not classified as highly disadvantaged) declined as time in assistance increased (Figure 3.7). While the rate increased marginally at a number of points, some of these increases coincided with events along the continuum. An increase in exits, for example, occurred four months after assistance. At this time job seekers were both referred to ISjst and asked to attend a four month review interview with their provider. Previous research on Job Search Training during ESC2 detected a “tree-shaking” effect from referral to assistance. This type of effect was also apparent for ESC3. The rise in exits was also driven by the behaviour of job seekers who were not subject to the activity test. These job seekers have less incentive than activity tested job seekers to participate in programs. If referred to a program they can leave Job Network without this affecting their income support.

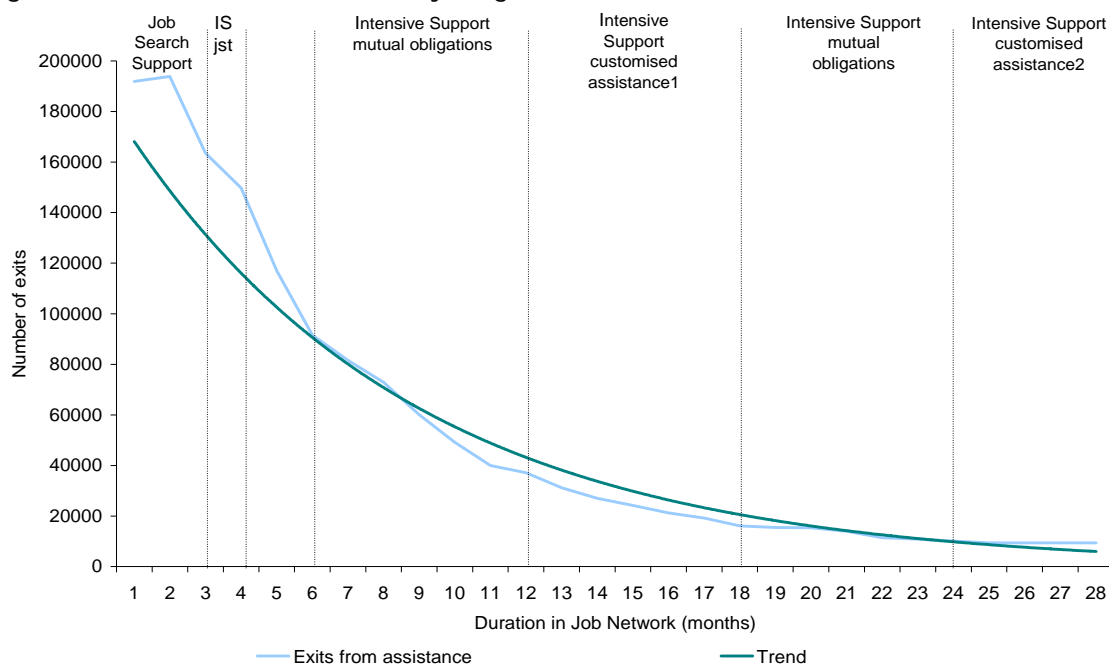
Marginal increases in exit rates were also evident after 12 months of assistance. This coincided with referral to a first episode of ISca, and for many job seekers finishing a Work

⁴⁴ In theory these effects occur because once contacted some job seekers declare previously undeclared income or changes in living arrangements while others accept employment in preference to participating in a labour market program.

for the Dole placement as part of their mutual obligation requirements. For some job seekers these placements resulted in future employment while for others the end of the placement coincided with increased job search.

The fact that there was not a large increase in exits around 12 months tends to cast doubt on concerns⁴⁵ that large numbers of providers were keeping job seekers in assistance for at least 12 months to take advantage of the higher outcome payments once job seekers were unemployed for this length of time. By doing so, it was argued, providers would be able to receive higher outcome payments.

Figure 3.7: Exits from assistance by length of time in Job Network,¹ ESC3



1 Fully Job Network Eligible job seekers who were not classified as highly disadvantaged and who left assistance between July 2003 and June 2006.

Source: DEWR administrative systems

3.5 Conclusion

Following the introduction of the *APM* there was a rise in the number of job seekers eligible for assistance. This change was due largely to the increased inflow of non-activity tested job seekers in line with government policies to reform the welfare system and increase the labour force participation of, in particular, parents and job seekers with disability. The link between employment assistance and mutual obligations also seemed to improve.

In the first three years of the *APM* the commencement rate of job seekers into intensive services improved over that for equivalent services during ESC2. This improvement was largely a result of increased commencement rates for job seekers not subject to the activity test. Despite this, the commencement rate for these job seekers remained well below that of activity tested job seekers.

More job seekers participated in assistance under ESC3 than ESC2. This was a function of better referral processes (discussed in the previous Chapter), increases in the Fully Job Network Eligible population, more referrals to assistance and increased commencement rates.

⁴⁵ See Catholic Social Services Australia 2006.

The encouragement of job seekers into Job Network, from groups which previously were less likely to participate, is one reason for the apparent contradiction of an increase in the numbers assisted by the employment service in a period of sustained growth in the Australian economy and falling unemployment. One of the potential downsides of increased participation, however, is an increase in deadweight costs.

Most of the activity tested job seekers who remained unemployed (and who were not classified as highly disadvantaged) followed the sequence of assistance set out in the continuum. The proportion who followed the sequence at the correct time in their spell of unemployment was marginally lower. Following the continuum of assistance was found to be associated with a higher likelihood of exit from income support.

A concern raised in relation to the design of the continuum of assistance was that it encouraged providers to delay placing job seekers in jobs until after they reached 12 months unemployment (ie, so called “temporary parking”). Preliminary analysis of exit rates from Job Network assistance at different durations of unemployment does not support this contention. Any changes in exit rates for different durations, outside those that were expected, seem more likely to have resulted from compliance effects than from “temporary parking”.

4 Employment exchange services

4.1 Background

The *Active Participation Model (APM)* includes a range of publicly-funded employment exchange services. These services, which include Job Placement, Australian JobSearch (JobSearch) and a number of complementary electronic matching processes, were designed to help employers fill vacancies more quickly and assist eligible job seekers to find work by increasing their access to a larger number of more diverse jobs.

4.1.1 Job Placement

With the introduction of Job Placement services under the *APM* the government began to purchase the services of established recruitment organisations. In addition to Job Network members who were issued with a Job Placement licence as a condition of their contract, organisations without a Job Network contract were able to apply for a Job Placement licence. A successful applicant is known as a Job Placement Licensed Organisation (JPLO). Unlike Job Network members, JPLOs do not have access to the Job Seeker Account and are unable to claim for paid outcomes (ie, at 13 and 26 weeks) as they are not required to provide the kinds of individualised assistance expected to achieve such outcomes.

Under the terms of the Job Placement licence, all organisations with a licence are required to place their non-executive vacancies on JobSearch. It was not intended that Job Placement fees would be the only source of income for JPLOs but rather would encourage recruitment firms to draw on the pool of Job Network registered job seekers when filling their vacancies.

In the first three years of the *APM*, over 640 organisations (in addition to Job Network agencies) were licensed to deliver Job Placement services (DEWR 2006a). These organisations operated from sites in urban and regional Australia and included labour hire companies, community organisations and mainstream recruitment companies, with some having up to 80 sites throughout Australia and others being single sites. The distribution of JPLOs was more urbanised than that of Job Network members, with 78% of sites of JPLOs located in urban areas compared with 55% of Job Network sites.

4.1.2 Increased automation of employment exchange

Australian JobSearch

The employment exchange services under the *APM* introduced new computer and communication technology to match job seekers to suitable vacancies and notify them rapidly of these matches. Vacancies can be lodged onto JobSearch, a national database established and administered by the department, by JPLOs, Job Network members and employers. JobSearch also contains vacancies imported from other commercial sources (such as newspapers and recruitment websites) and is a database of job seekers' résumés. During ESC3, job seekers were matched to vacancies using vocational profiles⁴⁶ which were usually developed during the job seeker's first appointment with their Job Network provider.⁴⁷

⁴⁶ Vocational profiles served three main purposes:

- they helped Job Network members assess job seekers' skills, employment goals and previous experience;
- they provided an online résumé which job seekers could use when applying for jobs; and
- they helped match job seekers to jobs. The information contained in vocational profiles was used to match job seekers to jobs through auto-matching and the Instant JobList and Find Staff functions.

⁴⁷ Job seekers could also develop their own vocational profiles online.

Electronic Job Matching

Electronic job matching includes auto-matching, an automated process which nightly matches information in job seekers' vocational profiles against the requirements of vacancies listed on JobSearch. Through the use of these electronic services providers and employers are able to contact those job seekers matched to vacancies (including via the job seeker's personal page on JobSearch, email and SMS) to invite them to apply for jobs.

4.2 Evaluating Employment Exchange services

This evaluation focuses closely on the extent to which the new arrangements affected:

- labour market accessibility, particularly the number and range of vacancies available to job seekers and the referral and placement services provided to them;
- employer servicing including the attitude of employers to Job Network members and JPLOs; and
- job seeker outcomes such as job placements, the sustainability of employment outcomes and changes in income support dependency.

This evaluation also examined the impact of automated jobs matching on the efficiency of employment exchange services, including the time taken to lodge vacancies, refer job seekers to vacancies and to place job seekers. This analysis, however, was restricted by the limitations of data on the time taken to fill vacancies advertised on JobSearch. Also, while there is likely to be a relationship between the efficiency of the publicly-funded employment exchange and the efficiency of the broader labour market (in terms of the speed with which vacancies are filled), measuring this relationship was beyond the scope of the evaluation and the available data.

4.3 Labour market accessibility

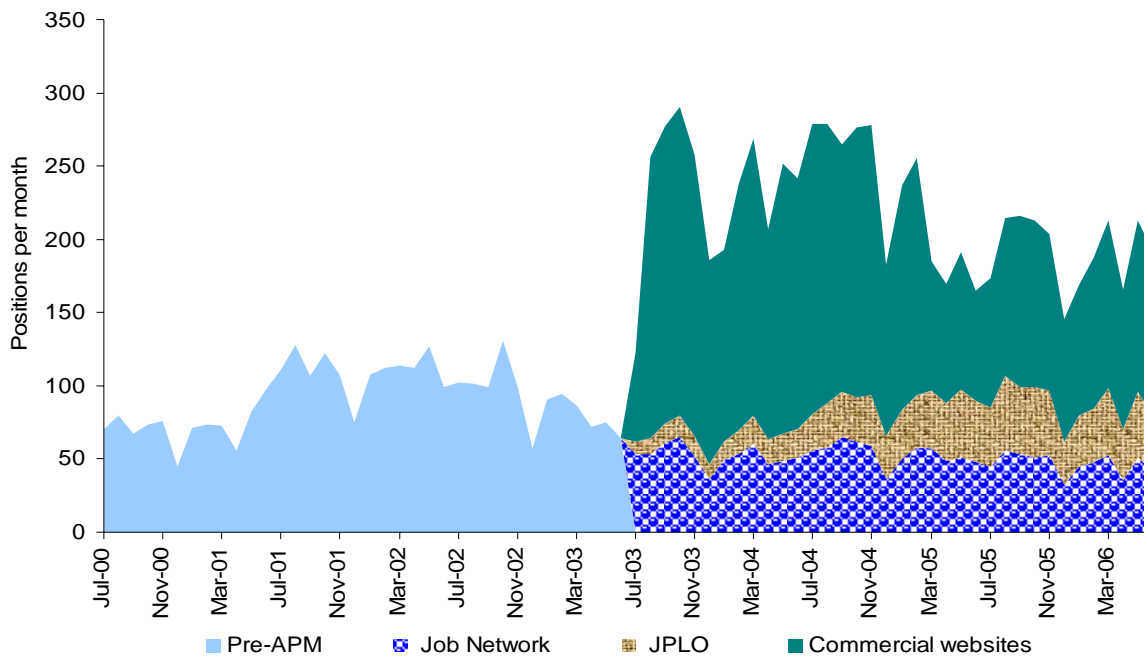
4.3.1 The number and range of positions (vacancies) advertised

The number of positions⁴⁸ advertised on JobSearch and hence available to job seekers increased considerably after the introduction of the *APM* (Figure 4.1). Much of this increase can be attributed to additional vacancies from commercial sources other than Job Network members and JPLOs. The introduction of JPLOs also contributed to an increase in the number of positions lodged on JobSearch. Over the first three years of the *APM*, JPLOs increased their share of positions lodged relative to those lodged by Job Network and by other commercial sources.

Most of the fall in the number of positions lodged by Job Network occurred in the lead up to ESC3. The continued decline after the *APM* was implemented may be partly due to a change in the role of Job Network providers (there were now no Job Network members that only offered the job matching services provided under earlier contracts) and reduced job placement fees. Increased use by employers of non-traditional means of recruiting staff, such as lodging vacancies on recruitment websites, also reduced Job Network's share of positions lodged.

⁴⁸ The data refer to positions rather than vacancies. A vacancy may involve several positions.

Figure: 4.1: Positions lodged per month by source, July 2000 to June 2006

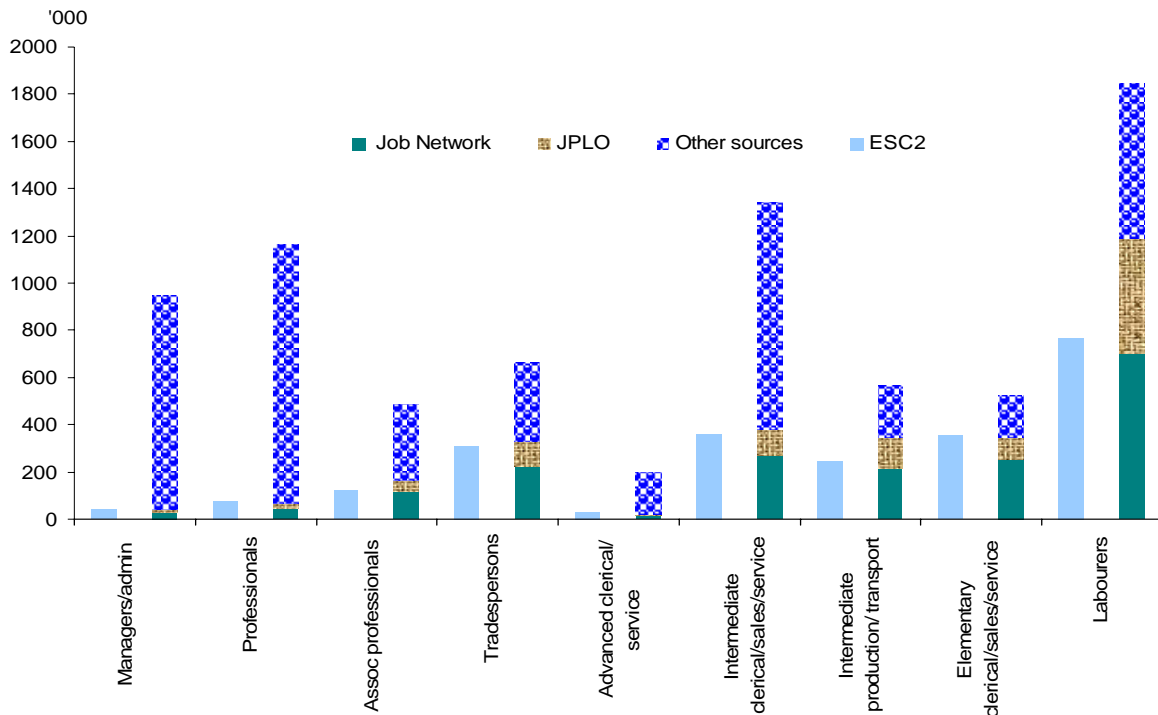


Source: DEWR administrative systems

The number of additional vacancies is difficult to determine precisely, however, because the growth in the number of sources has raised the potential for the same vacancy to be listed more than once on JobSearch. Some JPLOs, for example, routinely place vacancies on both JobSearch and commercial websites which also contribute vacancies directly to JobSearch. An Audit Office examination of job placement and matching services reported that about 14% of all vacancies were duplicates (ANAO 2006). This assertion was contested by the department in its comments on the audit report, arguing that a flawed methodology exaggerated the count of duplicate vacancies. The department stated that 7.8% was a more accurate figure, that it had focussed on the issue of duplicate vacancies “for quite some time” and that the proportion of duplicates fell after March 2005.

Compared with the second Employment Services Contract (ESC2), the introduction of JPLOs and the sourcing of additional vacancies from commercial recruitment websites changed the mix of vacancies advertised on JobSearch. Jobs advertised by JPLOs were more likely to be casual or part-time than those advertised by Job Network members. The occupational mix of vacancies also changed, mainly as a result of the use of commercial recruitment websites (Figure 4.2). Commercial websites significantly increased the number of “white collar” jobs advertised on JobSearch, particularly managerial, professional and administrative positions.

Figure 4.2: Vacancy types by source and number of positions, ESC2 and ESC3



Source: DEWR administrative systems

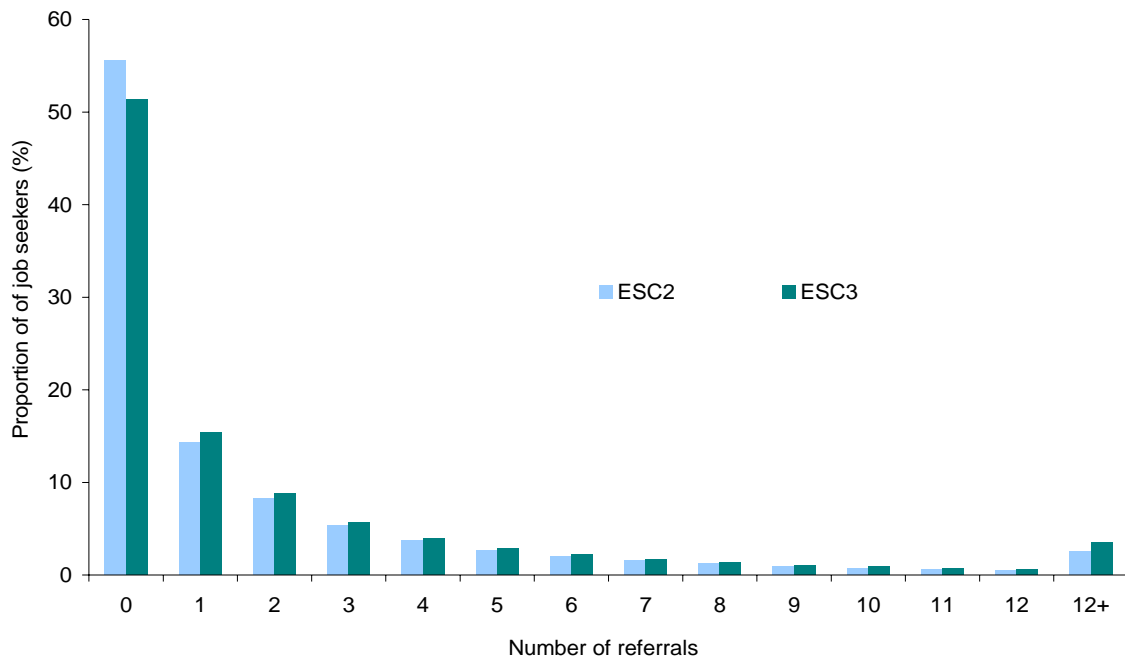
4.3.2 Referrals

While it is clear that the number, range and composition of vacancies changed with the introduction of Job Placement under the *APM*, it is important to establish whether these changes had any effect on the referral and placement of job seekers by providers. At the outset, however, there is a need to acknowledge that any increase in referrals and placements between ESC2 and the *APM* may be due to factors other than increases and changes in JobSearch vacancies. One significant external factor which cannot be controlled for in this analysis is the state of the economy and labour market. Provider behaviour may also be an influence because it was subject to a different range of incentives and players under ESC3 compared to ESC2. This is considered later in the report.

Following the introduction of the *APM* the average number of job referrals per job seeker increased from 4.2 to 4.6.⁴⁹ Moreover, relatively fewer job seekers had not received any referrals than was the case under ESC2. The proportion of the Fully Job Network Eligible who were not referred to a job at any time between July 2000 and June 2003 (ie, during ESC2) was 56%. The corresponding proportion in the first three years of the *APM* was 51% (Figure 4.3). As discussed below, these data on referral rates require careful interpretation.

⁴⁹ This may understate the ratio of referrals to job seekers because there was no requirement under ESC2 or ESC3 for referrals to be recorded unless a placement was involved.

Figure 4.3: Referrals to jobs per job seeker, ESC2 and ESC3



Source: DEWR administrative systems

An important factor associated with the seemingly high proportion of job seekers who were not referred to positions would appear to be duration of unemployment. In the period July 2003 to June 2006, 34% of unemployment spells (involving job seekers subject to the activity test) were less than three months long. In 84% of these spells a job referral did not occur. For unemployment spells between six and 12 months and 12 and 24 months the respective proportions were 50% and 39%. The main change between ESC2 and the *APM* was an increase in the proportion of longer duration spells involving a referral to a job. During ESC2, 83% of unemployment spells less than three months long did not result in a referral. For spells between six and 12 months and 12 and 24 months, 59% and 49% respectively did not involve a job referral.

Other job seeker characteristics also affected the likelihood of referral. Non-activity tested job seekers were much less likely to receive a job referral than activity tested job seekers, irrespective of unemployment duration. The chances of a job referral tended to be lower for job seekers who were female, aged 55 and over, classified as highly disadvantaged or lived in very remote locations.

The inclusion of JPLOs in the publicly-funded employment services brought with it new approaches to the referral of Job Network clients to jobs. In qualitative research conducted by the department in 2005,⁵⁰ most JPLOs interviewed said that, apart from advertising vacancies on JobSearch and providing information about them to clients, they did not actively market themselves to job seekers nor, it should be noted, was there a departmental requirement that they would do so. In contrast to Job Network agencies, which reported in qualitative research that they referred job seekers to vacancies outside those listed with their organisation, JPLOs reported that they did not refer job seekers to positions listed elsewhere. Consistent with departmental expectations, JPLOs did not consider that they had an active role in assisting job seekers, other than through job matching.

⁵⁰ This research was conducted as part of the 2006 Job Placement Survey.

All JPLOs in the qualitative research reported that they always referred the “best person for the job”. In making this decision, however, they were influenced by the higher placement fees associated with the Fully Job Network Eligible and the requirement to ensure that outcome payments for these job seekers made up at least 70% of their placement fees. For Job Network members in the qualitative research, the criteria for establishing the “best person for the job” included the level of assistance⁵¹ required by the job seeker.

Reflecting these differences, the characteristics of job seekers referred to jobs differed by type of provider. JPLOs referred fewer job seekers classified as highly disadvantaged (7.2% of referrals compared to almost 14% in the case of Job Network members) in the first three years of the APM and a higher proportion of job seekers unemployed for less than three months (42% compared to 32%) (Table 4.1).

Table 4.1: Characteristics of job seekers referred to jobs, ESC2 and ESC3

Job seeker characteristics	ESC2	ESC3		
		Job Network member	JPLO	Total
		%		
Male	64.2	60.4	64.6	61.1
Female	35.8	39.6	35.4	38.9
Aged group (years)				
Under 18	3.4	3.7	4.1	3.7
18–20	12.9	16.5	18.5	16.8
21–24	12.9	17.4	17.7	17.4
25–44	48.3	42.6	43.8	42.8
45–54	10.2	14.3	11.8	13.9
55 and over	3.0	5.6	4.1	5.3
Duration of unemployment				
Less than 3 months	38.7	31.8	42.0	33.5
3–6 months	14.3	20.1	16.5	19.5
6–12 months	14.8	18.8	15.0	18.2
12–18 months	7.7	10.1	7.6	9.7
18 months and over	24.4	19.2	18.8	19.1
Educational attainment				
Less than year 10	16.1	15.3	12.9	14.9
Years 10 and 11	39.6	34.7	35.1	34.8
Completed secondary	22.1	18.4	20.7	18.8
Trade/TAFE	17.7	22.4	22.4	22.4
Tertiary	4.6	9.2	8.9	9.1
Client group				
Highly disadvantaged	..	13.9	7.2	12.8
Location				
Urban	70.4	68.4	75.9	69.7
Regional	25.6	28.1	21.4	27.0
Remote	4.1	3.5	2.7	3.4
Occupation referred to				
Manager and administrator	1.4	1.4	0.9	1.3
Professional	2.4	2.8	1.4	2.6
Associate professional	5.3	7.3	5.5	7.0
Tradespersons & related worker	9.9	9.1	8.4	9.0
Advanced clerical and service worker	1.5	0.9	0.8	0.9
Intmd. clerical, sales and service worker	17.7	17.2	13.6	16.6
Intmd. production and transport worker	10.8	11.8	11.9	11.8
Elementary clerical, sales and service worker	18.9	15.2	12.1	14.6
Labourer and related worker	32.1	34.2	45.1	36.1
Total	100.0	100.0	100.0	100.0

.. not applicable.

Source: DEWR administrative systems

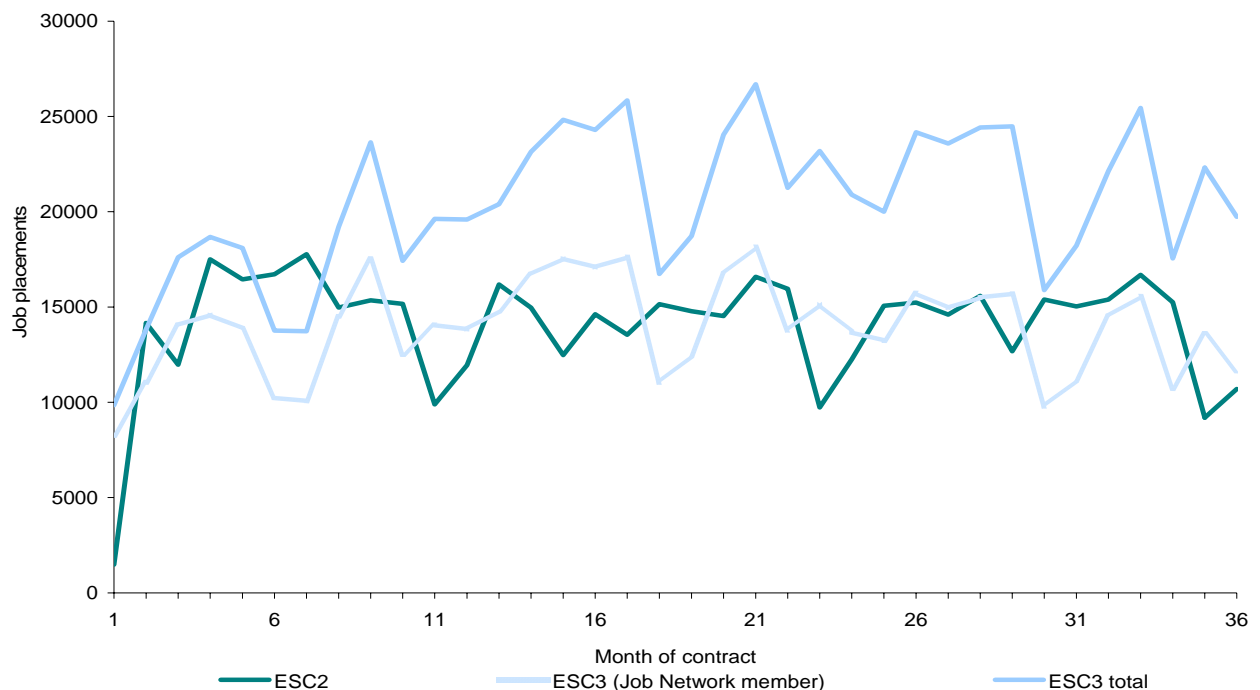
⁵¹ All else being equal, Job Network members favoured job seekers who attracted the highest outcome fee.

4.3.3 Placements

The improvement in referral rates under the *APM* was accompanied by higher levels of job placement compared to ESC2 (Figure 4.4) at least in the case of the Fully Job Network Eligible. This increase in placement levels seems largely attributable to the inclusion of JPLOs. Comparing job placement numbers between contract rounds is complicated, however, because the way job placements were measured was changed under the *APM* and the rules determining which placements could be claimed became more stringent.⁵²

Figure 4.4 takes account of these changes by presenting data excluding placements recorded as “found own employment” and including only placements of job seekers who were Fully Job Network Eligible. Figure 4.4, however, may understate to some extent the performance of Job Network relative to JPLOs. Some Job Network members worked closely with JPLOs. In such cases it is possible that placements which would have been made by Job Network prior to the *APM* may have been made by a JPLO under the new arrangements.⁵³ Also, some of the placements made by JPLOs included in Figure 4.4 would previously have been made even if they did not have a Job Placement licence.

Figure 4.4: Job placements¹ of the Fully Job Network Eligible, ESC2 and ESC3



¹ Excludes placements which are not eligible for a claim, such as those recorded as “found own employment”.

Source: DEWR administrative systems

For any given vacancy, Job Network members tended to refer more job seekers which meant that, overall, referrals by JPLOs achieved a higher placement rate. On average, Job Network members made 3.0 referrals per placement whereas JPLOs made 2.7. This difference partly reflects the distinctive mode of operation used by labour hire companies which tended not to

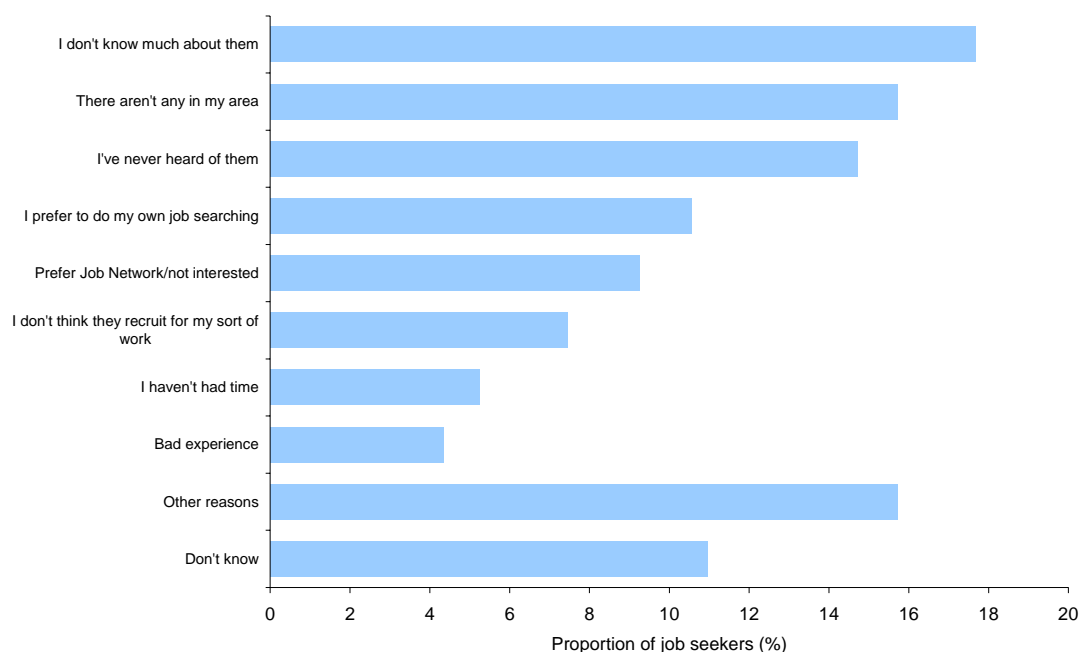
⁵² Unlike ESC2, it is a requirement of ESC3 contracts that 70% of provider payments for job placements be for job seekers who are Fully Job Network Eligible. On average, fully eligible job seekers accounted for 63% of job placements between March 2000 and June 2003.

⁵³ The 2006 Job Placement Survey explored the relationship between Job Network members and JPLOs in 2005 and 2006. JPLOs were found to fall into three, roughly equal groups: those that worked independently of Job Network, those which used Job Network as a source of referrals and those with a collaborative arrangement with a Job Network member. Where relationships existed they were mostly positive with JPLOs reporting in only 10% of cases that they were dissatisfied with the relationship.

register a vacancy unless a placement was assured. This gave these organisations a ratio of almost one to one, while the ratio for other JPLOs was about five referrals per placement.

Although the analysis of administrative data indicates that JPLOs had a significant effect on job placement services and perhaps other aspects of the publicly-funded employment exchange, it is difficult to determine job seekers' perceptions about the new arrangements. The 2006 Job Placement Survey⁵⁴ was restricted to collecting information about job seekers' use of private employment agencies in general because it is unlikely that job seekers would be able to distinguish JPLOs from other recruitment agencies or labour hire companies. JPLOs were not required to identify as such. In this survey, 49% of job seekers reported that they had not used a private employment agency or labour hire company when looking for work. The most commonly stated reasons were that job seekers did not know much about them or that they believed there were not any located in the area where they lived (Figure 4.5).

Figure 4.5: Job seekers who reported not having used a private employment agency or labour hire company by reason, 2006



Source: 2006 Job Placement Survey

4.4 Employer servicing

Employer perceptions of the publicly-funded employment exchange service are crucial to its capacity to attract vacancies and fill positions. Previous research found that employers who used Job Network rated the agencies' services highly, including the screening, interviewing and short-listing of applicants (DEWR 2002a). High performing Job Network providers were found to develop strong relationships with selected employers in order to maintain a steady flow of vacancies and to attract new business (DEWR 2002a). One benefit of this approach was repeat business which accounted for 13% of the interim outcomes achieved by "one-star" providers compared with 24% for "five-star" providers (DEWR 2006c).

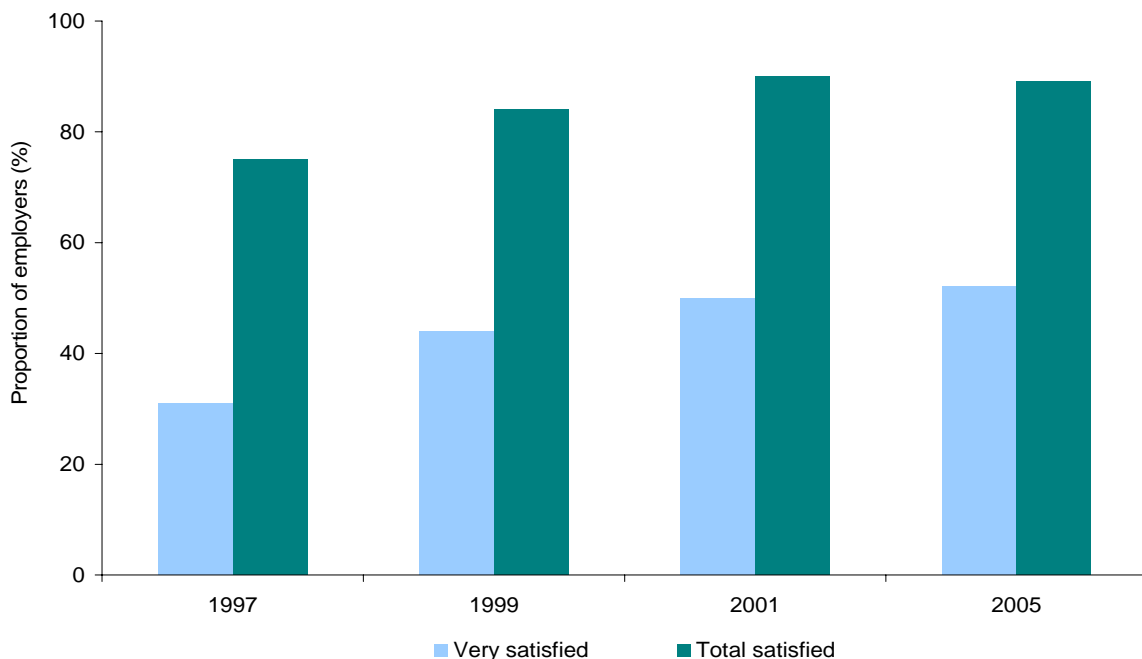
⁵⁴ The term JPLO is not one that a job seeker could be expected to readily understand. This means that for the purpose of measuring job seekers' perceptions of service quality, their use of JPLOs cannot be separated from their use of other private employment agencies and labour hire companies (ie, those without a Job Placement licence).

Since Job Network started operating in 1998, employers have diversified their recruitment methods and advertised vacancies more heavily on the internet (DEWR 2005a). Word of mouth and newspapers remain the primary recruitment methods (DEWR 2005a)⁵⁵ but use of employment agencies has declined. In 2001, 53% of employers reported that the main methods of recruitment used in the last 12 months included an employment agency compared to 37% in 2005 (DEWR 2005a).

While the share of the recruitment market taken by employment agencies overall has been declining, the publicly-funded service appears to have fared better. Job Network and JPLOs combined have increased their share of the market since the introduction of the *APM*. Consistent with the increase in positions lodged (Figure 4.1), employer use of publicly-funded agencies, relative to other recruitment agencies, appears to have increased. Much of this increase seems due to JPLOs. A measure of usage⁵⁶ based on a combination of job placement and ABS data indicates that the publicly-funded employment exchange service's share of job placements in 2005 was at its highest level.

The overall level of satisfaction of employers with the employment service does not appear to have been affected by the inclusion of JPLOs. While employer satisfaction with this service levelled off between 2001 and 2005 at just below 90% (Figure 4.6), the reported level of satisfaction with JPLOs in 2005 (91%) was higher than that found for Job Network (87%). This is a relatively small and not unexpected difference since JPLOs were reliant almost entirely on employers for their survival, unlike Job Network members.

Figure 4.6: Employer satisfaction with publicly-funded employment exchange services



Source: DEWR 2001 and DEWR 2005a.

The range of services available to employers did not change greatly with the introduction of JPLOs. Compared with Job Network members JPLOs were more likely, however, to offer labour hire and to specialise in particular industries or occupations requiring certain levels of

⁵⁵ This is reflected in job search behaviour. For unemployed people generally (not just Job Network clients) the most common job search techniques include contacting an employer directly or looking in a newspaper (ABS 2006b).

⁵⁶ This research estimated market penetration from the annual number of job placements achieved by Job Network as a proportion of the total number of positions filled each year in the labour market and measured by the Australian Bureau of Statistics' *Labour Force Experience* and *Labour Mobility* Surveys (ABS 2005 and ABS 2006d).

skill (Table 4.2). JPLOs more commonly reported providing reference checking and conducting aptitude or skills testing and attitudinal assessments. Post-placement support, both delivering and arranging training for employees and the supply of equipment were more likely to be provided by Job Network members than by JPLOs. This is consistent with differences in their contracted roles regarding job placement and job seeker assistance.

Table 4.2: Summary of services provided by JPLOs and Job Network members, 2006

Services provided	JPLO	Job Network member	All job placement¹
		<i>% of providers</i>	
Recruitment	82	57	66
Labour hire	68	16	35
Group training	19	22	21
Specialisation ²	32	3	14
Reference checking	91	75	80
Post-placement support	69	85	80
Deliver or arrange employee training	62	88	79
Provision of equipment	42	74	63
Conduct aptitude/skills testing	71	58	63
Conduct attitudinal assessments	66	44	52

¹ Job Network members and JPLOs.

² In industry, job type, skill level or occupation.

Source: 2006 Job Placement Survey

The corollary to the effect of JPLOs on employer servicing is the effect on these agencies of their inclusion in the publicly-funded employment service by virtue of their Job Placement licence. In general, publicly-funded employment services typically deal with more disadvantaged job seekers and fill less skilled positions. This raises the question of whether relationships between employment agencies and employers were adversely affected by these agencies' involvement in the provision of publicly-funded services. For example, if employers perceived a decline in the quality of clients referred to them.

From the perspective of JPLOs⁵⁷ the evidence indicates that for the overwhelming majority, their relationship with employers had not changed. This was reported by 86% of JPLOs surveyed by the department in 2005. Even among the 70% of JPLOs which actively informed employers that they had a Job Placement licence, 77% did not think that their relationship with employers was affected.⁵⁸ The probable reason for this is that JPLOs generally seemed not to have changed the way they operated as a result of their JPL. JPLOs in qualitative research reported that they had not changed in their marketing and client servicing strategies and the style and type of vacancies for which they had become known. An exception was where a Job Placement licence was used by the agency to market a different service or to enable employers to undertake corporate citizenship activities.

By and large, as commercially focused organisations, JPLOs acquired their Job Placement Licences for business reasons. In the 2006 survey, 44% of JPLOs (64% in the case of larger organisations) reported that it was in their commercial interest to apply for a licence. Closely related to this, 23% saw their licence as providing cost-efficient access to additional labour during the "current period of labour shortages" and as a way of securing an expansion in the marketing of vacancies. It is not surprising, therefore, that their relationships with employers seemed to remain largely unchanged with their entry into the publicly-funded employment service.

⁵⁷ Data were not available on the employer's perspective.

⁵⁸ Where a change was reported it had resulted in stronger links and improved relationships with employers in two-thirds of cases.

4.5 Have the changes contributed to increased employment outcomes?

This section considers whether the introduction of JPLOs and the new electronic job search and matching services resulted in increased job outcomes and the faster filling of vacancies. The analysis is limited by the difficulty in isolating the effects of these innovations from those of the other *APM* changes. Moreover, as noted earlier, it is not currently possible to determine whether the new services have reduced the time it takes to fill vacancies.⁵⁹

4.5.1 Job Placement outcomes

Measuring the impact of JPLOs on employment outcomes would require information on the number of placements that would have occurred anyway, without any publicly-funded labour market or employment exchange assistance. Direct information on this is not available, although indirect evidence suggests that the introduction of JPLOs increased employment outcomes. As discussed earlier, JPLOs contributed to the increased number and range of vacancies available to job seekers and the number of placements grew during ESC3 to exceed those achieved during ESC2.

Data on job placements (Figure 4.4) suggest that JPLOs have increased the total number of places going to the Fully Job Network Eligible and, therefore, jobs attributable to the employment service rather than just securing places which previously would have been filled by Job Network agencies. The data on placements also reflect the earlier observations that JPLOs referred less disadvantaged job seekers and were more concentrated in urban areas than Job Network members. In the first three years of the *APM*, the job seekers placed by JPLOs were more likely to be males (71% compared with 64% for job seekers placed by Job Network), less likely to be highly disadvantaged (6% compared with 12%) and more likely to come from an urban area (78% compared with 73%) (Table 4.3).

Over 30% of placements made by Job Network members in the first three years of the *APM* resulted in a 13-week paid outcome (Table 4.3) compared to 4.3% for JPLOs.⁶⁰ The difference indicates that JPLOs have dealt with many more short-term temporary positions than Job Network and bears out the observations of some job seekers reported in qualitative research at the end of 2005. These job seekers saw JPLOs as a source of temporary rather than permanent positions. Also, JPLOs were more likely than Job Network to service the short-term unemployed. Between July 2003 and June 2006, 39% of placements by JPLOs went to job seekers unemployed less than three months, compared with 24% for Job Network members. Placements of many of these job seekers did not qualify for an outcome payment (ie, they were not eligible for Intensive Support).

⁵⁹ Problems with the administrative data collected by DEWR on the time it takes for vacancies advertised on JobSearch to be filled may be caused by providers often only placing jobs on JobSearch after they have found a suitable job seeker for the position. About half of all vacancies are filled on the day they are initially advertised on JobSearch. As the proportion of vacancies filled on the day of creation increased after mid-2003 this behaviour may have become more common since the introduction of the *APM* though the stronger labour market could also have been expected to have reduced the time it took to fill vacancies. It is also worth noting that providers who participated in qualitative research in 2005 did not think the introduction of Job Placement Licences had increased the speed at which vacancies were filled.

⁶⁰ JPLOs are not eligible to claim 13- or 26-week outcome payments. A placement which is attributed to a JPLO, however, may generate such an outcome payment for the job seeker's Job Network provider.

Table 4.3: Job seeker placements and 13-week outcomes by provider type, ESC3

Job seeker characteristics	Placements			13-week paid outcomes ¹		
	Job Network	JPLO	Total	Job Network	JPLO	Total
		%		<i>as a proportion of placements</i>		
Male	63.5	70.9	64.9	33.0	5.3	27.2
Female	36.5	29.1	35.1	34.8	5.3	30.1
Aged group (years)						
Under 18	3.2	3.0	3.2	24.3	3.9	20.6
18–20	14.9	14.3	14.6	31.7	5.1	26.2
21–24	17.5	14.7	15.9	32.6	5.1	27.4
25–34	25.4	23.4	23.2	32.6	5.0	26.9
35–44	18.9	24.6	21.7	35.0	5.4	29.4
45–54	14.3	17.0	16.3	37.2	6.1	32.2
55 and over	5.8	3.0	4.7	37.8	6.5	33.5
Duration of unemployment						
Less than three months	23.8	38.8	26.5	25.7	3.1	19.7
3–6 months	22.3	16.0	21.1	38.2	9.3	34.2
6–12 months	20.7	15.5	19.7	37.3	8.4	33.2
12–18 months	10.8	8.1	10.3	39.9	8.1	35.4
18 months and over	22.5	21.6	22.4	34.2	4.8	29.0
Educational attainment						
Less than year 10	15.6	13.7	15.3	31.5	5.8	27.4
Year 10 or 11	33.6	36.2	34.1	32.6	5.8	27.6
Completed secondary	18.2	20.1	18.6	36.4	5.8	30.5
Trade/TAFE	21.5	21.3	21.5	35.5	6.2	30.3
Tertiary	11.0	8.6	10.6	43.1	6.4	37.8
Client group						
Highly disadvantaged	11.9	6.0	10.8	37.7	12.1	35.0
Location						
Urban	73.0	77.8	73.9	35.7	5.4	29.7
Regional	23.9	20.2	23.2	27.5	4.8	23.8
Remote	3.1	2.0	2.9	30.1	4.5	26.8
Total	100.0	100.0	100.0	33.6	5.3	28.2

¹ Outcomes for which a claim for payment is made. Provider type refers to the provider who recorded the placement and not the provider who claimed the outcome.

Source: DEWR administrative systems

4.5.2 Sustainability of outcomes

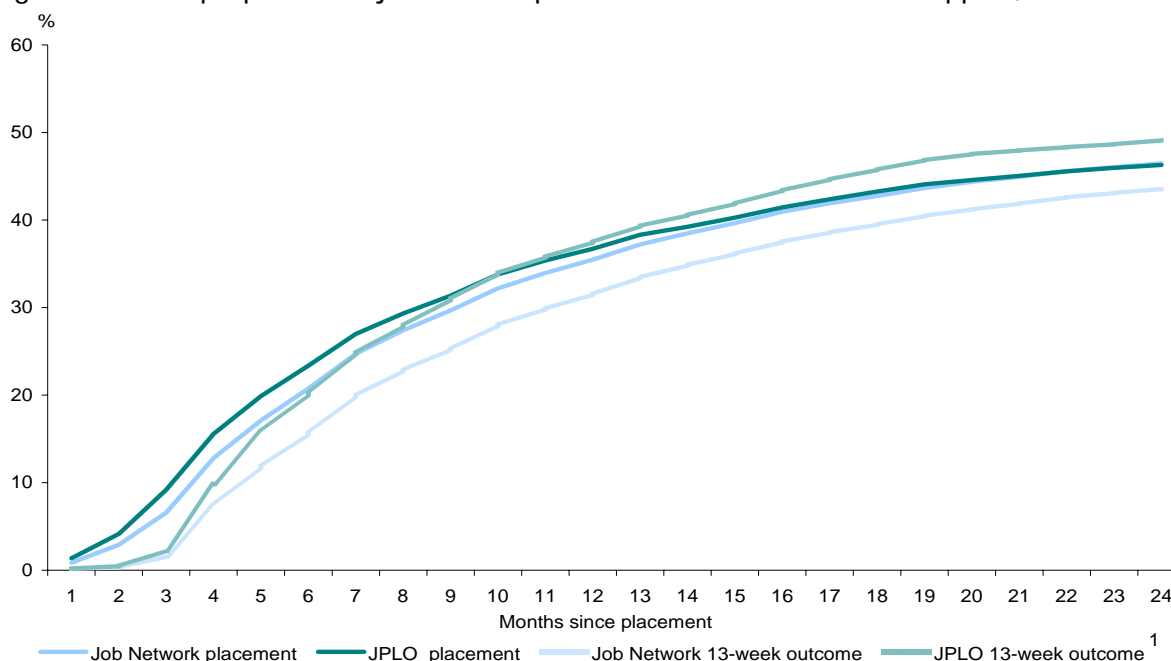
The extent to which job seekers placed in jobs remain employed or no longer on income support provides a measure of the sustainability of outcomes. As Figure 4.7 shows, a little less than half (47%) of the job seekers who secured a job placement which coincided with a change in income support status⁶¹ had returned to income support within two years. This figure is virtually identical for different types of providers.

There is a clear difference between the two types of providers, however, with regard to placements which attracted a 13-week outcome payment. After a placement attributed to a Job Network member, job seekers were less likely than placements in general to return to income support, although this effect gradually became weaker over the two year period covered by the data. Placements which were attributed to JPLOs and attracted a 13-week outcome were more likely than others to be followed by a return to income support, especially after the seventh month. The numbers involved are relatively small. Less than two per cent of all placements were attributed to JPLOs and attracted a 13-week outcome payment.

⁶¹ A job placement which qualified for a paid outcome.

One reason why placements by JPLOs which resulted in paid outcomes were less likely to be sustained may be that for these placements Job Network members were less likely to offer post-placement support. Also, the data in Figure 4.7 do not control for differences in client characteristics and the outcome measure reported here is limited in that it records only whether job seekers were on or off income support rather than partial reductions in payments.

Figure 4.7: The proportion of job seekers placed who return to income support, ESC3



1 Placements by JPLOs which result in 13-week outcome payments to Job Network members.
Source: DEWR administrative systems

4.5.3 Outcomes arising from automated job matching

Job seekers can be referred to jobs through auto-matching in addition to direct referrals by providers. Since the introduction of the *APM* (up to June 2006) less than 2% of all job placements⁶² resulted from auto-matching. The extent of auto-matched placements relative to all placements did not vary according to where job seekers were on the continuum. Almost two-thirds of placements (64%) went to job seekers in the more intensive forms of assistance, similar to the proportion of total placements which went to these job seekers (67%) (Table 4.4).

These figures do not take into account displacement which would occur when auto-matched job seekers obtained a job instead of another job seeker. On the other hand, it is likely that the figures understate the outcomes of auto-matching as they do not include placements achieved as a result of the Find Staff and Instant JobList functions.⁶³ Furthermore, auto-matching may have contributed to additional placements through encouraging job seekers to actively look for work. The extent of this contribution, however, is not currently known. In fact, as discussed in Chapter 5, some job seekers have reported initially doing less job search following the introduction of auto-matching because they believed all they had to do was wait to receive advice about a match.

⁶² The number of job placements estimated to have resulted from auto-matches between July 2003 and June 2006 was 113,500. This represents 1.5% of the total job placements achieved by the publicly-funded employment services over this period.

⁶³ Find Staff is a function on JobSearch which allows employers to search résumés entered by job seekers. Instant JobList can be used by job seekers to compare job preferences against vacancies on JobSearch.

Table 4.4: Total job placements resulting from auto-matches by assistance type, ESC3

Type of assistance at time of placement	Auto-matched placements	Proportion of total auto-matched placements	Assistance type's share of total APM job placements
	<i>no.</i>		%
<i>Job Search Support</i>	4,816	36	33
Intensive Support			
Intensive Support contacts ¹	2,751	20	19
Intensive Support job search training ²	1,652	13	10
Intensive Support customised assistance 1	2,923	22	24
Intensive Support customised assistance 2	337	3	4
Intensive Support mutual obligation	975	7	9
<i>All Intensive Support</i>	8,638	64	67
Total	13,494	100	100

1 Includes job seekers who were pending commencement in other forms of assistance.

2 Includes job seekers who participated in Intensive Support job search training refresher.

Source: DEWR administrative systems

Auto-matching has some potential to reduce the time it takes to fill some vacancies by increasing the speed with which job seekers can access and respond to these vacancies. This will not occur, however, without a large increase in the proportion of placements resulting from auto-matching. Some means of contributing to this include:

- encouraging job seekers to regularly check their personal page for auto-matches. In the 2006 Job Placement Survey, only 53% of job seekers who had been in contact with their provider recalled that they knew how to use or update their personal page. As job seekers have been found to be most aware of matches received via SMS and email, the use of these methods could also be encouraged, although increased use of SMS would increase the costs of auto-matching;
- providing more information on auto-matching and further improving the quality of information in job seekers' vocational profiles and résumés used in the auto-matching process. Almost a third of job seekers (31%) reported in the 2006 survey they had no knowledge of auto-matching, although this proportion would be expected to fall over time, and 61% reported that their provider had told them that they could be auto-matched to jobs. Job seekers interviewed in qualitative research conducted as part of the survey gave numerous examples of positions sent by auto-matching for which the job seeker was not suited;
- ensuring job seekers with limited computer skills are adequately assisted to use these services so that they are not further disadvantaged.⁶⁴ This also indicates the importance of retaining non-electronic job search tools; and
- altering the time at which auto-match notifications are sent to job seekers. As job seekers have reported that many jobs to which they were auto-matched were filled by the time they were notified of the match, it may be appropriate to send auto-match notifications immediately upon the job being lodged on JobSearch, rather than

⁶⁴ Research by the department in 2005 found that mature aged job seekers, Indigenous job seekers, job seekers classified as highly disadvantaged, the less well educated and job seekers with the most limited English writing skills had the lowest usage of computers for job search.

overnight. This would, however, require a substantial increase in the computer resources needed for auto-matching and be constrained by the proportion of jobs which are filled simultaneously with lodgement.

4.6 Conclusion

Employment exchange arrangements of the publicly-funded employment service were changed significantly for the *APM* with the implementation of Job Placement services and increased automation. The changes included the introduction of over 640 (other than Job Network members) JPLOs, a contractual requirement for all these organisations to lodge non-executive vacancies on JobSearch, enhanced automation of the vacancy notification and matching functions and an expansion of JobSearch, with additional vacancies included from commercial recruitment organisations.

Following the implementation of the *APM* there was an increase in the number and range of vacancies available to job seekers eligible for Job Network. The number of job placements, although difficult to compare between ESC2 and ESC3 because of changes to the way placements were measured, also increased. The increase seems largely due to the introduction of Job Placement Licenses. JPLOs tend to have had a different approach to servicing their clients than Job Network members. This includes focusing more on short-term and casual jobs and the less disadvantaged job seekers and consolidating their pre-existing relationships with employers in general. The limited data available suggest that to date the changes have not had a noticeable effect on employer or job seeker perceptions of service quality.

Because JPLOs focus more on short-term jobs, the rate at which placements attributed to these organisations resulted in 13-week outcomes was found to be well below that of placements actually made by Job Network members. Moreover, it appears that Job Network achieved better long-term outcomes from placements which attract a 13-week outcome payment, than was the case with placements made by, or attributed to, JPLOs. Further research is needed, however, to establish if this finding still holds once job seeker characteristics and other factors are controlled for. The greater success of JPLOs in dealing with the less disadvantaged job seekers suggests there may be benefits in Job Network members encouraging these job seekers to make greater use of private employment agencies. Potentially this could free-up Job Network providers so they could spend more time helping the more disadvantaged job seekers (which may also include increased use of private employment agencies by these job seekers).

In the first three years of the *APM*, increased automation of labour exchange through greater use of electronic and online facilities did not deliver the expected benefits. Automation has potential to increase both the number and range of vacancies available to job seekers and the number of job seekers employers can select from, and to reduce the time taken to fill vacancies. Over the period in question, however, auto-matching made a small contribution to total job placements. Factors found to contribute to this were lack of information, poor data quality (which has affected matches between job seeker skills and characteristics and vacancies) and the limited computer skills of some job seekers.

5 Job search behaviour

5.1 Background

An underlying tenet of the *Active Participation Model (APM)* is that keeping job seekers actively looking for work increases their prospects of finding employment and leaving income support. A number of changes were introduced under the *APM* to encourage job seekers to actively search for work throughout their period of unemployment. These included:

- an interface with Australian JobSearch to allow job seekers to lodge their vocational profiles, designed to improve their access to vacancies;
- an auto-matching system to provide job seekers with details of vacancies which had been matched to their vocational profile;
- use of internet, SMS and interactive voice messaging to inform job seekers of potential vacancies;
- the introduction of a continuum of assistance whereby job seekers remained with a single Job Network member until they found a job; and
- an increase in the minimum job search requirements for job seekers to maintain their eligibility for income support.

In combination with the improved access to vacancies expected to result from the introduction of Job Placement Licensed Organisations (JPLOs) (discussed in Chapter 4) these changes were expected to increase employment outcomes.

When job seekers start receiving Newstart Allowance or Youth Allowance (other) they must undertake a minimum level of job search and register with Job Network to access employment assistance. Their Job Network provider is responsible for assisting them with job search and ensuring that they maintain active job search.

5.2 Job Network and job search

The third Employment Services Contract (ESC3) requires Job Network members to provide Job Search Support services to job seekers at their initial interview.⁶⁵ These services include advice on appropriate job search methods, the use of and access to job search facilities at the provider's site and the operation of the auto-matching system. Providers are expected to continue to support and encourage the job seekers' efforts to find work.

⁶⁵ According to Part B of the ESC3 contract, the Job Network provider must at the first interview with an eligible job seeker have provided Job Search Support services to eligible job seekers, which include the following:

- explaining the relevant Job Network services and Job Placement services;
- creating and lodging a vocational profile through DEWR's information systems and providing a copy of the resulting résumé to the job seeker;
- explaining how JobSearch matches vocational profiles to available vacancies for notification of auto-matches;
- establishing a password for the job seeker for access to auto-matches through the job seeker's personal page;
- identifying additional methods for receiving auto-matches and appointment reminders from JobSearch and recording on DEWR's information systems the job seeker's preferred method for receiving such matches and reminders, including email, SMS or telephone message bank services;
- providing advice about the best ways to look for and find work;
- explaining the use of and access to job search facilities where those facilities are at the provider's site;
- showing the job seeker how to search for job vacancies through JobSearch;
- providing the job seeker with an initial list of appropriate job matches; and
- where required, providing access to an interpreter (DEWR 2002b).

Job seekers who responded to the department’s 2006 Job Placement Survey suggested that some Job Network agencies were not providing all of the required Job Search Support services at their initial contact:

- almost 60% recalled receiving help with JobSearch and 64% recalled receiving help with the JobSearch kiosks when in the Job Search Support phase of assistance (Table 5.1);
- many asserted that their Job Network provider had not discussed job search methods such as contacting employers (30%), looking at newspaper advertisements (27%) or contacting friends or relatives (50%) (Table 5.1); and
- just over half (53%) knew how to use their personal page.

Also, 41% of respondents had been given help in contacting an employment agency and 74% recalled their provider specifying the amount and type of job search they needed to undertake each fortnight, although this was not a requirement of the contract for Job Search Support.

Job seekers who are eligible for Intensive Support and who are not classified as highly disadvantaged are referred to Intensive Support job search training (ISjst) which consists of practical training and assistance in job search techniques. Not surprisingly, job seekers who had completed ISjst reported receiving higher levels of assistance with job search than job seekers in all other forms of assistance. Relatively high proportions of ISjst participants, nevertheless, had not been provided with help in using job search kiosks (22%), contacting employers (19%) or using their personal network to find a job (41%) (Table 5.1).

Table 5.1: Type of job search assistance by phase of Job Network assistance, 2006

Type of job search assistance	Phase of assistance					All
	JSS	IS	ISjst	ISmo	ISca	
	<i>% received assistance</i>					
Discussed or helped with:						
looking at newspaper	62	75	84	79	76	73
contacting employers	58	71	81	79	74	70
preparing for interviews	50	68	71	74	74	65
Australian JobSearch	59	64	77	64	67	64
JobSearch kiosks	64	72	78	78	72	71
the internet	51	54	74	57	54	55
looking at ads. on workplace notice boards	43	55	65	62	59	54
contacting friends or relatives (personal networks)	42	52	59	53	50	50
contacting an employment agency	36	41	50	43	41	41
advertising or tendering for work	23	32	33	42	31	31

Source: 2006 Job Placement Survey

The majority of participants in qualitative research associated with the survey were sceptical about Job Network’s ability to support their job search. Common concerns included that job search resources in Job Network offices were inadequate and that some providers required job seekers to use job search methods they considered to be inefficient. Many job seekers also reported that they had been required to apply for positions which were inappropriate to their skills or location. It is a condition of receiving Newstart Allowance and Youth Allowance (other), however, that job seekers must be available for work and looking for all suitable employment, not just jobs that they perceive to be appropriate.

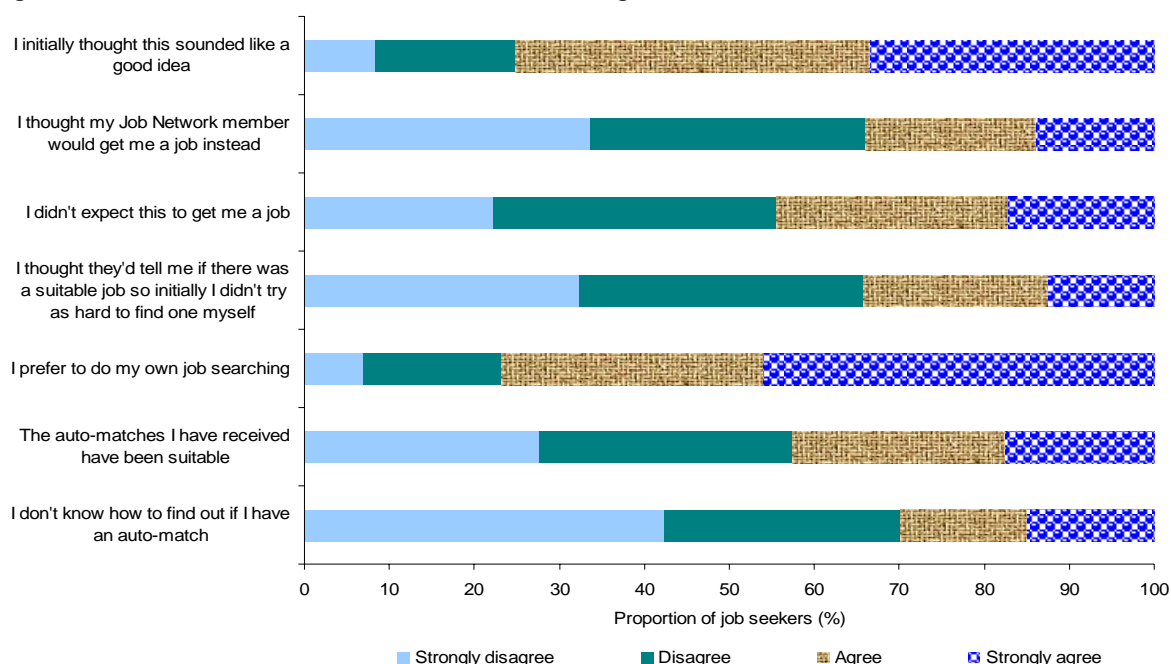
These findings suggest that Job Network members could have provided job seekers with better job search assistance by discussing the key forms of job search, particularly those relevant to their skills and qualifications and the recruitment practices of employers, by

ensuring that the job search facilities in their offices were adequate⁶⁶ and by informing them of the services provided by JPLOs.

5.3 Auto-matching and job search

As noted in Chapter 4, auto-matching was introduced as a way of quickly notifying job seekers of suitable vacancies and thereby keeping them motivated to look for work. Of the 60% of respondents to the 2006 Job Placement Survey who reported that they had been told about auto-matching by their Job Network provider, however, a significant proportion (34%) also reported that they undertook less job search initially in the belief that they would get a job through auto-matching (Figure 5.1). Seventy-five per cent thought auto-matching was a good idea and initially had high expectations of its potential to help them find work.

Figure 5.1: Job seeker attitudes to auto-matching, 2006



Source: 2006 Job Placement Survey

This strong initial belief, however, was not supported by the performance of the service. The previous chapter established that less than 2% of all Job Network job placements resulted from auto-matches. Moreover, job seekers were often dissatisfied with the job matches they had received (57% surveyed reported that they were unsuitable). The qualitative research found that job seekers adjusted their expectations over time, and that very few believed that they could rely solely on auto-matching. This is consistent with the commonly held view that it is better to use multiple methods to find employment.

5.4 Job search activities

The *APM* was designed to maintain active job search. Some indication of the intensity of job search can be gained from the frequency of use of different job search methods and the number of job applications. These measures have their limitations, however, as other factors such as the type of work sought, the state of the local labour market and the job seeker's personal circumstances, skills and interests can influence the appropriateness of job search

⁶⁶ The adequacy of these facilities is reviewed by departmental contract managers at each monitoring visit.

behaviour. In addition, the measures do not take into account the quality of the job search, in particular, whether the positions are relevant or conscientiously sought.

5.4.1 Methods used to look for work

Job seekers surveyed in 2006 used a wide range of job search methods at varying frequencies (Table 5.2):

- as expected, looking at job advertisements in newspapers was the most commonly reported method, 27% reporting daily usage and 87% at least weekly usage;
- reference to JobSearch, in all forms, was also relatively high with 62% reporting at least weekly and 17% daily access to either JobSearch or the JobSearch kiosks;
- 51% wrote, telephoned or applied in person to employers for work once a week or more; and
- 38% looked at job advertisements (not through JobSearch or the JobSearch kiosk) at their Job Network member's office at least weekly. Fifty-eight per cent of these job seekers claimed that these vacancies were not available through JobSearch, suggesting that providers were either delaying or not lodging all vacancies on JobSearch.

Table 5.2: Frequency of using different methods to find a job, 2006

Method of job search	Used a method			Total	Method not used	Total
	Daily	More than daily & at least weekly	Less than weekly			
Looked at job ads. in the newspaper	27	60	8	95	5	100
Talked to friends or relatives about possible jobs	25	39	22	85	15	100
Looked at JobSearch	14	35	19	67	33	100
Looked at workplace noticeboard (including signs in windows)	13	36	23	72	28	100
Looked at other internet job ads. boards or job search sites (eg, Seek)	12	22	15	48	52	100
Wrote, phoned, applied in person to an employer	9	42	33	85	15	100
Checked for other internet job matches (eg, emails from Seek)	8	13	9	29	71	100
Looked on JobSearch kiosks at Centrelink or Job Network member	7	36	32	75	25	100
Through doing casual work	7	15	26	48	52	100
Checked for JobSearch auto-matches	6	19	15	40	60	100
Look at job ads. at your Job Network member's office (excludes kiosks and JobSearch)	6	32	32	70	30	100
Looked at government internet sites	4	13	14	31	69	100
Checked with a private employment agency	3	17	21	41	59	100
Looked at company internet sites	3	12	15	30	70	100
Checked with labour hire agencies	3	11	16	30	70	100
Advertised or tendered for work	2	9	10	20	80	100
Through doing work experience	1	6	19	26	74	100

Source: 2006 Job Placement Survey

Despite the increased use of the internet⁶⁷ for advertising vacancies, just over 22% of respondents had never used the internet to look for work. This is a significant decrease, nevertheless, from a survey of job seekers by the department in 2004, when about 50% of

⁶⁷ The department's 2005 Employer Survey found that the largest change in recruitment methods used over the previous 12 months was an 18 percentage point increase in the proportion of businesses using the internet as a main recruitment method—from 17% in 2001 to 35% in 2005 (DEWR 2005a).

respondents reported that they did not use a computer for job search and 28% reported that they did not know how to use a computer.⁶⁸ Respondents to the 2006 survey aged 50 years or over were, on average, 15 percentage points less likely to use internet-related job search methods than younger job seekers.

Respondents who had recently participated in ISjst or Intensive Support mutual obligation activities were more likely than average to report using most forms of job search.

Respondents to the 2006 survey had used an average of nine different job search methods (of those listed in Table 5.2) at some time during their period of unemployment and an average of five different methods each week. The figures are similar across different durations of unemployment suggesting that the *APM* was helping to maintain appropriate job search throughout the unemployment spell.

5.4.2 Changes over time

Examining how job search methods altered between ESC2 and ESC3 has provided some indication of the effect of the introduction of the *APM* on job search. Care needs to be taken in interpreting these results, however, because of the strengthening labour market and changes in employers' recruitment methods.⁶⁹ In addition, changes in characteristics of job seekers, in particular the increase in the proportion of non-activity tested job seekers during the first three years of the *APM* may have influenced the results.

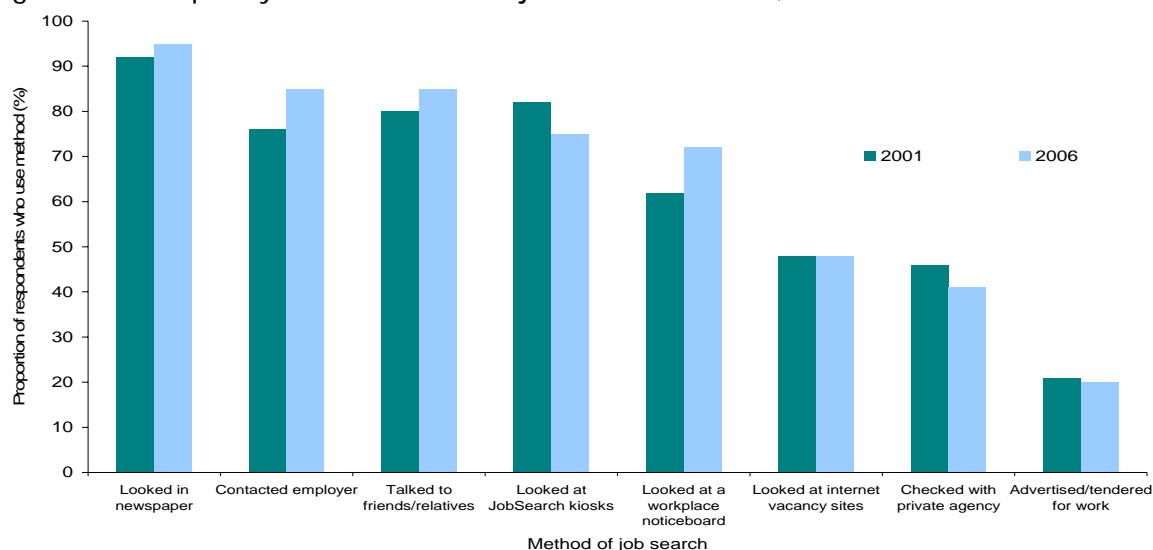
Overall, respondents to the 2006 survey appeared to be more active than respondents to the 2001 Job Network Participants Survey. Figure 5.2 shows that:

- they were more likely to have used pro-active forms of job search such as contacting employers and looking at workplace noticeboards;
- looking in newspapers and talking to friends or relatives continued to be the most common methods used and, indeed, their use had increased;
- the use of internet vacancy sites remained steady;
- JobSearch kiosks in Centrelink and Job Network offices were being used less often; and
- in 2006, job seekers were slightly less likely to contact private employment agencies.

⁶⁸ As noted in Chapter 4, these job seekers were typically from relatively disadvantaged groups, including mature aged job seekers, people with limited English writing abilities, people with Year 10 or less education and Indigenous Australians.

⁶⁹ As reported in Chapter 4, the 2005 Employer Survey found that employers had changed the way they recruited staff between 2001 and 2005 (DEWR 2005a). The use of newspaper advertising and internal recruitment had increased and the use of résumés, cold calling and labour hire companies had declined.

Figure 5.2: Frequency of use of selected job search methods, 2001 and 2006



Source: 2001 Job Network Participants Survey and 2006 Job Placement Survey

5.4.3 The role of private employment agencies

Given the introduction of Job Placement Licences, it was expected that more job seekers would approach private employment agencies, particularly those that had a licence. The proportion, however, fell from 46% in 2001 to 41% in 2006. To some extent this may reflect the differences in the characteristics of job seekers in employment assistance at the time of the surveys.⁷⁰ The 2006 survey found that 42% of activity tested job seekers checked with private agencies compared with 37% of non-activity tested job seekers.⁷¹

Alternatively, including private agency vacancies on JobSearch and enabling Job Network members access to these vacancies may have reduced the need for job seekers to make direct contact with private agencies. Some job seekers mistakenly believed that they were not allowed to contact private providers and this may also have been a factor in reduced usage.⁷² In all, 41% of respondents acknowledged that their Job Network provider had encouraged or helped them to contact a private employment agency (Table 5.1).

Relatively few participants in the qualitative component of the 2006 Job Placement Survey believed that employment agencies, including Job Network, were an effective means of finding employment. These agencies were often seen as forming a barrier between job seekers and employers. Some job seekers reported being frustrated by the multiple steps necessary to apply for jobs through agencies and preferred to be able to contact employers directly. Job seekers who had a favourable view of employment agencies tended to be younger with little previous employment or were returning to the labour force.

Although fewer respondents had registered with a private agency, the proportion of job seekers who had found their job through an agency increased from 2% in 2001 to 6% in 2006.

⁷⁰ A fall in the proportion of job seekers using private agencies is consistent with a fall in the proportion of employers using employment agencies as a method of recruitment, as reported in Chapter 4.

⁷¹ As noted in the report's introduction, the proportion of activity tested Fully Job Network Eligible job seekers decreased by almost 15% between June 2003 and June 2006.

⁷² The reasons why job seekers did not use private agencies were also explored in Chapter 4. The most common reasons given for not using private recruitment services were that job seekers did not know much about them or that there were not any located in the area where they lived.

Encouragingly, 46% of respondents who had contacted an agency felt that they had been referred to jobs they would not have had access to otherwise.

Respondents who had contacted a private agency were generally satisfied with the quality of service they had received (Table 5.3):

- 60% agreed that unemployed job seekers were treated the same as other job seekers;
- 63% agreed they were referred to appropriate vacancies; and
- 70% agreed that the agency had made them feel that they could get a job.

Table 5.3: Job seeker attitudes to private employment agencies, 2006

Statement	Agree % ¹
I was referred to appropriate vacancies	63
I got referred to jobs I would never have found	46
Unemployed job seekers are treated the same as other job seekers	60
They told me that they couldn't help me	17
They made me feel I would get a job	70

1 Of those job seekers who reported having contacted a private employment agency.

Source: 2006 Job Placement Survey

Some experiences were not as positive. Seventeen per cent of job seekers who had contacted a private employment agency had been told that the agency could not help them (Table 5.3).

Overall the introduction of JPOs has helped some job seekers to access vacancies and, therefore, jobs which they may not have been aware of otherwise.

5.5 Job applications

Under the *APM*, the minimum number of applications to be made per fortnight by activity tested job seekers was increased and the level of activity specified in their Preparing for Work Agreement had to be maintained throughout the job seekers' period of unemployment. In contrast, under *ESC2* the minimum level of job search varied with type of assistance. Job seekers in Intensive Assistance, for example, were not required to apply for jobs while they were participating in a training course. Failure to meet these requirements can lead to temporary reduction or suspension of income support.

The majority of respondents (82%) to the 2006 Job Placement Survey considered that the amount and type of job search required by their case manager was realistic. The most common reasons for the opposite view were a lack of jobs in the local area (32%), a lack of jobs in the job seeker's field (19%) and a lack of time to meet the requirement (18%).

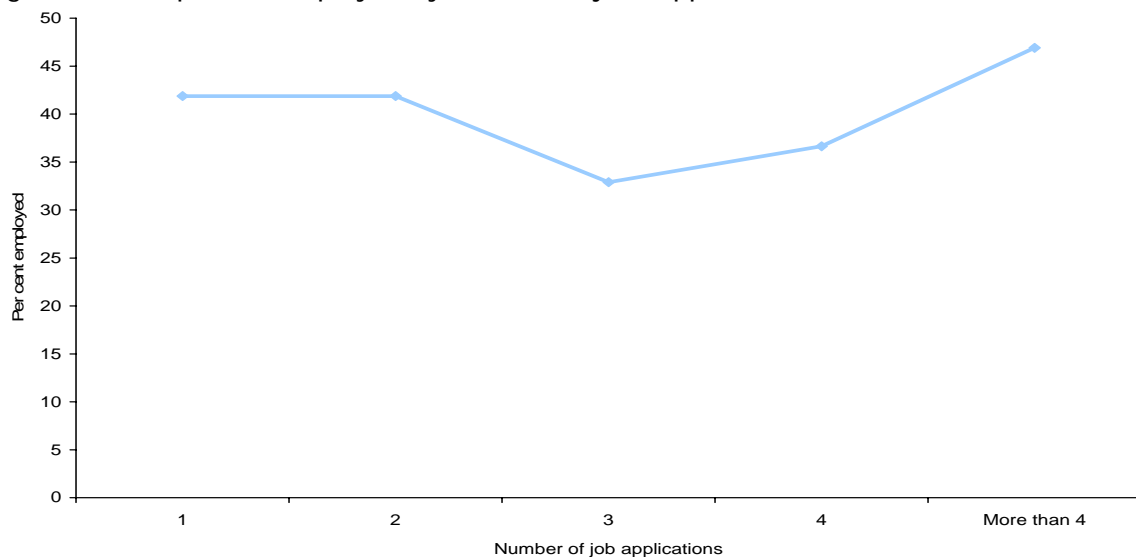
Maintaining job seekers' level of job search throughout their period of unemployment was expected to increase the number of jobs they applied for. In their last week of actively looking for work, 86% of respondents applied for at least one job and almost three-quarters (71%) for more than one job. Among those who did not apply for any jobs, the main reasons for not doing so were personal circumstances such as ill-health or lack of child care (40%), the fact that they were already working (40%) or a lack of suitable positions (30%).

Not surprisingly, activity tested job seekers were more likely to have applied for one or more jobs than non-activity tested job seekers (90% and 66% respectively).⁷³ They were also more likely to have applied for more than five positions (38% and 17% respectively). Although variations in job seekers' characteristics or type of work sought may account for some of the difference in activity, this suggests that activity tested job seekers were applying for more positions to meet their activity test requirements.

Job seekers continued to apply for jobs throughout their period of unemployment. As noted above, 86% of job seekers applied for at least one job in their last week of actively looking for work. There was minor variation in the number of applications by duration of unemployment, but no consistent trend, thus confirming that the *APM* successfully maintained job seekers' job search activity.

The increased job search requirement, however, does not appear to have translated into increased employment outcomes. Respondents to the 2006 survey who had found employment had submitted similar numbers of applications in their last week of job search as other job seekers (Figure 5.3). While these data are not robust enough to determine the statistical significance of this similarity, they imply that there is a danger that requiring a minimum number of job applications may encourage job seekers to apply for positions for which they are not qualified, particularly in areas with limited employment opportunities or when the job seeker has specialist skills. There is scope for job seekers who have limited motivation to find work, to meet their activity test requirements by deliberately applying for inappropriate positions or submitting poor quality applications. The survey findings suggest that increasing mandatory job applications must also be accompanied with steps to maintain the quality of job search.

Figure 5.3: Proportion employed by number of jobs applied for,¹ 2006



¹ Jobs applied for in last week of active job search.

Source: 2006 Job Placement Survey

5.6 Job search effectiveness

Another way of examining job search behaviour is to compare the success rates of different job search methods, in terms of achieving employment.

⁷³ Activity tested job seekers were required to apply for a minimum number of jobs each fortnight. Although this was generally 10, it was varied to take into account a job seeker's personal circumstances and location.

5.6.1 Sources of vacancies

The 2006 survey found that newspaper advertisements were the most successful source of suitable vacancies (38%), followed by word of mouth (21%) and direct contact with employers (18%). Despite the widespread use of JobSearch, only 9% of job seekers identified it as the best source of suitable vacancies (Table 5.4).

Table 5.4: Main sources of suitable vacancies, 2006

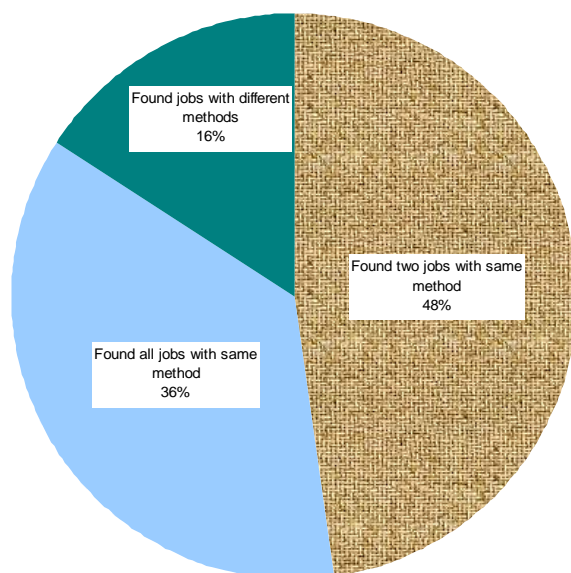
Source of suitable vacancies	Respondents reporting each method ¹
	%
Job ads. in the newspaper	38
Talked to friends or relatives about possible jobs	21
By writing, phoning, or applying in person to an employer	18
Other internet job ads. boards or job search sites (eg, Seek)	11
On JobSearch kiosks at Centrelink or Job Network member	10
On JobSearch	9
At your Job Network member's office (excludes kiosks and JobSearch)	8
Private employment agency (including JPLOs)	5

¹ Multiple responses were permitted so percentages do not add to 100.

Source: 2006 Job Placement Survey

The 2006 survey found, not surprisingly, that job seekers tended to stick with methods that had been successful for them in the past. Around 84% of job seekers had found at least two of their last three jobs using the same method (Figure 5.4).

Figure 5.4: Comparison of methods used to find last three jobs, 2006



Source: 2006 Job Placement Survey

Although job seekers believed they were using the most effective form of job search, there were differences between the ways job seekers looked for work and the ways they actually found work. In 2006 the most common way respondents had found out about their current job was through friends or word of mouth (28%) (Table 5.5). This job search method, however, was actually used less frequently than checking job advertisements (compare Tables

5.2 and 5.5). Directly contacting an employer also resulted in more jobs than checking newspapers. Only 9% of respondents found out about their job through their Job Network provider and 5% through a JobSearch kiosk or the JobSearch website.

Table 5.5 Main ways employed survey respondents found their current job, 2001 and 2006

Method	2001	2006
	%	
Through friends, relatives or word of mouth	28	28
Approached employer	12	14
Newspaper advertisements	17	13
Through a Job Network agency	18	9
Registered with a private employment agency	2	6
JobSearch kiosks	2	5
Was approached by employer	5	5
Internet vacancy site	2	3
Started a business or became self employed	6	3
Other ¹	7	14
Total	100	100

¹ "Other" includes finding work through a labour hire company, previous work contacts, company internet sites and the JobSearch website.

Source: 2001 Job Network Participants Survey and 2006 Job Placement Survey

These results suggest that despite the general shift in focus from passive to more active methods of job search between 2001 and 2006, some job seekers have tended to concentrate on relatively passive forms of job search which were less effective than use of personal networks and cold canvassing employers. Some job seekers would not, however, have had access to personal networks relevant to the kind of work they were seeking.

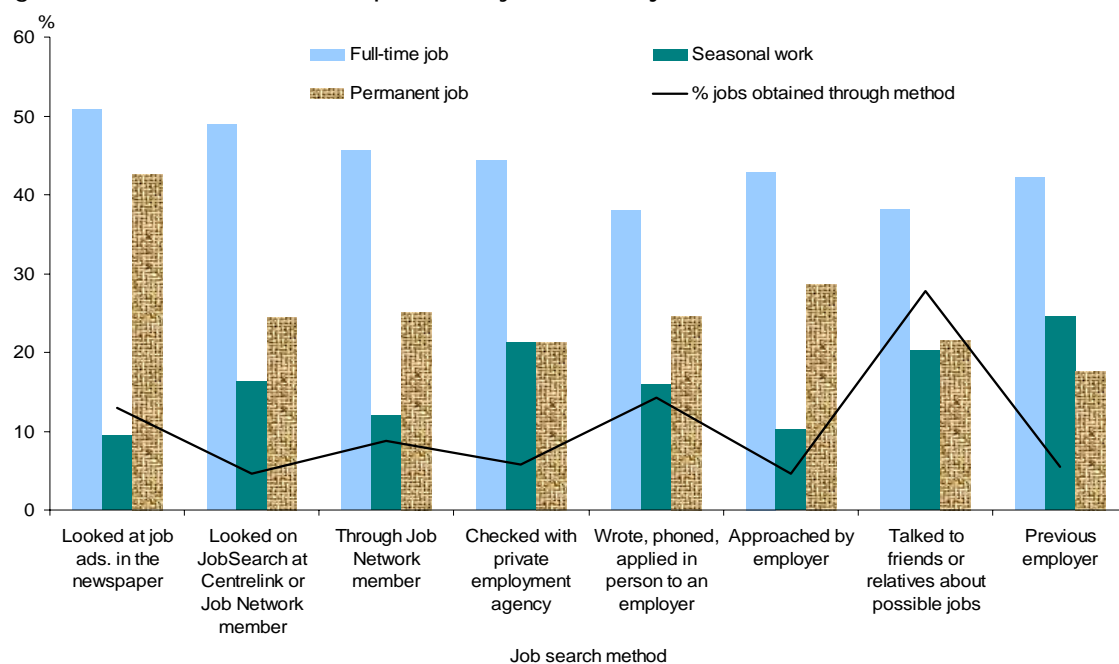
Although the reported sources of employment were generally consistent across skill levels, the likelihood of having found employment through Job Network increased as the skill level of the position decreased (4% of professionals and associate professionals increasing to 10% for elementary workers) as did the likelihood of finding a positions through the JobSearch kiosks (from 2% to 6%).

5.6.2 Types of jobs obtained

While some job search methods were more likely to lead to employment than others there were some differences in the types of jobs obtained using each method (Figure 5.5).

- About half of the jobs found through newspaper advertisements or the JobSearch kiosks were full-time compared with 46% of those found through Job Network providers and 38% found through friends or relatives or by cold canvassing employers.
- Jobs obtained through newspaper advertisements (43%) were more likely to be permanent than those obtained through a Job Network member, the JobSearch kiosks or through friends or relatives (between 20% and 25%).
- Job seekers who returned to employment with a previous employer (25%), found their job through a private employment agency (21%) or through friends or relatives (20%) were more likely to be in seasonal work than other respondents.

Figure 5.5: Characteristics of position by source of job, 2006



Source: 2006 Job Placement Survey

5.6.3 Changes in successful job search methods

As mentioned earlier in the report, employers have changed the way they recruit staff.⁷⁴ Not surprisingly, there were also some changes in the way job seekers found jobs between 2001 and 2006 (see Table 5.5). The most notable were a decline in the proportion of jobs which resulted from newspaper advertisements (17% in 2001 and 13% in 2006) and Job Network agencies (18% to 9%) and an increase in the proportion resulting from private employment agencies (from 2% in 2001 to 6% in 2006, probably reflecting the introduction of JPLOs) and electronic job search, including JobSearch kiosks (2% to 5%).

5.7 Conclusion

The changes made under the *APM* were designed to increase the level of job search undertaken by job seekers and, *ipso facto*, the number of job seekers finding employment.

Job Network has a significant role to play under the *APM* in ensuring that job seekers undertake appropriate job search, maintain their job search activity throughout their period of unemployment and are able to access JobSearch. With the exception of job seekers participating in ISjst, job seekers' survey responses in 2006 suggested that they would have benefited from more assistance from their Job Network agency in their job search, in particular, help to use electronic job search methods, advice on the most appropriate forms of job search for their individual circumstances and advice on how to adjust their job search in response to changing employer recruitment methods.

It was anticipated that auto-matching would help with job seeker motivation, yet auto-matching may have had a negative impact on some job seekers' job search activity. Some job

⁷⁴ Changes to employer recruitment practices between 2001 and 2005 included a large increase in internet usage, a decline in the use of employment agencies, significant increases in the use of newspaper advertising and internal recruitment and falls in the use of résumés, cold calling and labour hire companies (DEWR 2005a).

seekers initially reduced their job search in the expectation of receiving auto-matches. To avoid such unintended consequences in the future, it is important that job seekers are informed that auto-matching complements active job search.

Job seekers were found to have maintained a consistent level of job search throughout their period of unemployment and activity tested job seekers submitted more job applications than other job seekers. This suggests the *APM* has been effective in maintaining job seekers' level of job search. There is no evidence, however, that this maintenance of activity has by itself led to increased employment outcomes.

The introduction of JPLOs has helped at least some job seekers gain access to vacancies and, therefore, to jobs which they may not have been aware of otherwise. Although the reported use of private employment agencies by job seekers fell under the *APM*, their contribution to employment outcomes increased, supporting the establishment of Job Placement Licences. To reiterate a conclusion from the previous chapter, job seekers should be encouraged by Job Network members to make better use of these private employment agencies.

6 Intensive phase of assistance

6.1 Background

The *Active Participation Model (APM)* reformed the assistance provided to disadvantaged job seekers. The main changes introduced were:

- a revision to the Job Seeker Classification Instrument (JSCI), which assesses job seekers' relative level of labour market disadvantage and identifies job seekers who require early access to Intensive Support customised assistance (ISca);
- the introduction of ISca⁷⁵ which significantly modified Intensive Assistance. The length of a program place was reduced from up to 12 months to six months. Job seekers qualify for ISca immediately on being assessed as having a high risk of long-term unemployment or after 12 consecutive months of unemployment. Fully Job Network Eligible job seekers who remain unemployed after completing ISca and six months of mutual obligation activities become eligible for a second period of ISca;⁷⁶
- the commencement fee paid to providers when a job seeker started an episode of assistance was replaced with a service fee and the number of categories of outcome fees was increased;
- the introduction of a prescribed regime of interviews to increase contacts between job seekers and their providers. As a result, a minimum level of contact between service provider and job seeker was required;
- an increase in the options available to providers to assist job seekers requiring Intensive Support, specifically:
 - the introduction of the Job Seeker Account (JSKA) which meant providers had more resources to spend on disadvantaged job seekers; and
 - formalisation of the referral process from Job Network to a range of programs and services outside Job Network. Collectively, these were known as Complementary Programs.

As described in the report's introduction, the intensive phase of assistance included an episode of Intensive Support job search training (ISjst) and episodes of ISca interspersed by mutual obligation requirements. The main focus of this chapter, however, is the performance of ISca which underwent the most significant changes when the *APM* was introduced. In comparison, the move from Job Search Training under ESC2 to ISjst under the *APM* represented a less significant change, in that the timing of this intervention was brought forward in a job seeker's spell of unemployment. With this in mind, the main issues this chapter addresses are:

⁷⁵ Previous research for the Job Network evaluation found that the longer a job seeker remained in Intensive Assistance the less likely they were to participate in pro-active job search and other activities with the potential to improve their employability. Also, as the duration of Intensive Assistance increased contact between job seekers and their employment service provider declined. These are some of the factors which appear to have reduced the effectiveness of Intensive Assistance by increasing its attachment effect (ie, where there is a reduction in job search activity as a result of participation in a program with a consequent reduction in program effectiveness). The evaluation concluded that effectiveness could be improved by shortening the duration of assistance and increasing its intensity, in combination with steps to ensure labour force attachment is maintained (DEWRSB 2001 and DEWR 2002a).

⁷⁶ It is possible to extend each period of ISca by an additional three months in circumstances where, after six months of ISca, the job seeker is participating in an activity which is critical to addressing their barriers to employment. Intensive Assistance was limited to 12 months with a possible extension to 15 months when the job seeker was close to achieving an outcome.

- whether the “right” job seekers were referred to ISca;
- ISca commencement rates and the characteristics of participants relative to previous arrangements;
- whether the changes, including the introduction of a contact regime, increased the level and quality of services to job seekers; and
- how the outcomes (including sustainability, impact and cost per outcome) of ISca compare with the outcomes of Intensive Assistance provided prior to ESC3.

The next chapter of this report examines other issues relevant to the performance of ISca, in particular the extent to which providers used JSKA funds and Complementary Programs and the contribution of these kinds of assistance to client outcomes.

Where possible, the chapter examines the performance of ISca for different groups of job seekers. This includes Indigenous Australians (disaggregated into urban-dwelling and regional-dwelling Indigenous people because services to these job seekers in these locations have been changed⁷⁷), people from culturally and linguistically diverse backgrounds, mature age job seekers (defined as job seekers aged 50 years or more), people with disability and young people,⁷⁸ and parents.⁷⁹

Job seekers who had participated in at least two episodes of ISca and accordingly referred to as “very long-term unemployed” were also made a priority in the Welfare to Work changes. These job seekers are not separately identified in the analysis in this chapter. Their experiences during the first three years of the *APM* are dealt with in Chapter 8 of this report.

6.2 Have the right job seekers been referred to ISca?

Job seekers are assessed by Centrelink using the JSCI⁸⁰ when they initially register as unemployed. Those classified by the instrument as highly disadvantaged have immediate access to ISca. Job seekers who remain unemployed for 12 months also become eligible for this service. During a spell of unemployment, a job seeker’s level of disadvantage can be reassessed if their circumstances change or if they disclose additional information about their barriers to employment. Since August 2003 Job Network members have been allowed to do this reassessment.⁸¹

⁷⁷ From July 2006 participants in Community Development Employment Projects who lived in an urban centre (state or territory capital cities) or regional area (towns where there was a permanent Job Network member) were required to register with Job Network. Indigenous people who commenced a project or recommenced after a break of more than 12 weeks in these areas were also limited to a maximum of 52 weeks participation in the project. Under changes announced in November 2006 Community Development Employment Projects were no longer funded in urban and major regional centres.

⁷⁸ These were the groups identified in the 2003 employment services tender as a particular focus of Job Network due to their higher level of labour market disadvantage than other job seekers (DEWR 2002b).

⁷⁹ In July 2006, the Welfare to Work package was implemented to increase the workforce participation of working age people in receipt of welfare payments. Parents were among the broad categories of people Welfare to Work was targeted at. A detailed overview of the Welfare to Work initiative is available at:

<http://www.workplace.gov.au/workplace/Programmes/MovingIntoWork/AboutWelfareToWorkReforms.htm>

⁸⁰ The JSCI is a profiling instrument which is used to assess a job seeker’s probability of becoming long-term unemployed. A score is assigned based on a job seeker’s responses to the JSCI questions. Under the *APM*, job seekers who receive a score equal to or greater than a pre-determined threshold are classified as highly disadvantaged. The JSCI methodology was revised with the introduction of the *APM*. This included removing duration of unemployment and three other factors from the instrument and changes to the methodology used to measure the impact of disabilities. Further information on the JSCI is available at www.workplace.gov.au/jsci.

⁸¹ Prior to this only Centrelink could reassess job seekers.

Allowing providers to conduct reassessments has the potential to improve targeting of services to job seekers. It facilitates faster updating of JSCI scores by removing the need to send job seekers back to Centrelink for reassessment and enables the provider to build more effectively on their own experience with the job seeker. Such a process, however, introduces the possibility of either inaccurate assessments if Job Network staff are not adequately trained in the use of the JSCI or inappropriate reclassification of job seekers as highly disadvantaged in order to increase service fees and outcome payments.⁸²

It is important on both effectiveness and equity grounds that ISca services be targeted to job seekers who require a higher level of assistance. For most job seekers who received early access to ISca, research by the department⁸³ in 2005 found that the JSCI effectively captured the extent to which job seeker characteristics were a barrier to employment and the job seeker required assistance. The validity of the threshold has also been regularly assessed to improve targeting of early access to assistance. The threshold score, for example, was increased for ISca in 2005 to better align the provision of assistance with job seeker levels of disadvantage.

Raising the JSCI threshold, however, does not address the targeting issue for job seekers already unemployed for 12 months or more. As noted earlier, job seekers are immediately eligible for ISca if they reach 12 months unemployment. Automatic eligibility raises the questions of whether all these job seekers benefit from the assistance and how many would have got a job anyway (an issue which also applies to those classified as highly disadvantaged). Some insight into this issue can be gained for all ISca participants (ie, those eligible for ISca because their JSCI score was at or above the threshold and those eligible because they reached 12 months unemployment) from a net impact analysis.

The net impact methodology involves measuring the employment outcome rates of program participants against a comparison group of job seekers who have not been assisted. The outcome rate of the comparison group is, in effect, an estimate of post-program deadweight because it represents the outcome rate for job seekers in the absence of assistance. Using this approach ISca was found to have a deadweight loss of around 75%, measured 12 months after assistance (net impact findings are discussed in Section 6.5.3). This deadweight estimate for ISca represents a decrease on the levels found for Intensive Assistance (DEWR 2002a). Moreover, the estimate is likely to be overstated because a “pure” control group against which to compare program outcomes is not available (an issue discussed in more detail in DEWR 2002a). A modest level of deadweight is reasonable since it helps avoid the situation where job seekers who require assistance miss out because the eligibility criteria or selection processes are either imperfect or too rigid. The deadweight estimate for ISca is relatively large, however, suggesting that there is scope for further improvements in ISca targeting (an issue discussed further in Chapter 9).

The findings on program deadweight and on the JSCI’s capacity to accurately classify job seekers highlight an important issue in relation to potential new uses of profiling instruments. Under the *APM*, job seekers are allocated to programs largely on the basis of an assessment of their future employment prospects. An alternative (or perhaps supplementary) approach would be to use the profiling process to identify the most effective form of assistance for each client. This would require a model that would estimate the expected outcomes from each type of assistance based on job seeker characteristics including behavioural factors, such as

⁸² Stringent contract management procedures were implemented to prevent manipulation of JSCI scores.

⁸³ The research found that the JSCI was a good predictor of labour market disadvantage (as defined by their likelihood of leaving unemployment within 12 months) for job seekers on Newstart and Youth Allowance (other) but was less satisfactory for other income support types, particularly Disability Support Pension and Parenting Payment Single recipients.

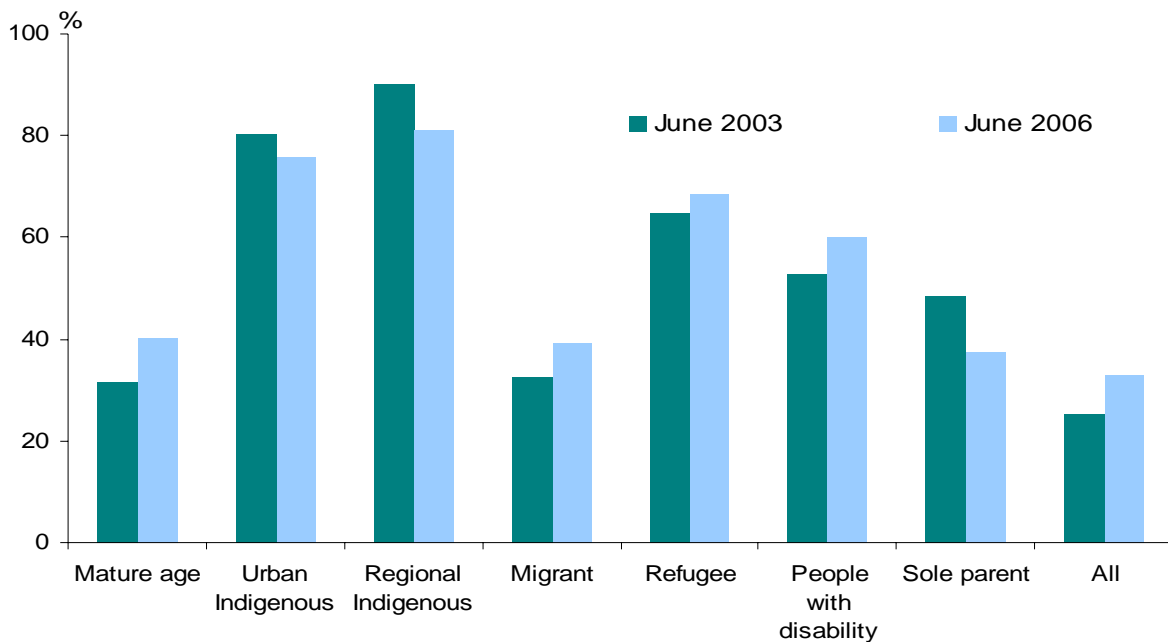
previous program experience and level of engagement with the employment services. In some cases, a profiling model may show that no assistance is appropriate.

Such a profiling approach would build on the results of net impact and other research conducted in Australia and elsewhere over the last 20 years, which has measured the effectiveness of the employment services, including those delivered through Job Network and previous arrangements. This approach has the potential to improve outcomes (by better matching job seekers to the type of assistance they require) and reduce costs (by lowering deadweight) but does require further development.

6.3 The characteristics of ISca participants

In general, more competitive job seekers are better able to take advantage of the job opportunities provided by an improving labour market. In the first three years of the *APM* the overall unemployment rate fell and, as already noted, there were significant changes to the population eligible for Job Network services. Accordingly, the proportion of job seekers from different client groups who were assessed by the JSCI as being highly disadvantaged and thus eligible for immediate access to ISca increased between June 2003 and 2006, with the exception of parents and Indigenous (Figure 6.1). It is also notable that refugees were almost twice as likely to be assessed as highly disadvantaged than all other recent migrants from non-English speaking countries (69% compared to 39% in June 2006). The much lower level of disadvantage shown by migrants other than refugees reflects Australian migration policies which require that most non-humanitarian migrants who settle in Australia have qualifications and work experience which would help them gain employment (Department of Immigration and Multicultural Affairs 2006).

Figure 6.1: Proportion of Fully Job Network Eligible job seekers assessed by the JSCI as highly disadvantaged,¹ June 2003 and June 2006



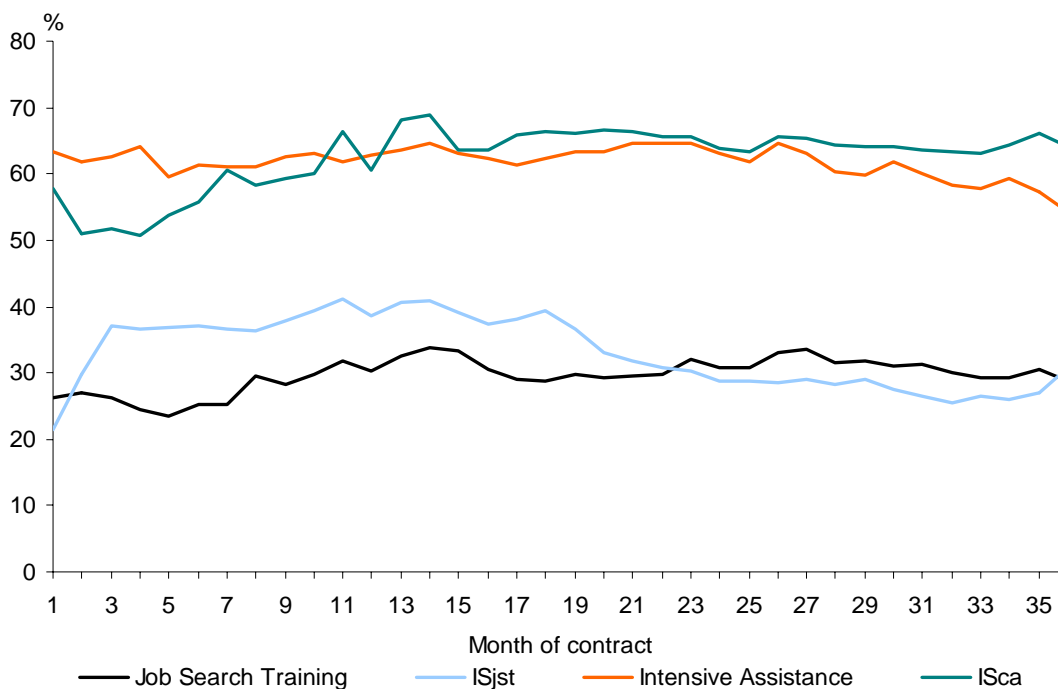
¹ Excludes the long-term unemployed because duration of unemployment is no longer a factor used to estimate a job seeker's JSCI score.

Source: DEWR administrative systems

Not all job seekers who were eligible actually commenced assistance. This will have been for a variety of reasons, including the fact that some job seekers were referred to other services or

found a job between becoming eligible for assistance and the date they were due to start. The commencement rate for Intensive Assistance during ESC2 and for ISca during ESC3 were similar (as discussed in Chapter 3, yet the rate for ISca increased slightly during ESC3 and that for Intensive Assistance decreased in the corresponding period of ESC2 (Figure 6.2). Commencement rates are influenced by administrative settings⁸⁴ at the time and these were changed for the *APM*. The characteristics of job seekers eligible to participate were also an influence, particularly the relative proportions of activity tested job seekers (who were required to participate) and job seekers not subject to the activity test (who were not required to participate but could volunteer to do so). As noted earlier in the report, the proportion of non-activity tested job seekers in the Fully Job Network Eligible population increased during ESC3 and these job seekers had lower commencement rates than other job seekers. For comparative purposes, the chart also shows the commencement rates of ISjst and Job Search Training.

Figure 6.2: Rates of commencement¹ in intensive services, ESC2 and ESC3



1 Percentage of the job seekers referred each month who commence assistance.
Source: DEWR administrative systems

During 2005–06, over 290,000 participants commenced ISca, including 203,000 in ISca1 and 87,000 in ISca2 (Table 6.1). As expected, job seekers who commenced a second episode of ISca were considerably more disadvantaged than those who commenced for the first time. ISca2 participants had only slightly lower education levels but were much older and had longer durations of unemployment. A quarter of ISca2 participants, for example, had been unemployed for five years or more compared with 4.3% of first time participants.

While a clear majority of ISca participants (77%) were subject to the activity test, this was a significantly lower proportion than was the case for Intensive Assistance (95%) (Table 6.1).

⁸⁴ During ESC2 job seekers were notified that they were eligible to receive assistance. They then had 10 days to nominate a provider with spare capacity in their caseload. If the job seeker ignored this notification they were automatically referred to a local provider with spare capacity. Under the *APM*, when job seekers register as unemployed they choose or are allocated a provider who then notifies the job seekers of their eligibility for different forms of assistance. The transition from ESC2 to the *APM* also affected commencement rates. If job seekers involved in the transition were not counted, the commencement rate for ISca1 increased to from 58.8% to 60.5%.

Other noticeable differences are that ISca participants were more likely to be female (43% compared with 33%), better educated (25% with a post-secondary qualification compared with 17%), unemployed 12 to 24 months, Indigenous or a sole parent.

Table 6.1: Characteristics of Intensive Assistance¹ and ISca² participants, ESC2 and ESC3

Job seeker characteristics	Intensive Assistance	APM		
		ISca1	ISca2	All ISca
		<i>% of job seekers in each category</i>		
Male	67.1	55.6	61.7	57.5
Female	32.9	44.4	38.3	42.5
Age group (years)				
Under 21	14.3	22.1	13.1	19.4
21–24	14.9	12.4	13.1	12.6
25–34	24.1	21.7	20.3	21.3
35–49	28.3	29.2	30.6	29.6
50 and over	18.4	14.6	22.8	17.1
Duration of unemployment				
Less than six months	29.0	34.6	0.2	24.3
6–12 months	16.7	14.1	0.1	9.9
12–24 months	20.0	36.7	27.0	33.8
24–36 months	10.4	5.8	27.7	12.4
36–60 months	9.9	4.5	19.7	9.1
60 months and over	14.0	4.3	25.3	10.6
Educational attainment				
Less than yr 10	26.0	25.7	27.1	26.1
Years 10 and 11	40.1	34.0	35.7	34.5
Completed secondary	17.0	14.6	12.7	14.0
Post-secondary	16.8	25.7	24.5	25.3
Client group				
People with disability	11.5	13.5	11.8	13.0
Culturally and linguistically diverse background	15.6	16.4	16.3	16.4
Indigenous	5.8	17.6	14.5	16.7
Sole parent	2.2	14.3	9.1	12.8
Income support type				
Activity tested	94.9	73.1	87.4	77.4
Not activity tested	5.1	26.9	12.6	22.6
Total (nos.)	228,607	203,235	87,258	290,493

1 2002–03.

2 2005–06.

Source: DEWR administrative systems

The characteristics of ISca participants changed during the first three years of the *APM*, reflecting the changing characteristics of the eligible population. The main changes were to gender (as a proportion of all participants, males declined by seven percentage points between 2003–04 and 2005–06), duration of unemployment (those unemployed less than six months increased by eight percentage points) and job seekers who were activity tested (whose proportion fell by 14 percentage points). Some client groups also increased their representation—six percentage points for Indigenous, seven percentage points for sole parents and five percentage points for people with disability.⁸⁵

⁸⁵ The increasing proportion of ISca1 participants unemployed less than six months was partly due to the increasing inflow into Job Network of job seekers not subject to the activity test. While many of these job seekers may have been out of the workforce for some time they were newly registered with Centrelink and their duration of unemployment was calculated from date of registration.

6.4 Participation in ISca

ISca is tailored to job seekers' individual needs and focused on reducing their barriers to employment. Services provided during ISca typically include regular meetings with a case manager and may include the delivery of training and other services to help job seekers find work. It is expected that the frequency of meetings and the type of assistance would vary according to job seekers' individual needs. Job Network members are also able to use JSKA funds to purchase assistance for job seekers (discussed in the next chapter).

6.4.1 Reported barriers to employment

The ability of providers to tailor assistance to the individual needs of job seekers depends in part on the amount of information which job seekers are willing to divulge about their circumstances. Thirty-four per cent of the disadvantaged job seekers surveyed by the department in 2006⁸⁶ responded that they did not have any barriers to employment (Table 6.2). While some job seekers may have been unwilling to discuss their barriers to employment in a telephone interview, these findings also suggest that some job seekers were unaware of their barriers. In turn, this might have limited the capacity of their provider to deliver appropriate assistance. Anecdotal evidence suggests that if a job seeker did not believe that they had a particular barrier to employment, they may have refused to participate or not participated fully in assistance designed to alleviate that barrier.

Table 6.2: Main reported barriers¹ to employment by client group, 2006

Reported barrier	Mature age	Indigenous		Culturally and linguistically diverse		People with disability	Sole parent	All ²
		Reg.	Urb.	Mig.	Ref.			
<i>% of job seekers in each category</i>								
No barriers	19	44	42	32	37	25	31	34
Reported barrier(s)	81	56	58	68	63	75	69	66
Type of barrier:								
Own poor health/disability	32	11	11	10	*	49	14	20
Don't have own transport	7	21	20	*	13	12	10	12
Not enough or no jobs in local area	12	11	*	*	*	8	8	8
Too old	51	*	*	*	*	18	11	15
Not enough/no jobs in my line of work	7	*	*	*	*	*	*	5

¹ Job seeker categories and reported barriers are not mutually exclusive.

² Job seekers unemployed for 12 months or more or classified as highly disadvantaged who had commenced ISca (excluding job seekers who completed ISca2 and remained unemployed).

* sample size too small to report.

Source: 2006 Job Network Services Survey

The employment barriers which were reported by job seekers varied by job seeker group and other characteristics such as age. Barriers most commonly reported by the mature aged, for example, were, not surprisingly, "being too old" (51%), "own poor health/disability" (32%) and "not enough jobs in the local area" (12%) (Table 6.2). Access to transport was identified by Indigenous job seekers in both regional and urban areas (21% and 20% respectively) as was "own poor health/disability" and a lack of jobs in the local area by Indigenous job seekers

⁸⁶ The 2006 Job Network Services Survey included a sample of job seekers who had participated in ISca. The survey collected information on perceived barriers to employment and services received from Job Network. More detail on the survey is at Attachment B.

from regional locations (all 11%).⁸⁷ The diversity of barriers identified by job seekers reinforces the importance of tailoring assistance to the needs of the individual.

Seventy-five per cent of job seekers who reported barriers to employment believed that their case manager understood how their barriers made it hard for them to find work (Table 6.3). Less than a third (27%) of job seekers, however, believed that their Job Network agency did anything to help them overcome these barriers. Overall, there was little apparent relationship between the kinds of barriers which were reported and the proportions of job seekers who believed that Job Network helped them overcome their barriers. It is important to note, however, that some barriers, such as a lack of jobs in the local area, were beyond the scope of the provider to tackle.

Table 6.3: Job seekers¹ who reported barriers to employment and perceived Job Network response, 2006

	Mature age	Indigenous		Culturally and linguistically diverse		People with disability	Sole parent	All ²
		Reg.	Urb.	Mig.	Ref.			
<i>% of job seekers in each category</i>								
Case manager understood how barriers can make it hard to find work	76	78	74	73	77	76	80	75
Job Network member did something to help overcome these barriers	26	28	25	28	34	27	28	27

¹ Job seeker categories are not mutually exclusive.

² Job seekers unemployed for 12 months or more or classified as highly disadvantaged who had commenced ISca (excluding job seekers who completed ISca2 and remained unemployed).

Source: 2006 Job Network Services Survey

6.4.2 Assistance provided

Frequency of contact

In a bid to increase the intensity of servicing, the ESC3 contract specified a minimum level of contact to be maintained between case manager and job seeker during ISca. For instance, job seekers in the first phase of ISca were to have contact with their provider once a fortnight. Notwithstanding this, surveys by the department of job seekers in 2001 and 2005 found that job seekers' frequency of contact with their case manager appeared to have declined since the *APM* was introduced, with 18% fewer job seekers in ISca reporting contact once a fortnight or more,⁸⁸ than was the case under Intensive Assistance (Table 6.4). This decline may have resulted from new arrangements established after the start of ESC3 which allowed providers to assess each job seeker's need for meetings and, with the job seeker's agreement, tailor the frequency of contact accordingly. Therefore, the fact that many job seekers in ISca had contact with their Job Network member less than once a fortnight does not imply that these providers were in automatic breach of their contractual obligations.

⁸⁷ Although not shown in Table 6.2, over a quarter of recently arrived migrants and refugees reported that limited English was a barrier to employment (29% and 25% respectively) while sole parents identified caring responsibilities (17%) and lack of child care (17%) as barriers. Other barriers reported by between 5% and 6% of job seekers included low level of education and lack of experience.

⁸⁸ The survey figure for 2005 is consistent with administrative data, see Chapter 2.

Table 6.4: Frequency of contact between job seekers and Job Network in the intensive phase of assistance by client group, 2001 and 2005

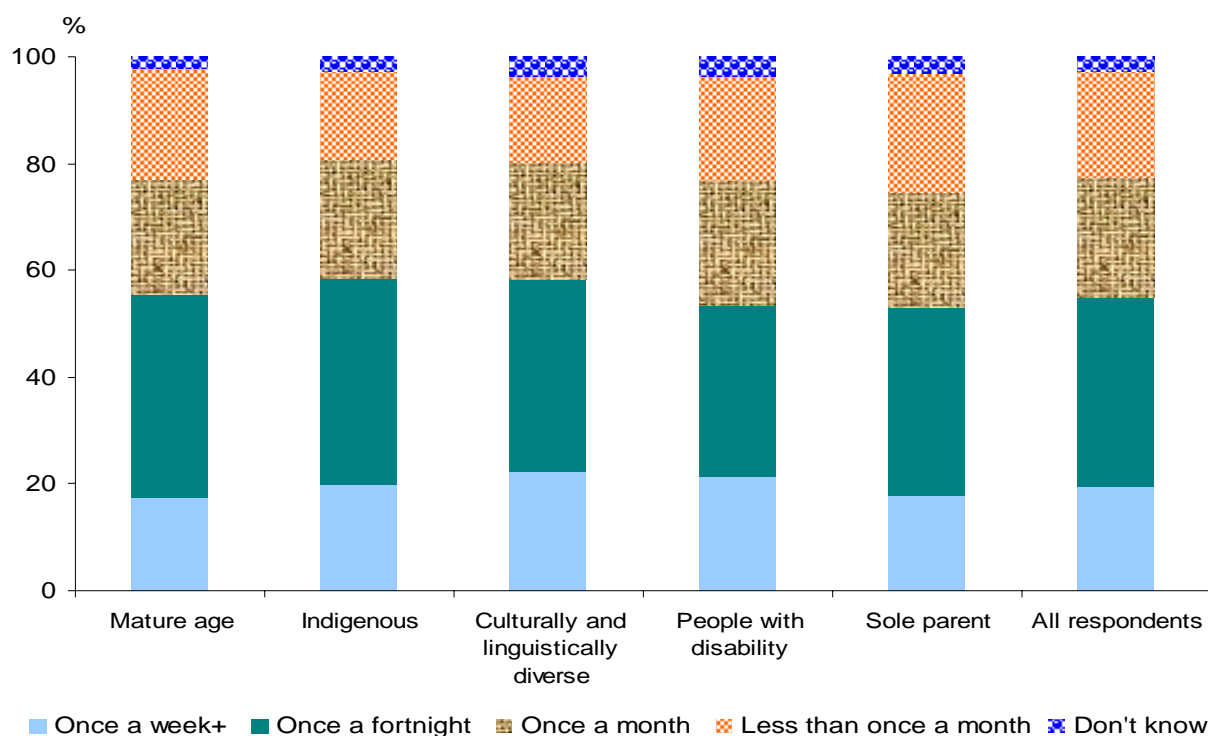
Frequency of contact with case manager	Intensive Assistance 2001						Intensive Support customised assistance 2005					
	Gender		Age Group (yrs)				Gender		Age Group (yrs)			
	Male	Female	<25	25–44	45+	All	Male	Female	<25	25–44	45+	All
	<i>% of job seekers in each category</i>											
Once a week or more	37	30	36	38	30	35	23	19	26	24	15	21
Once a fortnight	34	37	36	35	36	35	31	31	26	31	33	31
Once a month	22	23	19	20	26	22	22	22	18	22	25	22
Less than once a month	7	10	9	7	8	8	24	28	30	23	27	26

Source: 2001 Job Network Participants Survey and 2005 Job Seeker Account Survey

Other factors could also have contributed. The use of new electronic job search tools, for example, reduced the need for some job seekers to visit their provider to access vacancies. Providers who previously made at least weekly contact with their job seekers may have interpreted the contractual requirement as implying this was too frequent. Whatever the reason, there is no evidence to suggest that this apparent lower frequency of contact has had an impact on the services provided by Job Network, as discussed below, or on the length of contact.

Surprisingly, frequency of contact between Job Network and job seekers did not appear to vary by job seeker characteristics. Once a fortnight was the most commonly reported frequency for client groups surveyed in 2006 (Figure 6.3), consistent with the findings of earlier surveys (as reported in Table 6.4).

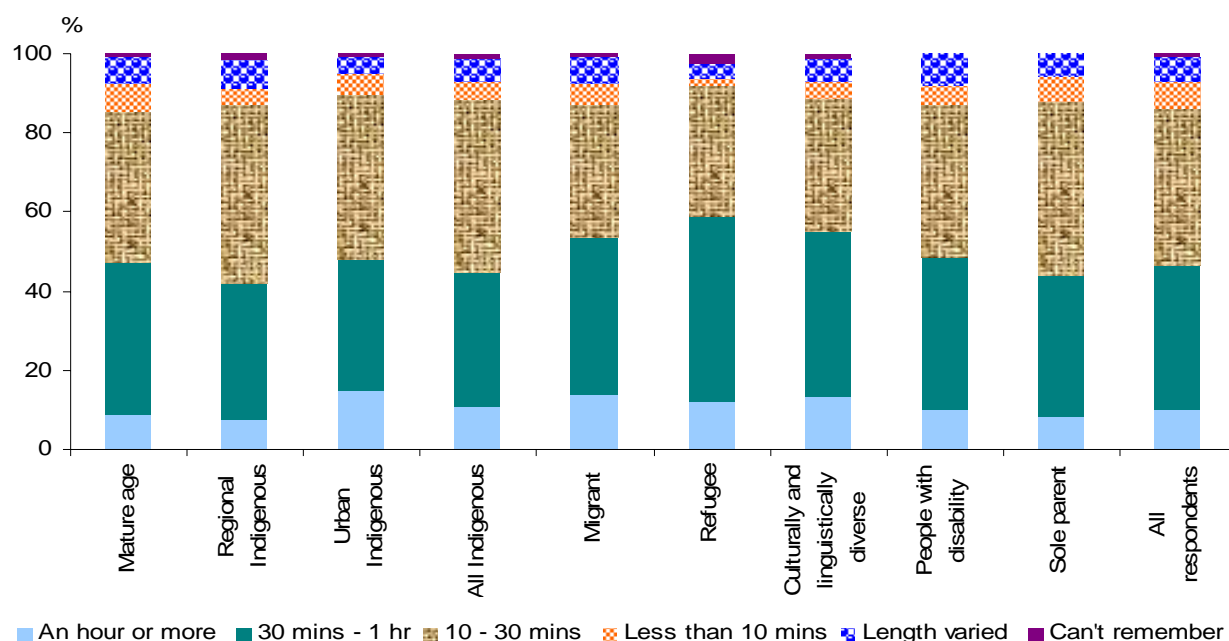
Figure 6.3: Frequency of contact with case manager by client group,¹ 2006



¹ Job seeker categories are not mutually exclusive.
Source: 2006 Job Network Services Survey

The 2006 survey also collected data on length of contact⁸⁹ and found little difference in the average reported duration by job seeker group (Figure 6.4), although migrants and refugees reported longer than average interviews. Job seekers who reported that their Job Network member always or usually arranged for an interpreter to attend interviews also reported longer interviews than other job seekers. The levels of contact reported by job seekers appeared mostly to meet their requirements, with around 89% from all groups reporting that they were satisfied with the amount of contact they had had with their case manager.

Figure 6.4: Average length of interviews by client group,¹ 2006



¹ Job seeker categories are not mutually exclusive.
Source: 2006 Job Network Services Survey

Services provided

Incentives to encourage Job Network to tailor services to meet the individual needs of job seekers include access to JSKA funds and higher outcome fees for more disadvantaged job seekers and for longer durations of unemployment. The 2006 survey found that while most disadvantaged job seekers received a similar level of servicing, there was a degree of tailoring of services to the specific needs of different client groups (Table 6.5). In particular:

- Indigenous job seekers were more likely than other groups (and job seekers overall) to report receiving most services, while regional and urban Indigenous job seekers generally reported receiving similar services. Indigenous job seekers from urban locations were more likely than regionally-located job seekers to report that their case manager helped them to write or check job applications and prepare for an interview and contacted an employer on their behalf, possibly reflecting the greater availability of jobs in urban areas;
- sole parents reported higher than average levels of services from Job Network. This group may be more pro-active than other groups in seeking services or easier to assist and therefore considered by their case manager to be more likely to achieve an outcome and thus “worth the investment”;

⁸⁹ Length of contact was not collected in previous surveys, thus preventing an analysis of whether there has been a change over time in the length of contact.

- placements into voluntary unpaid work were more commonly reported by refugees and Indigenous job seekers; and
- refugees generally reported levels of assistance similar to other migrants.

Table 6.5: Reported services from Job Network by client group, 2006

Selected services and assistance ¹	Mature age	Indigenous		Culturally and linguistically diverse		People with disability	Sole parent	All ²
		Reg.	Urb.	Mig.	Ref.			
<i>% of job seekers in each category</i>								
Services received from Job Network in last six months								
Discussed suitable vacancies with you	72	81	84	69	68	73	75	74
Showed you how to use the internet or JobSearch to look for work	58	71	69	60	59	58	60	61
Talked to you about the skills you may need to learn to get a job	59	79	69	65	58	60	68	65
Helped write or check your résumé	69	81	83	67	69	70	78	74
Helped write or check job applications	47	59	66	53	53	50	57	54
Helped you prepare for job interviews	43	53	63	47	47	44	51	49
Contacted employers to see if they had a job for you	42	54	64	46	46	46	50	49
Placed you in an unpaid or voluntary job to get you work experience	7	13	16	12	*	8	11	11
Placed you with an employer for a few days as a trial	4	11	14	*	*	7	8	8
Assistance provided by Job Network in the last six months								
Gave you fares assistance or petrol money	19	20	29	19	27	23	24	23
Arranged transport to a job interview	7	11	18	11	*	9	8	10
Provided you with special clothing or equipment for job interviews	13	34	36	17	*	19	25	22
Paid for licences or certificates	18	23	24	18	*	18	22	21
Paid for or provided counselling or specialist services	8	*	*	*	*	10	10	9
Paid for or provided training	33	37	30	26	37	29	37	32
Provided finance, equipment or clothing for starting a job	20	37	37	23	27	27	32	28

¹ Categories are not mutually exclusive.

² Job seekers unemployed for 12 months or more and/or classified as highly disadvantaged who had commenced ISca (excluding job seekers who completed ISca2 and remained unemployed).

* sample too small to report.

Source: 2006 Job Network Services Survey

Job seekers who reported higher levels of assistance from their case manager were consistently more likely to have worked since commencing ISca than respondents who reported lower levels, though the difference in employment rates was not large. This possible relationship between the level of services and job seeker outcomes, while consistent with the findings of earlier research,⁹⁰ requires further analysis in the context of ISca. Job seekers'

⁹⁰ See, for example, DEWR 2002a and DEWR 2006c. The latter notes that high performing Job Network sites go the "extra mile" to provide high levels of services to job seekers.

reports do not necessarily tell the full story of services received during an episode of assistance which may have contributed to an outcome. Aside from survey recall issues (discussed below), job seekers may simply have been unaware of action taken by providers on their behalf.⁹¹ The provision of wage subsidies illustrates this point. In many cases wage subsidies are negotiated between a provider and an employer. The job seeker may not always have been advised that their job was subsidised or if they had been informed, may have forgotten by the time they were surveyed.

About two-thirds of job seekers in a job after participating in ISca reported that they had been contacted by their provider after starting work (Table 6.6). A much smaller proportion (37%), however, reported receiving post-placement support. The type of support most commonly identified was the provision of clothing, reported by 32% of those assisted. Help with equipment and travel costs were reported by 8% and 11% respectively of those assisted. Overall, a wide variety of assistance was reported.

Table 6.6: Post-placement assistance from Job Network by client group, 2006

Post-placement assistance ¹	Mature aged	Indigenous		Culturally and linguistically diverse		People with disability	Sole parent	All ²
		Reg.	Urban	Mig.	Ref.			
		<i>% of job seekers in each category</i>						
Contacted job seeker	60	70	72	67	69	69	73	67
Contacted employer ³	25	31	37	32	42	26	31	29
Assisted	32	45	47	28	51	35	42	37

1 Only asked of job seekers who had found employment.

2 Job seekers unemployed for 12 months or more and/or classified as highly disadvantaged who had commenced ISca (excluding job seekers who completed ISca2 and remained unemployed).

3 Thirty-nine per cent of job seekers who had work did not know whether their employer had been contacted by their provider.

Source: 2006 Job Network Services Survey

Specialisation

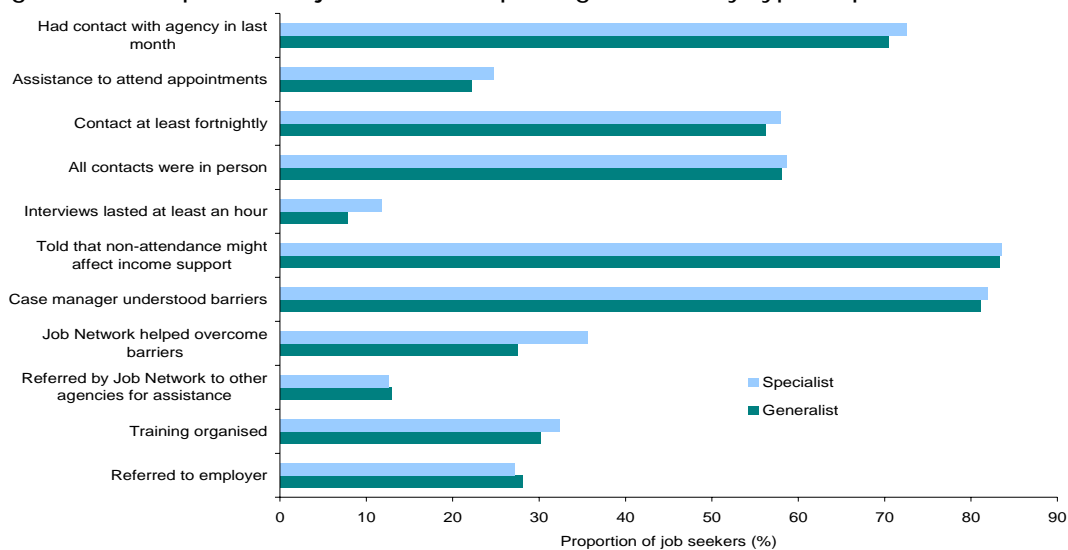
The tender for ESC3 had provision for specialist services whereby a provider would deliver assistance to one or more specific client groups. Tenderers were also required to demonstrate an understanding of the needs of local (disadvantaged) job seekers and their previous experience in assisting job seekers from different groups. The delivery of services by specialist and generalist providers was examined in the 2006 Job Network Services Survey in which job seekers were asked about the types of services they recalled receiving. A comparison of services by type of provider found that clients of specialists were more likely to receive most services but that the differences overall were marginal (Figure 6.5). The length of interviews and a perception that a job seeker's case manager understood their barriers to employment were the only instances where the differences between specialists and generalists were notable. The extent to which there was variation between different types of specialist in the delivery of different services was not possible to measure in the survey.

The fact that Job Network includes specialist providers does not mean that providers who are generalists lack the capacity to service specific groups of disadvantaged job seekers. Indeed, the findings reported in Figure 6.5 that the services were similar for different types of providers tend to support this. Moreover, earlier research with Indigenous job seekers found that many so called generalists offered specialist assistance which was tailored to the needs of

⁹¹ An analysis of assistance and services ideally should include administrative data and the perspectives of both the service provider and job seeker.

this client group (DEWR 2003a). Research for the *APM* evaluation has explored this issue more broadly.

Figure 6.5: Proportion of job seekers reporting services by type of provider, 2006



Source: 2006 Job Network Services Survey

The availability of a specialist staff member at generalist sites was found to differ between Job Network sites according to client group. For all categories of job seekers, approximately two-thirds of sites reported to a departmental provider survey that they either had a staff member who had expertise in assisting the group or that such a staff member was not required at their site (Table 6.7).

Table 6.7: Indicators of Job Network generalist sites' capacity to help by client group, 2006

	Indigenous			Culturally and linguistically diverse	People with disability		
	Regional sites	Urban sites	All sites ¹		Physical disability	Intellectual disability	Mental illness
<i>% of agencies in each category</i>							
Staff member with specific expertise with group							
Yes	60	53	54	41	47	39	48
Not required	13	22	24	28	18	24	14
No	27	24	21	30	34	37	39
Staff completed training in working with this group of clients in last 12 months							
Yes ²	41	38	38	24	52	43	53
Received external advice or support to assist a job seeker							
Yes	78	65	67	43	59	53	66

¹ Excludes sites in remote and very remote locations.

² Includes in-house and external training.

Source: 2006 Survey of Employment Service Providers

Many sites reported that their staff had completed training relevant to servicing job seekers from specific groups in the last 12 months. This varied from 24% for culturally and linguistically diverse job seekers to 53% for job seekers whose disability was a mental illness. Most sites also reported that external advice and support was obtained to assist job seekers with specialist needs. Receipt of external advice and support was significantly more common among sites which reported that they had a staff member with expertise in helping a particular group of job seekers than sites without this expertise.

Sites which had staff with expertise in assisting particular groups were also more likely to report that a staff member had completed training in helping the relevant groups. On the other hand, the lack of expertise and training reported by a significant proportion of sites suggests some Job Network sites may not be capable of taking the specific circumstances of some job seekers fully into account. It is important to note, however, that the survey did not record the number of job seekers from specific groups on the site's caseload. Those sites which reported not having staff with expertise or training relevant to certain groups may have had only small numbers of these job seekers on their caseload at any time.

Has the level of service increased since ESC2?

The incentives for the Job Network to assist disadvantaged job seekers were increased under the *APM* in response to earlier evaluation findings that some job seekers in Intensive Assistance were receiving minimum levels of service and that such a servicing strategy was consistent with the incentive structure at the time (DEWR 2002a). The JSKA, in particular, was implemented to ensure that Job Network providers spent more money on the more disadvantaged job seekers in their caseloads. A key issue for this evaluation in view of these changes is whether the levels of assistance to job seekers in ISca were higher than the levels delivered under Intensive Assistance in ESC2. An increase in the amount of assistance could be reflected in two ways—either an increase in the amount of assistance per job seeker assisted or an increase in the proportion of eligible job seekers assisted.

While estimating changes in the level of assistance from one contract to the next is a fairly basic conceptual exercise it is not straightforward in actual practice. Administrative data for the *APM* give a relatively comprehensive picture of the assistance delivered to job seekers by Job Network. The introduction of the JSKA in particular has made measurement much easier because the department's administrative system now records the number of job seekers assisted, the amount allocated to and spent on each job seeker and, in broad terms, the type of assistance. For earlier Job Network contracts, however, the only statistical information on the level and type of assistance delivered comes from surveys of job seekers and providers. Comparing survey data with administrative data is not valid.⁹² This means that estimates based on surveys are the only consistent way of investigating whether the level of assistance increased from ESC2 to ESC3.

Job seeker survey data reveal little apparent change in the extent of most types of assistance between ESC2 and ESC3. The proportions of job seekers in the intensive phase who reported receiving particular kinds of assistance in 2001, 2005 and 2006 were similar (Table 6.8). The exception is clothing and equipment which was reported by significantly more job seekers in 2005 and 2006 than in 2001.

It should be emphasised that the data in Table 6.8 need to be interpreted carefully, however. Comparisons between administrative data regarding the JSKA and survey estimates show that the survey responses overestimated some types of assistance and underestimated others.⁹³ In 2005, for example, almost 33% of surveyed job seekers reported receiving assistance with petrol and fares whereas the JSKA data indicate that only 15% of these job seekers had received this type of assistance. Almost 5% of job seekers reported that they had received assistance with transport where the administrative data indicate that about 8% had. Establishing the incidence of wage subsidies by way of a survey is even more problematic, as

⁹² Although in this case administrative data can be used to validate survey findings.

⁹³ Surveys typically ask job seekers to recall something from the previous six months. Some job seekers may have forgotten receiving a service or may think it occurred more than six months ago.

already noted. Up to a quarter of job seekers in 2001 and 2005 reported that they did not know if their job involved a wage subsidy or the offer of one.⁹⁴

Table 6.8: Services provided to job seekers¹ in intensive services, ESC2 and ESC3

Services and assistance reported	ESC2	ESC3	
	2001	2005	2006
	<i>% job seekers reporting each service</i>		
Helped write or check résumé	80	73	77
Discussed suitable vacancies	71	69	74
Talked about additional skills the job seeker may need to find work	70	69	62
Training ²	24	25	19
Clothing and equipment	12	25	23
Wage subsidies	12	10	na
Petrol or fares	29	32	23
Relocation	5	2	1

1 Job seekers may have received more than one service or form of assistance.

2 Excludes ISjst.

na not available.

Source: 2001 Job Network Participants Survey, 2005 Job Seeker Account Survey and 2006 Job Network Services Survey

6.5 Effectiveness of assistance

Employment services, such as ISjst and ISca, were intended to improve the employment prospects of those assisted and (where relevant) reduce reliance on government funded income support. Efficient delivery of services is also important because the expenditure of public funds is involved. Program performance measures which can be used to test whether these objectives were achieved include:

- employment (and education) outcomes after participation in assistance;
- the sustainability of the outcome;
- the degree to which the program intervention contributes to the outcome; and
- the cost per outcome.

6.5.1 Outcomes

Outcomes measured three months after participation in assistance during ESC3 were at least as high, if not higher, than comparable services delivered during ESC2. In particular, ISca outcomes were similar to the outcomes obtained by participants in ESC2's Intensive Assistance and ISjst were almost eight percentage points higher than Job Search Training (Table 6.9). While some caution should be exercised in making these comparisons due to changes in program eligibility, participant characteristics and labour market conditions from one Job Network contract to the next, it should be noted that ISca outcomes were achieved despite the fact that participants were more likely to be long-term unemployed (in 2005–06, for example, 66% of ISca participants were unemployed 12 months or longer) than participants in Intensive Assistance (54% in 2002–03). A slight improvement in labour market conditions may also have contributed to higher program outcome rates.

Job seekers who participated in a second spell of ISca had, not surprisingly, lower positive outcomes than those who participated in the first spell, reflecting the higher level of disadvantage of these job seekers (Table 6.9). Job seekers in ISca2 were much less likely to

⁹⁴ As reported earlier, in many cases wage subsidies were negotiated between a provider and an employer. The job seeker may not have been advised that their job was subsidised or if they were informed may have forgotten.

find full-time employment than those in ISca1, although they had a similar likelihood of finding part-time work or studying. Similarly, highly disadvantaged job seekers had a lower positive outcome rate (50%) than those not classified as such (58%). Both full-time and part-time employed outcome rates for highly disadvantaged job seekers were below those of other job seekers.

Table 6.9: Post-assistance outcomes,¹ ESC2 and ESC3

Program/service	Employment outcomes			Education & training	Positive outcomes ²
	Full-time	Part-time	Total		
	<i>% job seekers in each program/service</i>				
Job Search Training (ESC2)	21.6	21.0	42.5	13.7	51.5
Intensive Support job search training (APM) ³	22.8	27.6	50.4	14.8	59.9
Intensive Assistance (ESC2)	18.8	27.8	46.6	9.0	54.2
Intensive Support customised assistance (APM) ⁴	16.5	28.3	44.8	11.9	54.0
ISca 1	18.4	28.5	46.9	12.7	56.5
ISca 2	11.7	27.8	39.5	10.5	47.9
Highly disadvantaged	14.9	25.0	40.0	12.7	50.3
Not highly disadvantaged	18.2	31.8	50.0	11.1	57.9

1 In 2002–03 for ESC2 and 2005–06 for ESC3.

2 Positive outcomes include employment and education/training outcomes.

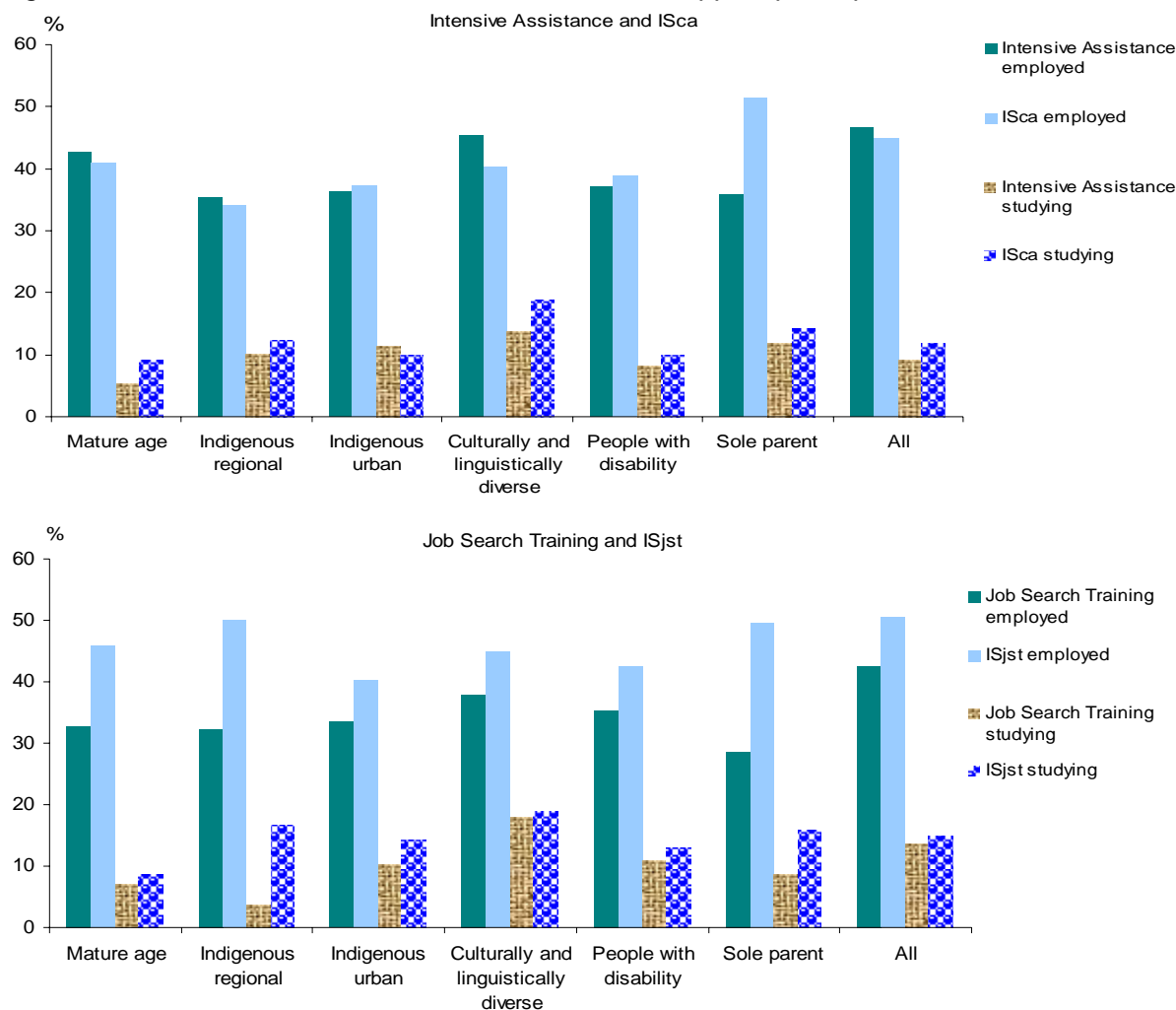
3 Includes both ISjst and Intensive Support job search training refresher course exits.

4 Includes both ISca1 and ISca2 exits.

Source: Source: Post-program Monitoring Survey

Three month employment and education outcomes varied by client group (Figure 6.6). Other than for sole parents, participants in Intensive Assistance and ISca had similar employment outcome rates for most groups shown. The proportions of job seekers from these groups studying after ISca, however, were higher than the proportions studying after participation in Intensive Assistance. Both employment and education outcomes for job search training were higher under the APM in 2005–06 than was the case for ESC2 in 2002–03.

Figure 6.6: Post-assistance outcomes¹ for Intensive Support participants, ESC2 and ESC3



¹ In 2002–03 for ESC2 and 2005–06 for ESC3.
Source: Post-program Monitoring Survey

6.5.2 Sustainability of outcomes

Knowing how long job seekers remain employed or off income support after participation in labour market assistance is an important indicator of program performance, especially if the contribution the program makes to the longer-term outcome can also be established. Departmental research which surveyed job seekers three and 12 months after leaving assistance provided under ESC2 found increases between these time points in the proportion of job seekers employed, the proportion of those who were in full-time and permanent positions and in job seekers’ overall earnings (DEWR 2004c).⁹⁵ Further research for the *APM* found the same kind of improvement between the three and 16 months time points, in the case of ISca and ISjst (Table 6.10).

⁹⁵ This research supported the “stepping stones” theory that a job in the short-term helps some job seekers get into better jobs into the future (Carino-Abello et al. 2001, DEWRSB 2001, Dunlop 2000 and Flatau and Dockery 2001).

Table 6.10: Three and sixteen month post-assistance employment outcomes, 2005¹

Assistance type	Timing	Employed		
		Full-time	Permanent	Total
<i>% job seekers from each assistance type</i>				
Intensive Support customised assistance	3 month	13	10	41
	16 month	17	16	49
Intensive Support job search training	3 month	21	15	50
	16 month	33	27	61

¹ Job seekers who left assistance in October 2004.

Source: 2005 Survey of Longer-term Outcomes

This research confirms that employment outcomes are sustained for significant periods of time. Almost 80% of ISca participants who were employed three months after assistance were also employed 13 months later (Table 6.11). The corresponding proportion for ISjst was 82%.

Table 6.11: Changes in labour force status, between three and sixteen months after assistance, 2005¹

	Labour force status at 16 months					
	Employed			Unemployed	Not in labour force	Total
	Full-time	Part-time	Total			
<i>%</i>						
Intensive Support customised assistance						
Labour force status at three months:						
Employed						
Full-time	53	24	78	17	5	100
Part-time	21	56	77	15	8	100
Total	30	46	77	16	7	100
Unemployed	10	20	30	58	13	100
Not in labour force	5	10	15	23	62	100
Total	17	32	49	35	17	100
Intensive Support job search training						
Labour force status at three months:						
Employed						
Full-time	67	13	80	15	5	100
Part-time	31	53	84	13	3	100
Total	46	36	82	14	4	100
Unemployed	22	20	42	44	14	100
Not in labour force	11	17	28	31	40	100
Total	33	28	61	28	11	100

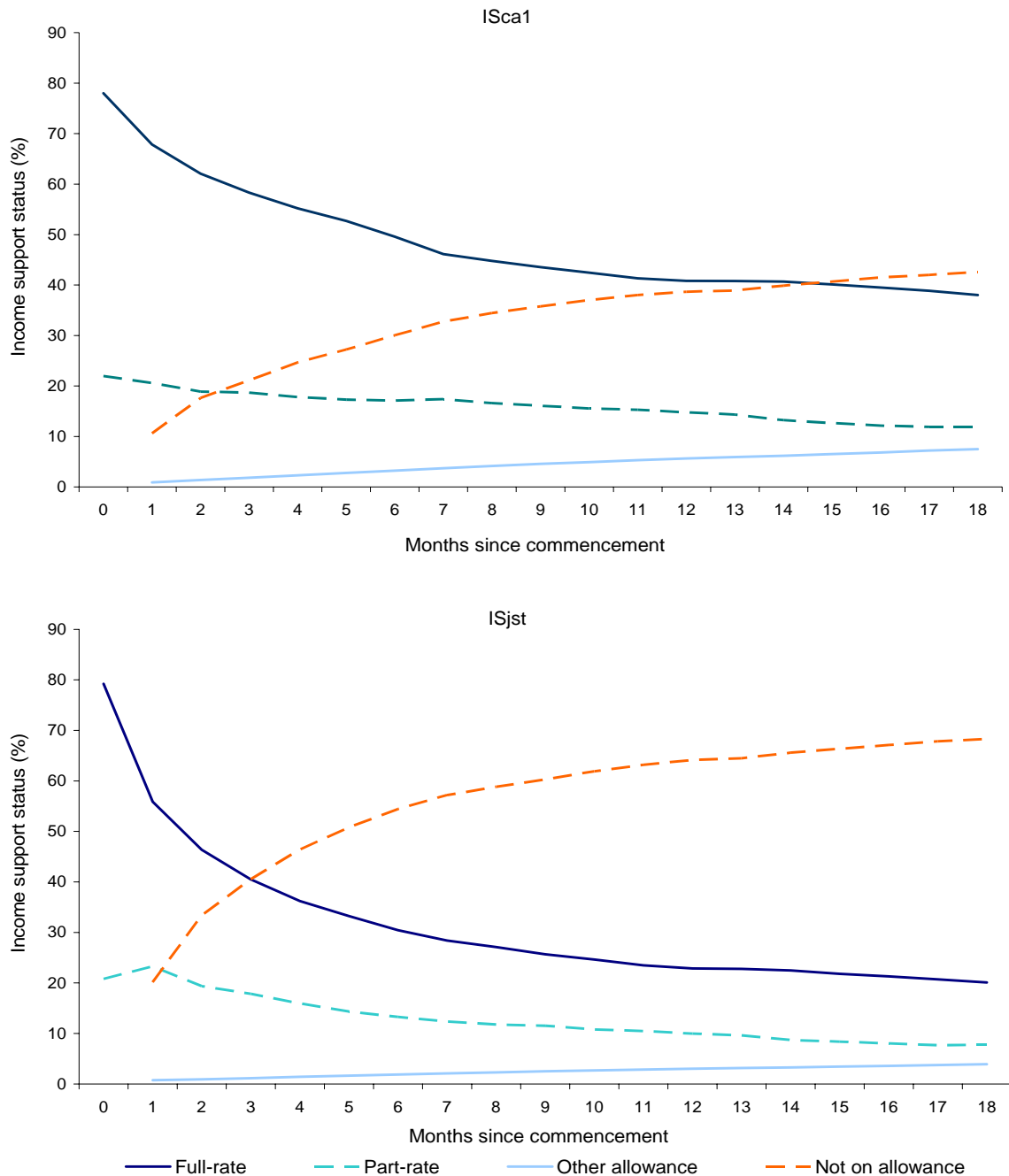
¹ Job seekers who left assistance in October 2004.

Source: 2005 Survey of Longer-term Outcomes

A more dynamic picture of the post-assistance experience can be obtained from data on changes in income support status from month to month after program commencement. These data indicate that labour market assistance may have contributed to a long-term reduction in dependence on income support.

Figure 6.7 presents data for two cohorts of job seekers who commenced either ISjst or ISca between July and December 2004. All job seekers in the cohorts were on Newstart or Youth Allowance (other) at the time they commenced. Their income support status was tracked for 18 months after commencement. Both charts show that while around 80% of program participants were on full-rate allowance at the time of commencement, 18 months later this proportion had dropped to just below 40% for ISca and 20% for ISjst. The rate of decline in receipt of full-rate allowance, as could be expected, slowed over time.

Figure 6.7: Job seekers¹ who commenced Intensive Support: income support status after commencement, ESC3



¹ Job seekers who were on Newstart or Youth Allowance (other) at the time of commencement.
Source: DEWR administrative systems

The fall in full-rate allowance recipients over time was matched by rises in the proportions of program participants not on allowance, indicative mainly of job seekers finding employment, but also of leaving the labour force or changing their living arrangements, and, to a lesser extent, the proportions of job seekers taking up other income support payments. This largely included job seekers on Newstart Allowance moving to Disability Support Pension. A further change over time was the movement of people out of part-rate allowance. Comparing the ISca1 cohort with the ISjst cohort, the slower fall in the proportion still on full-time allowance and the higher proportion of these recipients after 18 months for ISca1 reflects this group's greater level of disadvantage.

For both charts it is important to note that the data for each month reflect the level of the initial stock and the net result of flows in different directions over successive months. Showing the detailed movement between different categories of income support at this level of detail is not possible. Also, the data in the charts do not reveal the contribution of the assistance to post-assistance outcomes. This issue is discussed below.

6.5.3 Net impact of assistance

A key question for policy makers and program managers is whether assistance makes a difference to the employment prospects of those assisted. If outcomes were to occur anyway the assistance would appear to be ineffective. Net employment impact studies provide a means of measuring whether assistance makes a difference or merely produces deadweight costs. These studies measure outcomes that would have occurred in the absence of assistance and compare these outcomes to those of job seekers who have been assisted, controlling for labour market and demographic characteristics between those assisted and those who are not. This approach is adopted in most OECD countries as the standard for measuring the effectiveness of publicly-funded labour market assistance.

The effectiveness of intensive services appears to have increased since the introduction of the *APM*. The employment net impact⁹⁶ of ISca measured 12 months after job seekers commenced was significantly higher than the employment net impact of Intensive Assistance 16 months after commencement (10.1 percentage points compared to 6.0 percentage points) (Table 6.12).⁹⁷ Moreover, participants in ISca were around 10 percentage points more likely to be employed 12 months after commencing assistance than equivalent job seekers who did not commence, indicating a degree of sustainability of impact. Improved net impact suggests that the change from Intensive Assistance (which could last for over 12 months) to ISca (which lasts up to six months) may have reduced the attachment effect of the assistance and the extent to which job seekers participating in the assistance received minimal levels of service.

The impact of job search training also increased from 8.2 percentage points in 2002 (Job Search Training) to 11.2 percentage points in 2005 (ISjst). The improvement in the net impact estimates is probably the result of better targeting (including reducing the length of assistance) and improved provider performance under the *APM*. This is particularly evident for ISca (compared with Intensive Assistance) where net impacts have improved even though the gross outcomes of assisted job seekers overall have not. It is worth remembering at this point that the net impact of *APM* assistance is likely to be understated because, as was explained in Section 6.2 above, the *APM* provides continuous assistance to all clients, making it impossible to construct a “pure” control group. Also, the net impact estimates presented in Table 6.12 were only available for job seekers subject to the activity test. Given that by June 2006 non-activity tested job seekers represented 36% of the Fully Job Network Eligible population, it is important that in the future reliable net impact estimates for this group are derived.

The increase in net impact for both ISjst and ISca held for most job seeker groups analysed. The improvement was most evident for Indigenous job seekers (ISca only), those aged 25–44 and job seekers who had less than year 10 education or had completed year 10 (ISjst only) or a Trade/TAFE qualification. Despite the improvement evident for young people in ISca

⁹⁶ See Attachment B for greater detail on how net impact is measured.

⁹⁷ While the net impacts of Intensive Assistance in 2002 and ISca in 2005 were measured at different periods after job seekers commenced assistance, this difference is not likely to significantly impair the comparability of the figures.

(compared with Intensive Assistance), this form of program intervention still appeared to have had a negligible effect on them.

Table 6.12: Employment net impact by selected job seeker characteristics, 2002 and 2005

Job seeker characteristics	Intensive Assistance/ISca		Job Search Training/ISjst	
	ESC2 (2002) ¹	ESC3 (2005) ²	ESC2 (2002) ¹	ESC3 (2005) ²
	<i>Percentage points</i>			
Male	5.5	9.4	7.7	12.0
Female	7.0	10.8	9.3	10.4
Age group (years)				
Under 25	-4.0	0.7	3.6	5.8
25-44	5.1	13.9	9.4	15.8
45 and over	11.8	11.0	12.4	13.9
Duration of unemployment				
Less than 12 months	7.0	10.8	8.6	11.6
12-24 months	*	8.3	*	15.5
24 months and over	6.4	9.3	*	18.7
Educational attainment				
Less than year 10	5.9	10.6	*	14.1
Year 10	6.8	9.4	9.8	15.5
Completed secondary	3.8	8.3	7.6	7.1
Trade/TAFE	8.1	13.5	5.9	17.0
Degree	*	11.8	9.1	14.9
Client group				
People with disability	14.2	12.6	*	10.6
Culturally and linguistically diverse background	12.3	11.9	9.8	17.8
Indigenous	5.7	10.2	*	*
All job seekers	6.0	10.1	8.2	11.2

1 These figures represent the weighted average from the May, August and November 2002 studies and were measured 16 months after commencement in the program or service.

2 These figures represent the average monthly net impact from February 2004 to February 2005 and were measured 12 months after commencement in the program or service.

* sample too small to report.

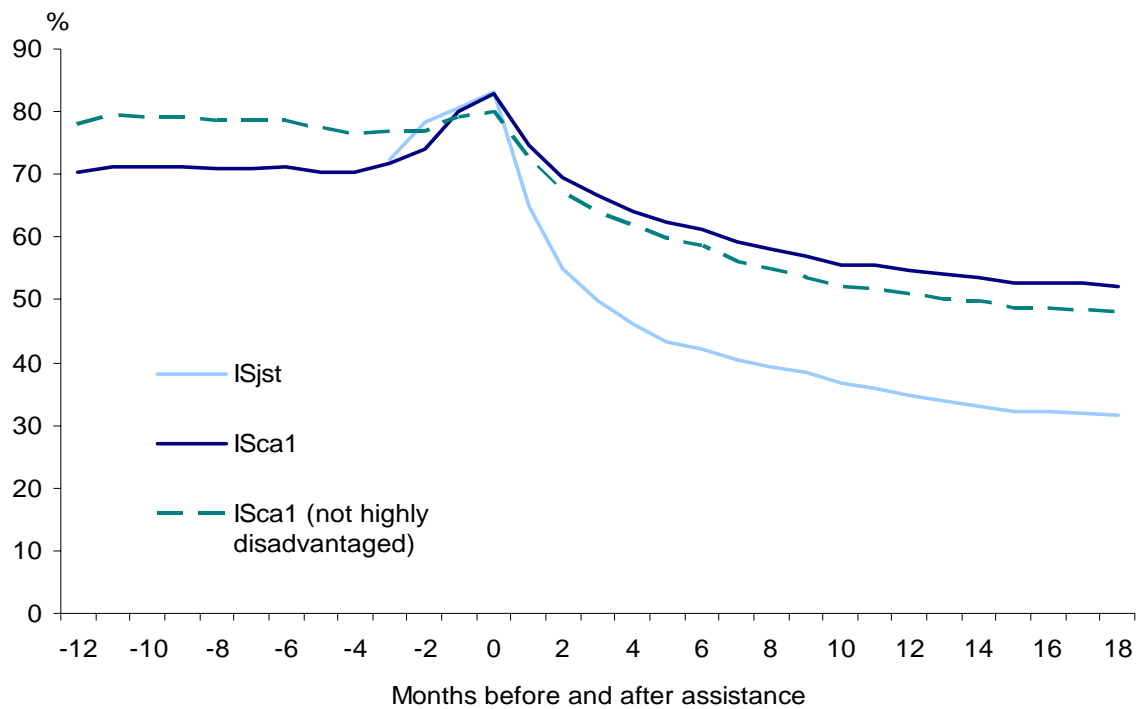
Source: DEWR 2003b and DEWR 2006b

In the absence of further analysis it is not possible to establish why young people did not benefit as much as other job seekers from Intensive Support, particularly ISca. Findings of this nature, however, are not new or unique to Australia. In reviewing evaluation literature from OECD countries, Martin and Grubb (2001) note, for example, that almost all evaluations show that labour market measures were not effective for disadvantaged young people. Better targeting of assistance combined with changes in the way assistance has been tailored to the needs of young people would seem to be a priority if effectiveness is to be increased.

Some groups did not show an improvement in net impact. These include job seekers from culturally and linguistically diverse backgrounds (ISca only), job seekers with disability (ISca only), job seekers aged 45 and over and job seekers whose highest educational attainment was year 12 (ISjst only).

The net benefits of assistance were also evident in changes to income support reliance before and after assistance. Income support reliance measures the proportion of total income derived from income support payments such as Newstart Allowance. In the case of job seekers who participated in ISca, for example, average income support reliance in the months leading up to participation was around 70% (Figure 6.8). A year after the start of assistance reliance had fallen to just below 60%.

Figure 6.8: Average reliance on income support before and after assistance, ESC3¹



¹ Newstart Allowance and Youth Allowance (other) recipients who participated in assistance between July and December 2004.

Source: DEWR administrative systems

6.5.4 Impact on costs and cost effectiveness

The changes introduced with the *APM* have also improved the cost effectiveness of the intensive phase of assistance. While the cost per employment outcome for ISca and ISjst was somewhat higher than that for the equivalent services under ESC2, the cost per net impact was considerably lower in the case of ISca and marginally lower for ISjst (Table 6.13). Improved cost effectiveness was the result of the considerable improvements to the employment net impact of both types of assistance.

Table 6.13: Employment net impacts and costs of assistance for Intensive Assistance and Intensive Support customised assistance, November 2002 and February 2005

Type of assistance	Employment outcome rate (three months after assistance) ¹	Employment net impact ² from commencement	Unit cost per employment outcome ³	Cost per employment net impact ³
	%	percentage points		\$
Intensive Assistance	44.2	6.2	2,100	33,870
ISca	44.3	10.1	2,450	24,320
Job Search Training	42.5	8.2	1,374	16,756
ISjst	50.4	11.2	1,706	15,232

¹ At December 2002 for ESC2 and March 2005 for the ESC3.

² Net impacts measured 12 months after commencement for ESC2 and 16 months after commencement for ESC3.

³ Not indexed for inflation.

Source: DEWR administrative systems, Post-program Monitoring Survey, DEWR 2003b and DEWR 2006b

6.6 Conclusion

As part of the *APM*, significant changes were made to Job Network's intensive services for unemployed job seekers. The changes affected the way job seekers were selected for services, the services themselves and the incentives to providers to tailor assistance based on the needs of job seekers. Intensive Assistance was replaced with ISca, provider fees were restructured, the JSKA increased funds available to providers to spend assisting job seekers and the links between Job Network and other programs strengthened. The characteristics of job seekers eligible to participate in Job Network's intensive services also changed significantly between ESC2 and the *APM*. The main change was an increase in the proportion of non-activity tested job seekers participating in Job Network, in line with government policy to increase this group's labour force participation. This change is fundamental to interpreting the relative performance of Job Network during ESC2 and the first three years of the *APM*.

Job seekers from disadvantaged groups reported receiving a similar level of service within ISca, though regional and urban Indigenous job seekers and sole parents reported receiving slightly higher than average levels. It was evident also to some extent that providers were tailoring services to the individual needs of job seekers. In broad terms, job seekers did not seem to be receiving a higher level of services in ISca than the services reported for Intensive Assistance. This finding, however, is based on limited data, particularly in relation to the services delivered before the introduction of the *APM*.

Relative to equivalent services in ESC2, Job Network's Intensive Support was successful in helping job seekers move into employment. ISca's net impact indicates, for example, that the flexible forms of assistance provided were suited to helping job seekers gain employment. The employment net impact of ISjst also improved following implementation of the *APM*. There is, however, scope to improve upon this performance, particularly for young job seekers in ISca and to further reduce levels of deadweight.

7 Options for providing assistance

The *Active Participation Model (APM)* expanded the options available to providers to assist job seekers in Intensive Support. The most significant change was the introduction of the Job Seeker Account (JSKA) which increased the funds available to Job Network members to purchase assistance for job seekers.⁹⁸ The *APM* also sought to increase the use by employment service providers of programs outside Job Network. This was to be achieved by improving the links between Job Network and these programs (including programs administered by the Federal Government and State and Territory Governments), which collectively became known as Complementary Programs.

7.1 The Job Seeker Account⁹⁹

Before the JSKA's introduction in July 2003, Job Network members funded assistance to job seekers from their own revenue which was derived from service commencement fees and outcome payments. They could spend funds as they saw fit within the terms of the Job Network contract. Under this arrangement, as earlier research on Job Network has noted, there was a potential risk that providers would spend funds mainly on job seekers with better prospects of successful outcomes and would not adequately assist the more disadvantaged job seekers (DEWR 2002a and Productivity Commission 2002).

The JSKA addressed this problem by providing Job Network members with funds which can only be used to purchase goods and services to assist job seekers into employment. Funding is notionally allocated to each provider on the basis of client numbers and their level of disadvantage and place in the *APM*'s continuum of assistance. Providers are required to use the JSKA to tailor individual assistance to their clients' needs and thereby help them to overcome work barriers and obtain employment.

Even though the JSKA is based on a notional allocation for each eligible job seeker, the account does not operate as an entitlement of individual job seekers. It is a flexible pool of funds to be used by Job Network members, subject to broad principles and specific guidelines which emphasise the need for individualised assistance focused on employment. Job Network members are not limited in the amount they can spend on individual clients (other than by the value of their total notional bank and the needs of their other clients). The balance of unspent funds, however, cannot be retained by the Job Network member.

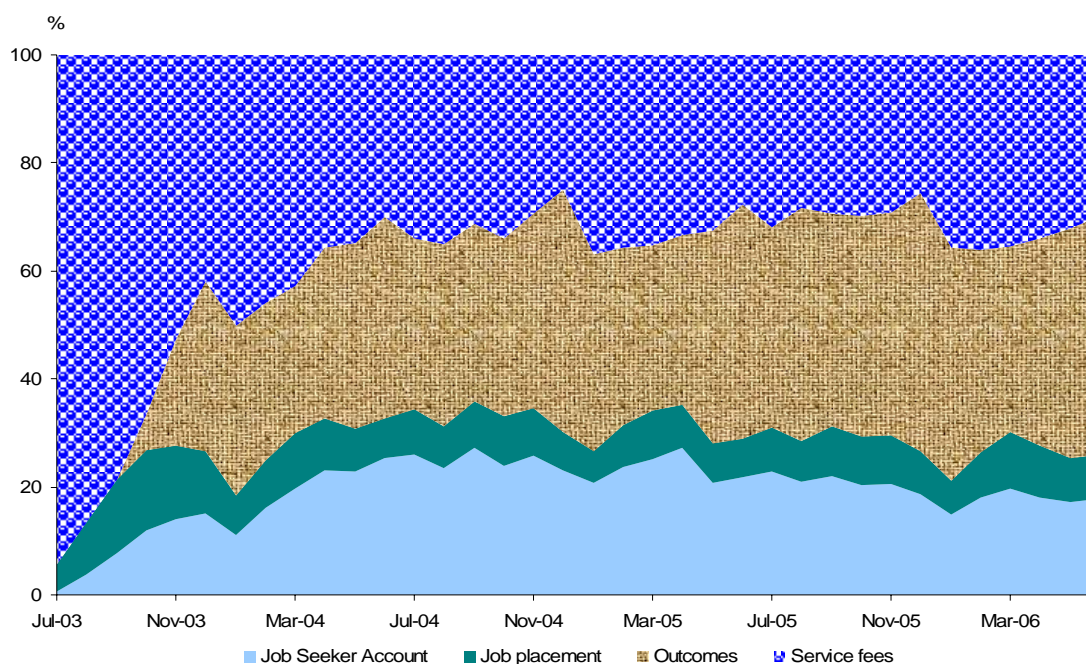
7.1.1 Broad trends in JSKA allocation and expenditure

Between July 2003 and June 2006, around \$200 to \$300 million a year was expended through the JSKA, representing about 20% of the government's reimbursements to Job Network in this period (Figure 7.1).¹⁰⁰

⁹⁸ Job Network members are able to augment JSKA-funded assistance with additional help delivered at their own expense or with other assistance including Training Accounts and Training Credits. The Training Account and Training Credits were introduced as part of the Australians Working Together package in July 2002. Training Accounts help mature age and Indigenous job seekers who participate in Intensive Support or Indigenous Employment Centres improve their employment prospects through the provision of training. Training Credits provide job seekers who participate in a Work for the Dole or Community Work Placement for between 16 and 26 weeks with credit which can be used to pay for additional training.

⁹⁹ This chapter summarises much of the material presented in DEWR 2006d. Some of the data presented in this earlier report have been updated.

¹⁰⁰ JSKA expenditure is perhaps the most readily analysed aspect of Job Network because providers are required to record expenditure details in order to make claims for reimbursement against the account. This means that all account expenditure data can be obtained on a real time basis from DEWR administrative systems.

Figure 7.1: Composition of reimbursements and payments¹ to Job Network, ESC3

¹ Variations in expenditure over time reflect the underlying variability and seasonality of the labour market (for example, entry of education leavers and other persons to the labour market associated with Job Network commencement fees); the impact of performance management and Star Rating periods; the contract lifecycle (a build-up in performance as Job Network settled into the new *APM* arrangements and the impact, albeit very limited, of transition to the new contract extension period in the fourth quarter of 2005–06).

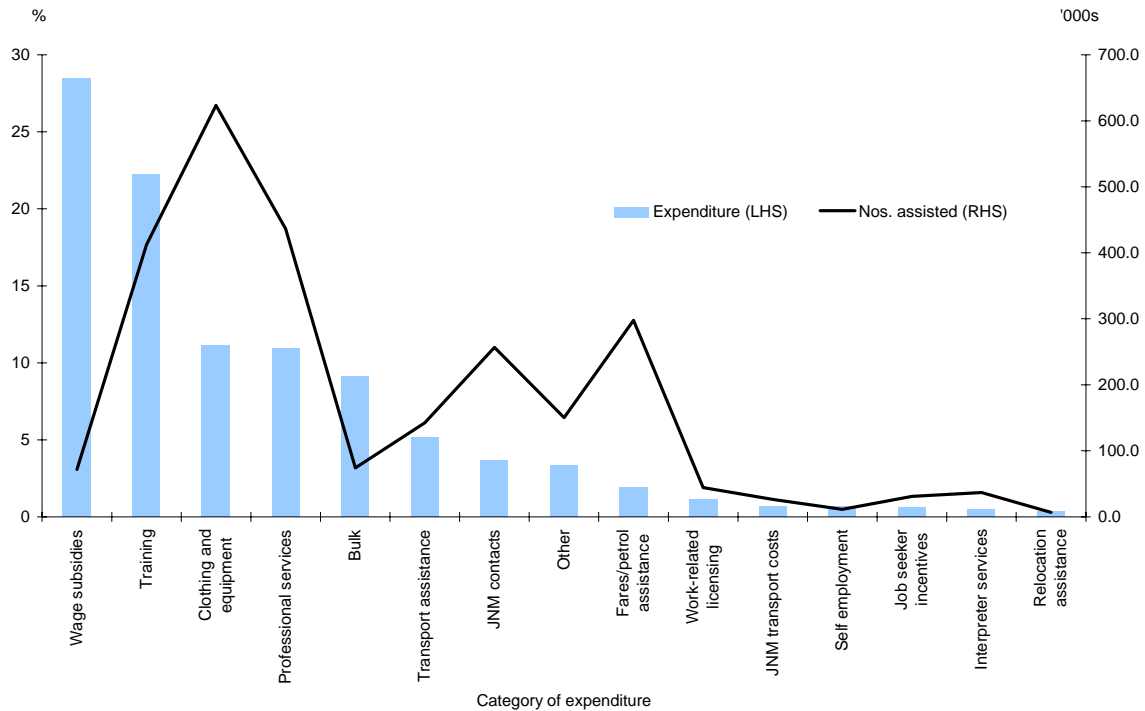
Source: DEWR administrative systems

In the first six months of the *APM*, expenditure averaged around \$5.5 million per month. It then rose rapidly to reach over \$30 million per month in June 2004, reflecting the transition between ESC2 and ESC3 and improved confidence among Job Network members to use the funds to meet the different needs of their individual clients. From mid-2004, expenditure averaged around \$27 million a month.

Almost half of all JSKA expenditure in the first three years of the *APM* went on wage subsidies¹⁰¹ (28%) and training (22%) (Figure 7.2). Expenditure on both clothes and equipment and professional services accounted for 11% of expenditure. The latter consisted mostly of reverse marketing (ie, promoting a particular job seeker to a potential employer). Over the same period, more than 400,000 job seekers were provided with training courses funded by the account, 72,000 with wage subsidies, 623,000 with clothes and equipment and 298,000 with fares and petrol assistance.

¹⁰¹ Some of the funds counted in this category were used to purchase other incentives for employers before March 2005 when the guidelines were changed. This change is discussed later in the Chapter.

Figure 7.2: Composition of JSKA expenditure and numbers assisted, ESC3



Source: DEWR administrative systems

Changes over time in the types of assistance

The composition of JSKA spending changed over the course of the first three years of the *APM*. Wage subsidies rose from almost zero when the JSKA was first introduced to over 40% of spending by August 2005. On the other hand, training decreased from around 40% of expenditure early in the period to around 20% at the midway point. Expenditure on the other major categories tended to be more stable across the three year period.

Expenditure guidelines, which were established to ensure that JSKA funds were spent appropriately, were revised in March 2005. This prohibited the use of the JSKA for certain types of assistance, including mobile phones, job seeker incentives and some expenses related to self-employment. Revising the guidelines did not seem to have a large impact on the overall composition of JSKA expenditure, suggesting that before the revision Job Network members were generally using the JSKA in a manner consistent with the government's revised policy.¹⁰²

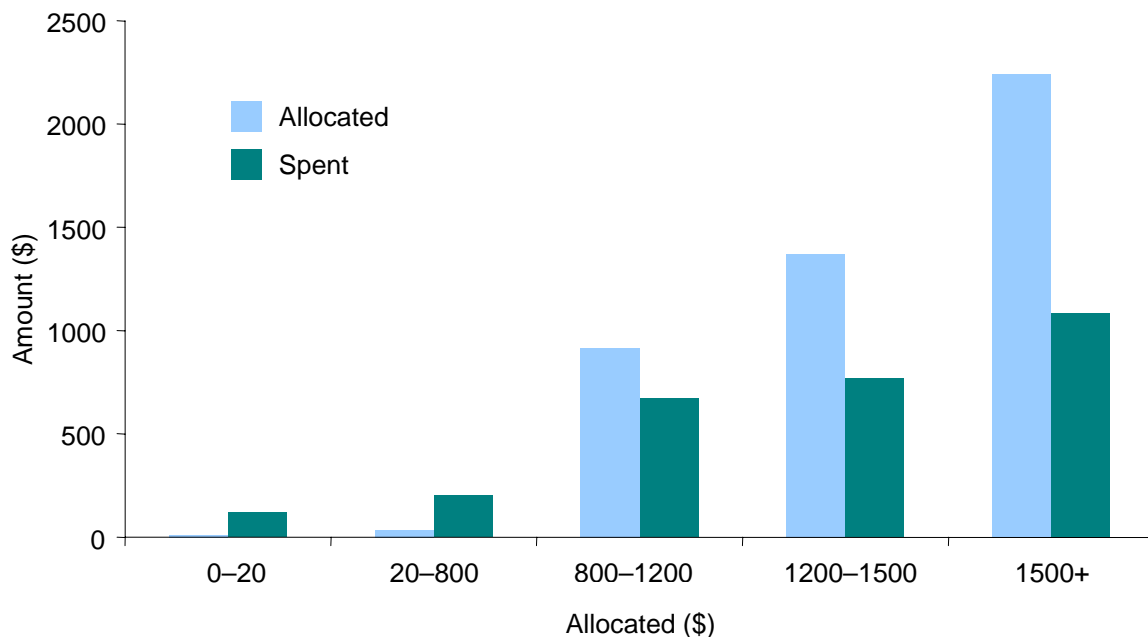
The crediting of funds

The notional allocation of JSKA funds to providers increases as job seekers move through the *APM* continuum, as did expenditure to a lesser extent. Job seekers with an allocation of less than \$20 (typically \$11) received an average of around \$110 dollars in expenditure (Figure 7.3). Expenditure doubled (to around \$220) for those with total credits in the range of \$21–\$800 (typically about \$22). Clients who commenced ISca attracted average credits of around

¹⁰² Qualitative research found that some providers believed that the new guidelines were too restrictive. These providers interpreted the revisions to mean that JSKA funds could not be spent unless the assistance was directly related to a job offer. A particular issue arose in remote locations after the change in guidelines. Providers interviewed in qualitative research suggested that mobile phones be permitted to be purchased for job seekers in these locations where access to landlines was limited.

\$1,000 but had less on average, about \$700, spent on them. Job seekers who were more disadvantaged received more assistance than other job seekers but the amount spent on them was below their notional allocation. On the other hand, job seekers who were classified as less disadvantaged received assistance of higher value than their average JSKA allocation. A possible implication of this finding is that providers tended to focus assistance more on those job seekers who they considered more capable of achieving an employment outcome instead of job seekers with less immediate likelihood of such an outcome. Notwithstanding the fact that the purpose of the JSKA's flexibility was to maximise employment outcomes for job seekers overall, it is arguable whether there would have been merit in allocating funds in a way which avoids possible claims that the more disadvantaged did not receive the assistance they required or notionally attracted.

Figure 7.3: Average values of JSKA expenditure and allocation, for each allocation group, ESC3

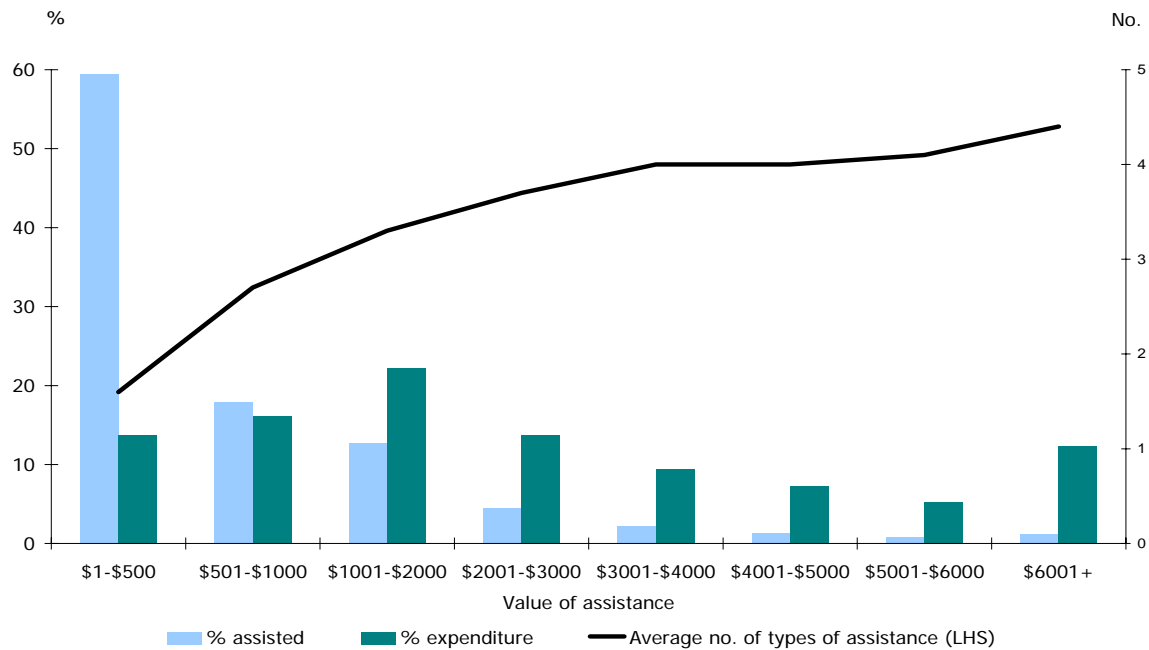


Source: DEWR administrative systems

7.1.2 Use of the Job Seeker Account by providers

Consistent with the policy of individually tailored assistance, many job seekers who received JSKA assistance were given a combination of services or support. In the first two years of the *APM*, the average number of types of assistance received by job seekers was 3.5 but the actual number varied according to the value of assistance (Figure 7.4). Commonly received combinations or “packages” of assistance included training combined with clothing and equipment or with professional services and wage subsidies combined with professional services, clothing and equipment or training. Sixty per cent of job seekers also received the same type of assistance more than once. Most assistance was provided in relatively inexpensive amounts, with the expenditure category \$1,001 to \$2,000 accounting for the largest share of total JSKA expenditure.

Figure 7.4: Average number of assistance types per assisted job seeker and distributions of expenditure and assisted job seekers, by value of assistance, July 2003 to June 2005



Source: DEWR administrative systems

The overall level of assistance provided

The JSKA was designed to increase the assistance provided to job seekers, particularly during the intensive phase of assistance. Interviews with site managers revealed mixed views on this issue (DEWR 2006c). Some Job Network providers reported that their servicing practices had not changed significantly between ESC2 and ESC3, and that the JSKA had led to changes only at the margin. Many indicated, however, that the JSKA had eased constraints on their ability to assist job seekers because the necessary funds were not reducing the organisation's "bottom line".

Job seekers surveyed by the department did not report a significant increase in the level and type of assistance delivered by Job Network between ESC2 and ESC3 as noted in Chapter 6 (see Table 6.9). This chapter cautioned, however, that these findings should be interpreted carefully because survey respondents do not always accurately recall services which they have received or they may be unaware of a service. Moreover, the job seeker survey data do not measure changes in the value of expenditure over time. As the JSKA was the source of over \$800 million which was spent on job seekers between July 2003 and June 2006, it is highly likely that expenditure on each job seeker, if not the real quantum of assistance, increased after the introduction of the account.

Deciding who to fund

To maximise employment outcomes for the greatest number of job seekers, providers have to allocate JSKA-funded assistance in a methodical way. In qualitative research conducted by the department in 2004 and 2005, Job Network providers frequently reported that they did not always base their decisions about allocation of assistance on the *APM* phase or level of notional JSKA credits of a job seeker. Instead, providers focused on how the assistance could remove work barriers and help the job seeker to obtain sustained employment. Many providers reported that they placed a high priority on using the JSKA to get job seekers "over

the line” into a job.¹⁰³ A significant weight was placed on a job seeker’s level of engagement with their provider, his or her demonstrated commitment to job search and broader motivation to obtain employment.

Providers also reported that the most disadvantaged clients were less likely to receive assistance because the provider believed they were “too far from work” (that is, had very significant job barriers) to benefit from JSKA assistance. JSKA expenditure was not seen as a solution to barriers such as poor motivation or attitudinal or severe inter-personal problems. This observation helps to explain the earlier finding that the more disadvantaged job seekers had less than their notional allocation of funds spent on them.

A concern raised prior to the introduction of the JSKA was that those job seekers who made their presence felt would get assistance ahead of others who were more likely to benefit from it. While a 2005 survey of job seekers¹⁰⁴ found that around a quarter of those assisted by the JSKA had requested that assistance, it was not possible to determine from the survey whether Job Network members would have provided the same assistance without the request, nor how often such requests were refused. The interviews with providers suggest, however, that they often refused such requests if they did not believe that the assistance was appropriate, especially where the request was based on another job seeker receiving similar assistance.

Deciding the level of expenditure

The department’s qualitative research with providers found that decisions on how much to spend on an individual job seeker were influenced by:

- the cost of assistance relative to the job seeker’s need for it;
- whether the expenditure would make it more likely that the job seeker would get a job; and
- the likelihood that the job would result in an outcome payment for the provider.

Providers were willing to invest modest amounts of JSKA funds to make a job seeker more employable, for example, on clothes for an interview, fares and petrol support, transport assistance or job search or work-related training. This expenditure was unlikely to continue, however, if the job seeker did not then obtain a placement. The existence of a tangible job opportunity also triggered JSKA assistance which was chosen to meet the specific requirements of that job and the interests of the prospective employer. Providers were slightly more prepared to spend the JSKA on clients who could potentially generate a \$4,400 interim outcome payment, even in the absence of a recorded job placement. Conversely, some considered that the fee structure provided a weak incentive for Job Network providers to take risks with the very longest term unemployed Intensive Support clients.

The qualitative research found that providers’ preferred service delivery and other aspects of their operation shaped their JSKA spending decisions. Many Job Network members operated within carefully considered strategies or, more simply, a “comfort zone” of familiar decision making criteria and types of assistance. Wage subsidies, for example, were in the “repertoire” of some high performing sites, while other high performing sites never used them or did so infrequently. Also, some organisations’ internal authorisation processes often required expenditure of more than \$1,000 on an individual client to be justified to senior or central

¹⁰³ The JSKA was also used to actively support job seekers in the early months of employment so as to prevent them returning to unemployment and becoming long-term unemployed.

¹⁰⁴ The Job Seeker Account Survey, see Attachment B for more details.

management. It was therefore “easier” to spend modest amounts (less than \$500) on the majority of job seekers as this could be approved at the site level.

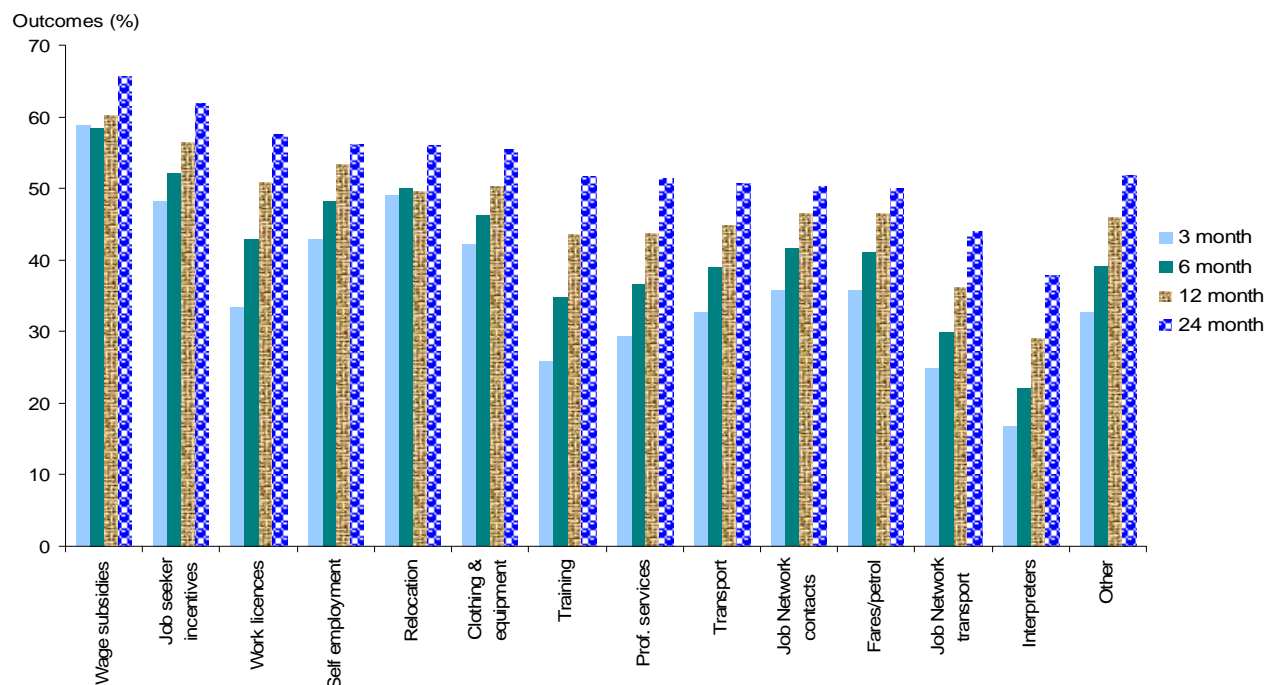
Expenditure strategies of Job Network members evolved over time. While some providers started spending the JSKA funds soon after the start of ESC3 in July 2003 others took longer to integrate the JSKA into their servicing regime. At the beginning of the contract period, sites had a large amount of JSKA funds available so many providers decided to support all the more work-ready of their job seekers to secure outcome payments. Halfway through this period, however, many sites described themselves as turning their attention to harder-to-help job seekers. As the contract matured, providers became more experienced in what they could fund and were influenced by DEWR’s guidelines concerning use of the JSKA. There is some evidence that they began to draw a sharper distinction between appropriate assistance that would boost job prospects and inappropriate assistance that would act mainly to improve a job seeker’s quality of life, an approach consistent with the JSKA guidelines.

7.1.3 The effectiveness of JSKA-funded assistance

Outcomes

For JSKA assistance, the strongest off-benefit outcomes¹⁰⁵ were associated with wage subsidies and, of the other main assistance categories, clothing and equipment (Figure 7.5). This would be expected as wage subsidies were mostly relevant for people who were placed in or obtained a job and once a job is found it tends to last (DEWR 2002a).

Figure 7.5: Off-benefit outcomes¹ for job seekers three, six, 12 and 24 months after assistance, 2006



¹ Outcomes were measured in April 2006 for those assisted between July 2003 and January 2006 for three month outcomes, July 2003 and November 2005 for six month outcomes, July 2003 and May 2005 for 12 month outcomes and July 2003 and May 2004 for 24 month outcomes.

Source: DEWR 2006d

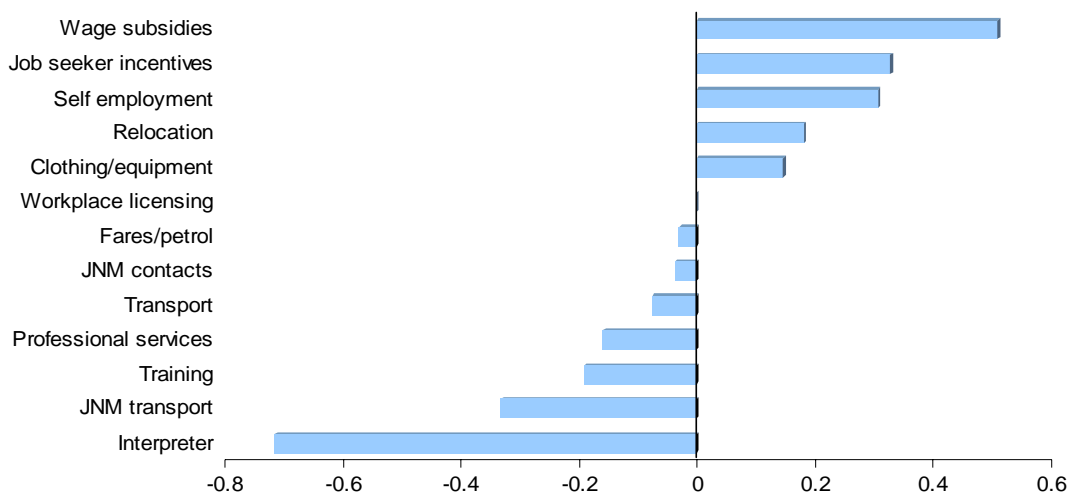
¹⁰⁵ Employment outcome measures for different types of JSKA-funded assistance are not available so exits from income support have been examined. While this is not a measure of employment status, previous research by the department has found that a strong correlation between leaving income support and commencing a job. Typically, around 75% of exits from income support are to employment.

For all categories of expenditure, outcomes increased with successively longer time spans following assistance (Figure 7.5). Significantly, the increase in outcome rates was stronger for those forms of assistance associated with lower initial outcomes so the gaps between assistance types closed over time. Nevertheless, outcomes rates varied substantially even two years following assistance.

Comparative effectiveness

In the absence of a net impact analysis to gauge the effectiveness of JSKA spending overall,¹⁰⁶ regression analysis was used to estimate the relative effectiveness of different types of JSKA-funded assistance, after controlling for job seeker and labour market characteristics.¹⁰⁷ The regression results (illustrated in Figure 7.6) suggest that wage subsidies were the most effective form of JSKA assistance.¹⁰⁸ This finding, however, is not surprising. Wage subsidies, as noted above, were mainly used for people who were placed in jobs whereas other services such as the use of an interpreter may well have been the precursor to further assistance, possibly also funded using the JSKA. These sorts of linkages and the use of combinations of assistance must be better understood before more precise conclusions can be drawn about the relative effectiveness of different types of assistance. This is an area where further research is needed.

Figure 7.6: Relative effectiveness of JSKA spending, July 2004 to July 2006



Source: DEWR 2006d

¹⁰⁶ The net impact methodology, described in the previous Chapter, was not able to reliably estimate net impacts of JSKA-funded assistance. This reflects the difficulties involved in identifying a suitable comparison group and in controlling for the complex differences between this group and those who were assisted since providers were highly selective in allocating JSKA funds to their clients. In addition, JSKA-funded assistance can be delivered to individual job seekers over an extended period of time. This increases the likelihood that potential members of a comparison group would also have been assisted.

¹⁰⁷ The regression analysis used 12 month off-benefit outcomes as the dependent variable and the type of assistance, client demographic characteristics and local labour market conditions as independent variables. Further details of the regression analysis can be found in DEWR 2006d.

¹⁰⁸ Previous research, both in Australia and overseas, has found that wage subsidies can be an effective form of assistance if tightly targeted to avoid deadweight loss (ie, this occurs when a job seeker who would have got a job unassisted receives labour market assistance) and are linked to a real job so that the employer pays a significant portion of the wage (DEETYA 1997, Dar and Tzannatos 1999, Martin 2000 and DEWR 2003a).

7.2 Complementary Programs

Complementary Programs are an adjunct to the assistance that can be provided by Job Network members under the *APM*. They operate outside Job Network and can be used to assist Fully Job Network Eligible job seekers with vocational, motivational or foundational skill barriers. In the *APM*'s first three years, there were over 70 different Complementary Programs which could be accessed by Job Network (DEWR 2004a). These included programs funded by the Federal Government (such as Work for the Dole, the Language, Literacy and Numeracy Program, youth employment programs, traineeships and apprenticeships) and by State and Territory Governments.

Complementary Programs were introduced to improve the links between Job Network and other services. This was to be achieved by creating a formal referral process, providing information on established programs and formally recognising new programs. Job Network members were required to provide Intensive Support to job seekers while they were participating in most complementary programs.¹⁰⁹

7.2.1 Use of Complementary Programs

Administrative records show that there was a slight increase in the use of Complementary Programs after the introduction of the *APM*. For programs operating prior to July 2003, referrals increased from around 11,400 per month in 2002–03 to almost 11,700 per month in 2003–04 (a year after the introduction of the *APM*). This may understate the use of these programs, however, as in qualitative research¹¹⁰ undertaken in 2005 providers acknowledged that some referrals, particularly those to programs administered by the states and territories, had not been recorded in the departmental database.

A significant proportion of referrals to Complementary Programs occurred outside the *APM*'s continuum of assistance. This was the case for Transition to Work (80% of referrals), the Personal Support Program (45%), NEIS Training (28%) and the Language, Literacy and Numeracy Program (12%). For these programs a job seeker's suitability for placement may have been assessed at their initial registration with Centrelink, resulting in an early placement in the program.

Job Network members who participated in the research felt that Complementary Programs were an integral part of the service that they could offer job seekers. Programs were seen as a means of ensuring that job seekers could be catered for in a variety of ways that the Job Network member was unable to provide. Approximately 43% of referrals to programs (excluding Work for the Dole) were made while the job seeker was participating in Intensive Support customised assistance (ISca).

The most commonly used Complementary Programs, between August 2003 and June 2006, were Work for the Dole (500,000 referrals), the Personal Support Program (140,000), the Community Work Program (66,000), Transition to Work (38,000), NEIS Training (14,000), the Language, Literacy and Numeracy Program (10,000) and the New Apprenticeship Access Programme (2,000). Providers interviewed in the research indicated that these programs were used extensively because they were suitable for a wide range of job seekers and had multiple

¹⁰⁹ Job Network members were not required to assist job seekers participating in Disability Employment Services, the Personal Support Program or the New Enterprise Incentive Scheme (NEIS).

¹¹⁰ DEWR commissioned research into the use of Complementary Programs as part of its research into Job Network's servicing regimes.

uses. These included addressing “soft skills”, specific skills and compliance¹¹¹ and the ability to satisfy mutual obligation requirements.

During ESC3 the majority of Complementary Programs, however, had fewer than 10 job seekers referred in each month. These programs generally had tight eligibility conditions (less than 23% of job seekers, for example, were eligible for Job Placement Employment and Training, Basic IT Enabling Skills and Green Corps) and were used by providers to address specific skill deficits.

The use of individual programs varied significantly between Job Network providers. Although this was in part due to some programs only being available in certain areas or having restricted client eligibility, it was also due to a lack of awareness by some Job Network members of many Complementary Programs.

7.2.2 Commencements in Complementary Programs

Under ESC3, 54% of the job seekers referred to Complementary Programs were recorded as having commenced assistance. There was considerable variation, however, in commencement rates between programs with Transition to Work having the highest rate (92%) and the Career Planning Programme the lowest (12%).

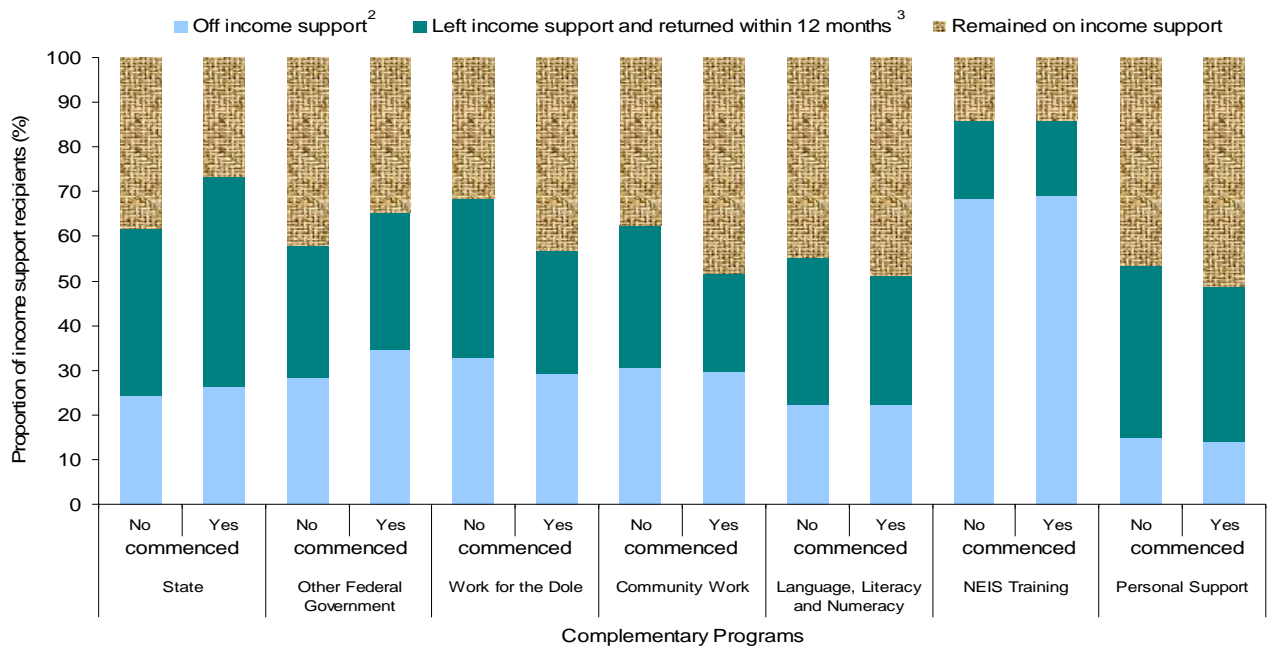
It is not clear why some programs had low commencements. It may partly be a result of Job Network members making inappropriate referrals, perhaps due to a lack of understanding of sometimes complex eligibility criteria or failure by Job Network members to record commencements on the DEWR administrative system. The Adult Migrant English Program is a case in point of poor take up with only 19% of referrals commencing assistance. Some migrants have a limited entitlement to the program as its priority is to provide services to recently arrived refugees, humanitarian entrants and family migrants with low English proficiency. Other migrants may also participate but are usually given lower priority (DEWR 2004a).

7.2.3 Exits from Income Support

The proportion of job seekers who left income support within 12 months of referral to a complementary program varied by program type and commencement status (Figure 7.7). As some programs, such as the Personal Support Program, are targeted at disadvantaged job seekers and do not have employment as their primary objective, this variation in exit rates would be expected.

¹¹¹ A number of providers interviewed in the qualitative research reported referring job seekers to Complementary Programs for compliance reasons because they believed that the job seeker would prefer to leave assistance than participate in the program.

Figure 7.7: Income support status 12 months after referral to selected Complementary Programs by commencement status¹



1 Job seekers who were referred to a complementary program between July 2003 and June 2005. The income support status of job seekers was examined for 12 months after their referral.

2 A small subset of this group had left income support for less than six months.

3 This group ceased receipt of income support.

Source: DEWR administrative systems

Some of the variation can also be attributed to different program durations. Participation in NEIS Training, for example, was approved for up to 13 weeks while participation in the Personal Support Program was approved for between six months and two years. The lower exit rates for longer programs supports the view that these programs may have significant attachment effects because participants want to complete the program rather than find work immediately.

Marginally higher proportions of job seekers who commenced “State” and “Other Federal Government” programs had ceased receipt of income support than job seekers who were referred but did not commence these programs (Figure 7.7). For most programs, however, the opposite is generally true. This is not unexpected since a common reason for not commencing assistance is finding employment.

Figure 7.7 also shows the proportion of job seekers who ceased receipt of income support and returned to income support within 12 months of referral. For most programs, job seekers who participated in the assistance were less likely to return to income support than those who were referred but did not commence.

7.2.4 The Impact of Complementary Programs

As noted elsewhere in the report, it is important to note that program outcomes do not necessarily reflect the impact of program participation as they do not take into account the outcomes job seekers would have achieved in the absence of assistance. To measure the effectiveness of programs, a net impact approach (discussed in Chapter 6) would normally be used to compare the employment outcomes achieved by program participants with those of a matched comparison group. With the exception of Work for the Dole, however, it has not

been possible to undertake a statistically reliable employment net impact study due to low levels of recorded participation in most Complementary Programs.

In this context it is important to note that Complementary Programs usually form part of an overall package of assistance. Some are designed to give job seekers the basic language and literacy skills they need to start looking for work while others provide work related skills. As such, not all Complementary Programs have employment as their immediate goal, although they should help job seekers to participate more fully in the labour market. Unfortunately, with current data it is not possible to determine if Complementary Programs have improved the skill levels of job seekers.

Work for the Dole

Research by the department found that the net employment impact of Work for the Dole, measured from commencement in the program, improved from 4.0 percentage points in November 2002 to 7.3 percentage points in February 2005 (DEWR 2006b). This improvement was likely to be derived from a combination of improved Work for the Dole activities and, as noted earlier, a better referral process. Previously, job seekers were automatically referred to the program based on their individual characteristics and duration of unemployment. Under the *APM*, job seekers were referred to Work for the Dole by their Job Network member, a process which enabled greater care to be taken when referring job seekers to the program. This change resulted in an improved commencement rate as well as higher employment outcomes.

Estimated Work for the Dole net impacts were highest for Indigenous job seekers (15.1 percentage points) and job seekers with a degree (15.2 percentage points), two groups often at opposite ends of the educational spectrum. These strong impacts appear to be derived from a combination of weaker attachment effects while participating in Work for the Dole activities and stronger program effects (DEWR 2006b).

The net impact research also compared the extent to which those job seekers who participated in a program left income support for a longer period or more quickly than would have occurred in the absence of assistance.¹¹² The analysis of Work for the Dole's net impact found that six months after program commencement there was very little difference in the off-benefit outcome rates for participants and their comparison group. By 12 months, however, the difference had increased to almost five percentage points and after a further eight months to over nine percentage points (DEWR 2006b).

7.3 Conclusion

The introduction of the JSKA and attempts to improve the linkages between Job Network and other program assistance represented significant changes to the employment services introduced under the *APM*.

During ESC3 spending of JSKA funds was consistently around \$20 and \$30 million a month, aside from a few months at the start of the *APM*. JSKA spending was focused on training and wage subsidies, with a move over time more to the latter. Most funds were spent on the more

¹¹² Although these estimates assess the extent to which job seekers leave income support completely, it is important to remember that off-benefit estimates are a proxy measure of entry into employment, and while most exits from income support are for employment, a small proportion of people leave for other reasons. This approach, however, does not include net impacts in terms of part-rate benefit reductions which occur where participants find part-time employment.

disadvantaged job seekers assisted by Job Network. This aligns with the main purpose of the JSKA which is to address concerns about the inadequate level of assistance delivered to more disadvantaged job seekers in the first two employment services contracts. Nevertheless, the amount spent on these job seekers was found to be less than the amount allocated to Job Network members on the basis of their clients' positions in the *APM* continuum. This has the potential to attract criticism that some disadvantaged job seekers may not have received the assistance they needed from Job Network to find work.

Providers have adopted a range of different strategies and practices for use and allocation of JSKA funds. In particular, some delivered high numbers of wage subsidies, while others focused on training, additional contacts or professional services. In deciding who to assist, how much to spend and what to spend the funds on providers were influenced by the job seeker's level of engagement, their commitment to job search and the extent to which the provider thought the assistance would be of benefit. Many providers placed a high priority on using JSKA funds on job seekers who were nearly ready for a job.

Outcomes varied by type of assistance. Of the main categories of assistance, outcomes ranged from 59% (off-benefit) for wage subsidies three months after assistance to 17% for interpreter services. While it was not possible to isolate JSKA impacts from other aspects of Job Network services, the introduction of the JSKA has been associated with improved Job Network performance. The availability of the JSKA has enabled providers to fund and deliver significant levels of assistance to disadvantaged job seekers without threat to their ongoing financial viability.

Complementary Programs provide a mechanism for improving the linkages between Job Network and other programs. The apparent limited use of the majority of these programs during ESC3, however, suggests that there has been only partial improvement in linkages. Indeed, only seven programs had over 1,000 referrals recorded in the three years ending June 2006. This lack of use appears to reflect to some extent a poor awareness by Job Network members of many programs rather than their reluctance to refer their clients to these programs. Where Complementary Programs were used they were seen by Job Network members as valuable tools to assist in placing job seekers in employment and, therefore, in generating outcome payments. These programs allowed providers to tailor assistance to meet the diverse needs of job seekers.

Of concern is the low commencement rate of referred job seekers for some programs. Although this may in part result from misunderstanding by providers of the sometimes complex eligibility criteria, for maximum benefit to be obtained from Complementary Programs there is a need to ensure that referrals are appropriate and that job seekers commence assistance.

8 Post-ISca2 assistance

8.1 Background

During ESC3 job seekers who completed a second period of Intensive Support customised assistance (post-ISca2 job seekers) and remained Fully Job Network Eligible continued to receive assistance until they were no longer looking for work.¹¹³ These job seekers were required to participate in mutual obligation activities for six months (see Figure 1.1) and at six monthly intervals thereafter. Providers were required to have contact with them at least every two months to review their attempts to find employment, review any Australian JobSearch (JobSearch) matches, confirm their participation in mutual obligation activities, provide appropriate assistance through the Job Seeker Account (JSKA) and provide feedback and advice to help them find employment.¹¹⁴ This represented an increase in activity from the second Employment Services Contract (ESC2) when job seekers who completed Intensive Assistance¹¹⁵ and remained unemployed received only Job Matching services and were required to complete six months of mutual obligation activities every 12 months.

Under the *APM*, Fully Job Network Eligible job seekers who were identified as highly disadvantaged or had been unemployed for 12 months were referred to ISca, regardless of the assistance that they had received under ESC2. As a result, the earliest a job seeker could complete a second episode of ISca was July 2004.¹¹⁶ It was not until the end of 2004, however, that a significant number of job seekers completed ISca2.

8.2 Job seekers who completed ISca2

By the end of June 2006 around 60,000 job seekers had completed ISca2 and remained in Job Network. This represents about 6% of ISca1 commencements but is well below the equivalent proportion of Intensive Assistance participants during ESC2 (16%).

There were three categories of post-ISca2 job seekers under ESC3:

- those who had previously participated in Intensive Assistance (56%);
- highly disadvantaged job seekers unemployed for about 18 months (24%); and
- those not classified as highly disadvantaged and unemployed for about 30 months (20%).

8.2.1 Characteristics of job seekers who completed ISca2

Overall, job seeker characteristics suggest that post-ISca2 job seekers were somewhat more disadvantaged than post-Intensive Assistance job seekers (Table 8.1). They were more likely to be female, aged 55 and over, have completed secondary education and be a sole parent or Indigenous. Consistent with the differences between ESC3 and earlier contracts¹¹⁷ they were also more likely to be unemployed between two and three years (at the time of completing

¹¹³ The policy towards these job seekers was changed in the Welfare to Work initiative.

¹¹⁴ The fee structure, particularly under the *APM*, provides an incentive for Job Network members to help these job seekers find employment as the amount of an outcome payment increases with job seekers' duration of unemployment.

¹¹⁵ The majority of job seekers only completed one period of Intensive Assistance.

¹¹⁶ During the transition from ESC2 to ESC3 job seekers who had participated in Intensive Assistance were progressively referred to ISca.

¹¹⁷ Generally, job seekers commenced ISca2 (under ESC3) later in their unemployment than job seekers who commenced Intensive Assistance (under ESC2).

ISca2). The majority of post-ISca2 job seekers who had been unemployed for five years or more had previously participated in Intensive Assistance.

Table 8.1: Characteristics of job seekers who completed Intensive Assistance and ISca2 and who remained unemployed, ESC2 and ESC3

Job seeker characteristics	Completed Intensive Assistance	Completed ISca2
	<i>% of job seekers in each category</i>	
Male	73.0	65.8
Female	27.1	34.2
Age group (years)		
Under 21	6.4	6.5
21–24	9.7	10.0
25–44	45.7	38.5
45–54	26.2	26.1
55 and over	12.0	18.9
Duration of unemployment		
Less than 12 months	0.4	0.1
12–24 months	27.6	11.5
24–36 months	13.5	20.8
36–60 months	23.2	27.8
60 months and over	35.3	39.8
Educational attainment		
Less than year 10	30.4	27.6
Years 10 or 11	39.7	36.2
Completed secondary	14.4	13.8
Post-secondary	15.5	22.3
Client group		
People with disability	15.5	10.3
Indigenous	5.9	12.1
Sole parent	1.3	5.1

Source: DEWR administrative systems

8.2.2 Barriers to employment

Examination of the characteristics of job seekers, however, only provides a limited explanation of why they remain unemployed. The 2006 Job Network Services Survey¹¹⁸ found that the most common barriers reported by post-ISca2 job seekers were being “too old” (31%), having poor health or a disability (26%), a lack of jobs in the local area (14%) and not having their own transport (13%) (Table 8.2). Almost 38% of post-ISca2 job seekers reported that they faced multiple (two or more) barriers when looking for work compared with only 26% of all other respondents.

Interestingly, 30% of respondents who completed ISca2 reported they faced no barriers to finding work. As discussed in Chapter 6, however, this may reflect unwillingness on the part of job seekers to report barriers or a lack of recognition of their barriers.

While post-ISca2 job seekers were as likely as other survey respondents to get help from their Job Network providers to overcome their barriers to employment, 28% of those with barriers reported that their Job Network member had not done anything to help them overcome their barriers. Of these job seekers, 42% reported being “too old” and 38% reported having poor health or a disability as barriers. These barriers may not be as easy to address as some, such

¹¹⁸ The 2006 Job Network Services Survey collected data from a sample of disadvantaged job seekers who had participated in at least one episode of ISca, see Attachment B.

as a lack of skills in résumé or application writing, but providers could be doing more to help job seekers deal with them.

Table 8.2: Reported barriers¹ post-ISca2 job seekers faced when looking for work, 2006

Reported barrier	Completed ISca2	All other respondents
		%
No barriers	30	34
Own poor health/disability	26	20
Don't have own transport	13	12
Not enough or no jobs in local area	14	8
Too old	31	15
Low levels of educational qualifications	6	6
Looking after someone	5	6
Not enough/no jobs in my line of work	8	5
Don't have the right experience	5	5

¹ Reported barriers are not mutually exclusive.

Source: 2006 Job Network Services Survey

8.3 Job seeker participation

A key objective of the *APM* is to ensure that job seekers, including those who have completed ISca2, remain engaged with the employment service. Their level of engagement can be assessed in terms of the assistance they receive and level of contact with their Job Network provider.

8.3.1 Assistance after ISca2

Post-ISca2 job seekers were expected to participate in mutual obligation activities for six months followed by six months of Intensive Support. Administrative data show, however, that many job seekers do not follow this sequence. Job seekers who completed ISca2 between January and June 2005 were tracked for 12 months. Consistent with the broad design of the *APM* most (90%) maintained active engagement with the employment service. After completing ISca2, 49% commenced Intensive Support contacts, 41% commenced Intensive Support mutual obligation and 8% commenced Job Search Support. Precisely why some job seekers commenced Job Search Support after completing ISca2 is uncertain but it is likely to have been a result of a change in eligibility for services or a change in Job Network member.

Over 80% of job seekers commenced their next phase of assistance within six weeks of completing ISca2. The time between completing ISca2 and commencing the next phase of assistance tended to be shorter for job seekers commencing the Intensive Support contacts phase than for those commencing mutual obligations, perhaps reflecting the time taken for suitable mutual obligation activities to be arranged.

Within 12 months of completing ISca2, almost 22% of job seekers had left Job Network. Twenty-eight per cent of these found employment, 34% ceased income support for unknown reasons and 27% left the labour force. It should be noted that the majority of exits for unknown reasons will have been to employment.¹¹⁹ The remaining 11% left Job Network for a variety of reasons, including to study.

¹¹⁹ Generally, about 75% of job seekers who stop receiving income support for unknown reasons do so because they have found a job.

8.3.2 Level of contact

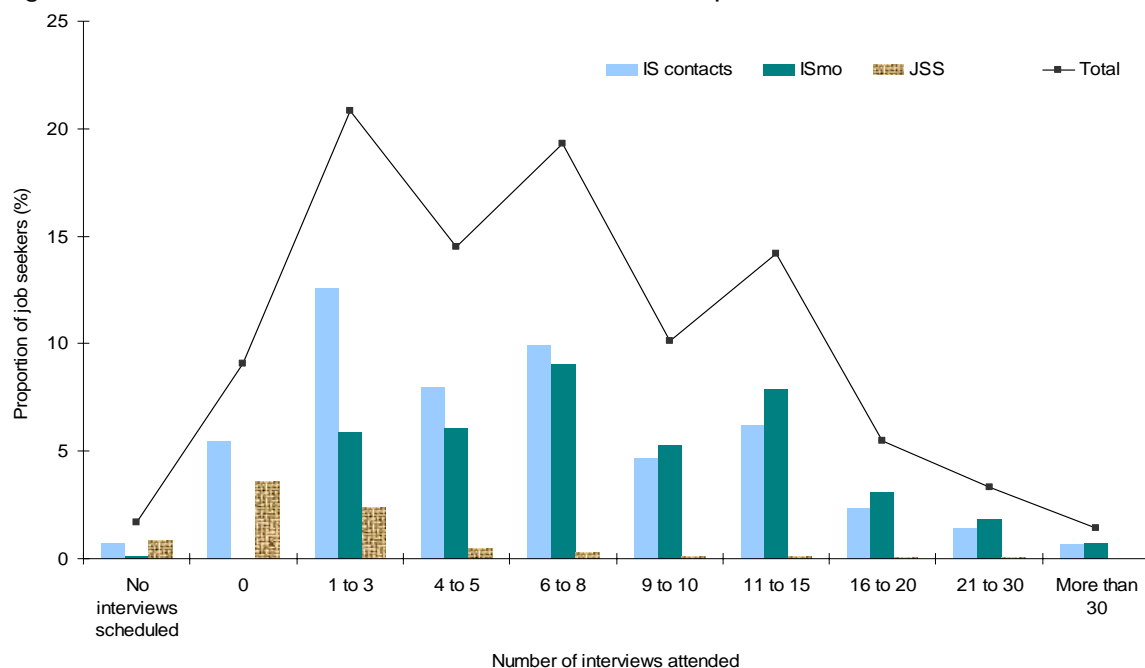
Job seekers participating in Intensive Support contacts or Intensive Support mutual obligation were expected to have a 30 minute contact with their Job Network provider, on average, once every two months.

Interviews and attendance

Most post-ISca2 job seekers remained engaged with the employment service. Sixty-seven per cent attended their first scheduled interview after leaving ISca2. Seventy-four per cent of all post-ISca2 job seekers had attended an interview within eight weeks of completing a second episode of ISca.

Almost 70% of job seekers who completed ISca2 in 2005 had attended four or more interviews in the following six months, averaging around one contact each month. About 25% of job seekers had attended 11 or more interviews (Figure 8.1). This clearly exceeds the level of contact specified in the ESC3 contract. Generally, job seekers who commenced Intensive Support mutual obligation attended more interviews than those who commenced Intensive Support contacts or only received Job Search Support.

Figure 8.1: Number of attended interviews¹ in the first phase of assistance after ISca2, 2005



¹ Interview attendance in the six months after ISca2 for job seekers who completed ISca2 between January and December 2005 inclusive and commenced another phase of Job Network assistance.

Source: DEWR administrative systems

Contact was mainly in person. Sixty-eight per cent of respondents to the 2006 Job Network Services Survey reported having personal contact with their Job Network provider, 10% had telephone contact and 5% made contact by other methods, such as mail, email or SMS. Although these contacts usually lasted between 10 and 30 minutes (45%), some (6%) lasted less than 10 minutes.

8.3.3 Exemptions

Some job seekers do not attend interviews or fail to commence assistance because of exemptions.¹²⁰ In the six months after leaving ISca2, 45% of job seekers who had not attended a scheduled interview and 40% of those who did not commence a phase of assistance had some form of exemption. The most common types of exemptions were for medical reasons (56%), participating in other forms of assistance (30%) or studying (17%).

As expected, the length of an exemption¹²¹ varied with type of exemption. Exemptions for study lasted, on average, six months while those for people incapacitated with a medical certificate lasted three months; and those for people either rehabilitating or with a disability lasted around six months. The length of an exemption for participation in another form of assistance also varied according to the type of assistance. The longest exemptions were for participation in the Personal Support Program (eight months on average).

8.4 Assistance provided to job seekers

There was an expectation under the *APM* that job seekers who had completed ISca2 and remained unemployed would receive less costly assistance than they had while participating in their previous period of assistance. Accordingly, service fees were much lower for these job seekers and no additional funds were allocated to the JSKA notional bank.

On the other hand, as outcome fees for post-ISca2 job seekers remain relatively high, providers have an incentive to continue providing assistance. The longer-term benefit to a Job Network provider of achieving a higher performance “star rating” and hence the opportunity for the provider to increase their own business share could also be a factor determining the level of service provided to post-ISca2 job seekers. An outcome achieved by a job seeker who has completed ISca2, who would typically have a longer duration of unemployment, is given a relatively higher weighting in the calculation of star ratings than an outcome achieved by a job seeker with a shorter duration of unemployment.

8.4.1 Job Network services

Results from the 2006 Job Network Services Survey suggest that job seekers received at least a level of service after the completion of ISca2 similar to that provided to job seekers at other times (Table 8.3).¹²² A quarter of respondents who completed ISca2 in the six months prior to the survey indicated that their Job Network member had placed them in an unpaid or voluntary job to help them gain work experience. This is more than double the rate of voluntary work placements experienced by other respondents suggesting some providers were pro-active in assisting job seekers who had completed ISca2.

¹²⁰ Exemptions are given for a variety of reasons, such as having a medical condition, studying, significant family or personal circumstances or for participating in alternative forms of employment assistance.

¹²¹ The length of an exemption was calculated from the start date, even if this was before the job seeker had completed Intensive Assistance or ISca2, until the end date of the exemption. If the end date occurred after the end of the observation period (ie, more than six months after Intensive Assistance or ISca2), default end dates of 30 June 2003 (Intensive Assistance) and 30 June 2006 (ISca2) were allocated.

¹²² The survey specified that any assistance must have been provided after the job seeker completed ISca2.

Table 8.3: Job Network services provided to post-ISca2 job seekers and to other job seekers, 2006

	Completed ISca2	All other respondents
	%	
Services received from Job Network in last six months		
Discussed suitable vacancies with you	80	74
Showed you how to use the internet or JobSearch to look for work	68	61
Talked to you about the skills you may need to learn to get a job	72	65
Helped write or check résumé	80	74
Helped write or check job applications	61	54
Helped you prepare for job interviews	60	49
Contacted employers to see if they had a job for you	53	49
Placed you in an unpaid or voluntary job to get you work experience	25	11
Placed you with an employer for a few days as a trial	8	8
Assistance provided by Job Network in last six months		
Gave you fares assistance or petrol money	24	23
Arranged transport to a job interview	6	10
Provided special clothing or equipment for job interviews	21	22
Paid for licences or certificates	26	21
Provided finance equipment or clothing for starting a job	21	28
Paid for counselling or specialist services	11	9
Paid for or provided training	38	32

Source: 2006 Job Network Services Survey

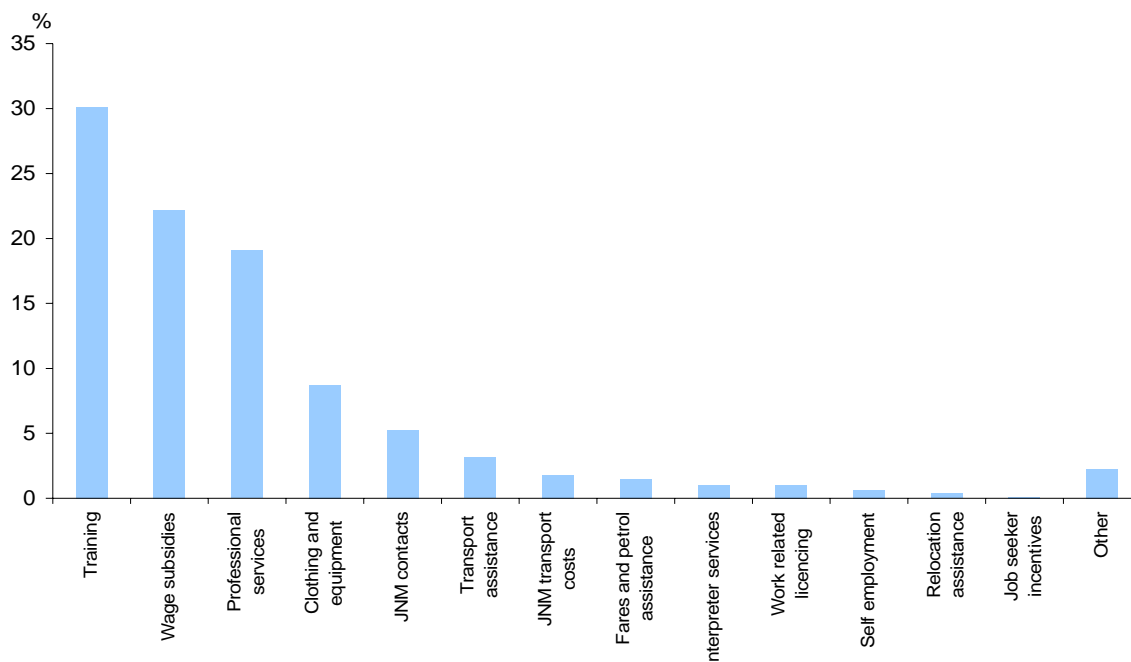
The survey also addressed the question of whether the services provided were appropriate for the job seeker. Although higher proportions of job seekers who had completed ISca2 reported receiving assistance with résumés, job applications and interview skills, this may have been because providers were repeating assistance that had been of limited help in finding employment in the past. Very few post-ISca2 job seekers identified “*poor skills in résumé writing/interviews*” as a barrier when looking for work. Job seekers who received this type of assistance, moreover, were no more likely to be employed at the time of the survey than other job seekers.

8.4.2 Use of the Job Seeker Account

The JSKA continues to be available to Job Network members to provide assistance to job seekers after they complete ISca2. For job seekers who completed ISca2 in 2005 JSKA expenditure in the six months after completion totalled approximately \$6.5 million. This suggests that providers utilised the flexible nature of the JSKA to provide assistance to these job seekers.

As Figure 8.2 shows, the largest JSKA expenditure items for these job seekers were training (30%), wage subsidies (22%) and professional services (19%). Reverse marketing (52%) and vocational counselling (28%) were the main types of professional services provided.

Figure 8.2: JSKA expenditure¹ by category in the six months after completing ISca2, 2005



¹ JSKA expenditure on job seekers who completed ISca2 between January 2005 and December 2005.
Source: DEWR administrative systems

8.5 Effectiveness of assistance

The analysis reported above confirms that in the first three years of the *APM* post-ISca2 job seekers received a level of service similar to that of other disadvantaged job seekers and more than that provided to post-Intensive Assistance job seekers (under ESC2 these job seekers could only receive Job Matching services and participate in mutual obligations). Table 8.4 suggests that this increase in service provision has translated into increased employment placements, with 22% of job seekers who completed ISca2 between January and June 2005 placed in at least one job within six months of leaving ISca2 and less than 3% of job seekers who completed Intensive Assistance between January and June 2002 placed in a job in the equivalent period.

8.5.1 Job referrals and job placements

Between January and June 2002, 10% of job seekers were referred to at least one job within six months of completing Intensive Assistance and 24% to at least one job within 12 months. Consistent with the design of the *APM* model, a greater number of job referrals were made between January and June 2005 with almost 40% of job seekers being referred to at least one job within six months of completing ISca2 and just over 50% referred to at least one job after 12 months. Although the buoyant economic environment may have accounted in part for this, the continued engagement of post-ISca2 job seekers under the *APM* would also have been a factor. In addition, under ESC2 Job Network members may have had less incentive to refer job seekers who had completed Intensive Assistance to jobs as they could not claim outcomes for these referrals.¹²³

¹²³ Outcomes could only be claimed for job seekers who were participating in Intensive Assistance at the time they were referred to a job.

A much higher proportion of job referrals resulted in a job placement under ESC3 than under ESC2 (30% and 15% respectively within six months and 29% and 22% within 12 months) (Table 8.4).

The table also shows that job placements for post-ISca2 job seekers were more likely to be part-time or casual (74% and 56% respectively within six months) and temporary or contract positions (63% and 58% respectively) than those for post-Intensive Assistance job seekers. The higher proportion of part-time job placements for post-ISca2 job seekers reflects the general increase in the part-time workforce during ESC3. This, combined with the greater proportions of temporary positions, raises questions as to the sustainability of these jobs and their long-term effectiveness in moving job seekers off income support payments (see below).

Table 8.4: Job referrals and placements six and 12 months after completing Intensive Assistance or ISca2¹

			Post-Intensive Assistance	Post-ISca2
Six months post completion	Job referrals	no.	4,285	15,928
	Job placements	no.	634	4,849
	<i>Full time</i>	%	44.3	25.9
	<i>Part-time/Casual</i>	%	55.7	74.1
	<i>Permanent</i>	%	41.8	36.7
	<i>Temporary/Contract</i>	%	58.2	63.3
	Proportion of referrals resulting in placements	%	14.8	30.4
	Proportion of cohort placed at least once	%	2.6	21.5
12 months post completion	Job referrals	no.	12,732	28,721
	Job placements	no.	2,834	8,399
	<i>Full time</i>	%	39.3	25.6
	<i>Part-time/Casual</i>	%	60.7	74.4
	<i>Permanent</i>	%	39.1	35.9
	<i>Temporary/Contract</i>	%	60.9	64.1
	Proportion of referrals resulting in placements	%	22.3	29.2
	Proportion of cohort placed at least once	%	10.4	31.7

¹ Job seekers who completed Intensive Assistance between January and June 2002 or who completed ISca2 between January and June 2005. Job seekers could have received more than one referral and more than one placement.

Source: DEWR administrative systems

For post-ISca2 job seekers, 36% of job placements resulted in 13-week interim outcomes and 25% of these achieved a final (26-week) outcome. Overall, about 16% of the cohort obtained at least one job placement which resulted in a 13-week outcome. Equivalent figures were not available for the post-Intensive Assistance cohort.

8.5.2 Income support status

The income support status of activity tested job seekers, adjusting for allowable breaks,¹²⁴ was examined three, six and 12 months after completion of Intensive Assistance or ISca2¹²⁵ to determine the effectiveness of assistance in moving job seekers off activity tested income support (off-benefit).

Although job placement rates were higher for the post-ISca2 cohort, off-benefit outcome rates were similar for both cohorts three (8%), six (14%) and 12 months (23%) after completing ISca2 or Intensive Assistance. In all likelihood this reflects the above point that a higher proportion of ESC3 placements were in casual and temporary positions. Such placements may have been short-term or generated insufficient hours or income to discontinue a job seeker's entitlement to income support.

Around 20% of job seekers who had exited to employment were off-benefit 12 months after leaving ISca2 or Intensive Assistance. Despite being less disadvantaged, a higher proportion of the Intensive Assistance cohort (21% compared to 14% of the post-ISca2) were recorded as having left the labour force. Thirty-two per cent of job seekers who completed ISca2 were off-benefit because they did not lodge their fortnightly application for payment (the SU19 form) with Centrelink, slightly higher than for the Intensive Assistance cohort (30%). It is likely that most of these job seekers had found jobs which were sufficient to remove their need for income support but had not reported this to Centrelink.

Twenty-three per cent of post-ISca2 and 16% of post-Intensive Assistance job seekers who had left activity tested income support in the 12 months after assistance had changed their type of income support. For both cohorts the majority of these job seekers had moved onto Disability Support Pension or Carers or Parenting Payment Single payments.

Despite the higher level of disadvantage of the *APM* cohort, the proportion of outcomes that were sustained was similar to that of the ESC2 cohort. Most job seekers who had left income support by the three-month mark were also off income support both six and 12 months after assistance. Of post-ISca2 job seekers who three months after assistance had left income support, 76% were off-benefit six and 12 months after assistance. The proportion for the post-Intensive Assistance cohort was similar (77%).

8.6 Conclusion

In the first three years of the *APM* around 60,000 job seekers completed a second spell of ISca and remained unemployed (6% of all ISca participants in this period). This appears to be a considerable improvement over ESC2 where 16% of job seekers who completed Intensive Assistance remained unemployed. Moreover, in most aspects, including age and duration of unemployment, post-ISca2 job seekers were more disadvantaged than job seekers who completed Intensive Assistance.

¹²⁴ An allowable break in registration means that the job seeker's duration of unemployment is not broken by a period of inactivation (generally a job seeker's registration is inactivated when their income support is cancelled). If an inactive job seeker re-registers within an allowable break, the registration start date is counted from the initial registration start date (prior to inactivation). The duration of an allowable break depends on the job seeker's duration of unemployment and their level of disadvantage. Job seekers who have been registered as unemployed for less than 12 months and are not identified as being highly disadvantaged have a six-week allowable break. Job seekers who have been registered for more than 12 months or are identified as highly disadvantaged have a 13-week allowable break.

¹²⁵ This analysis includes job seekers who were receiving Newstart or Youth Allowance (other) at the time of completing ISca2 (between January and June 2005) or Intensive Assistance (between January and June 2002).

Consistent with the design of the *APM*, post-ISca2 job seekers continued to receive assistance and remained engaged with the employment services through the Intensive Support contacts phase of assistance and mutual obligation activities. Most had regular contact with their Job Network member and in many cases the level of contact exceeded that specified in the ESC3 contract. Job Network members continued to spend JSKA funds on their post-ISca2 job seekers, particularly on training, wage subsidies and professional services. In fact, the level of services reported by these job seekers was similar to that reported by other disadvantaged job seekers. This may have reflected the incentives for providers to assist these job seekers to obtain employment by both the star ratings and outcome fee structure.

Nevertheless, many post-ISca2 job seekers identified barriers to employment which they perceived not to have been fully addressed by their Job Network provider. These job seekers also reported receiving assistance which repeated that provided earlier in their spell of unemployment.

Not all job seekers unemployed after ISca2 remained in that state. Although job referral rates and placements of post-ISca2 job seekers were significantly higher than was the case for post-Intensive Assistance job seekers, a greater proportion of these job placements were in part-time or temporary positions and this may not have translated into sustained employment outcomes.

Changes in income support status of both post-ISca2 job seekers and post-Intensive Assistance job seekers in the 12 months after assistance were similar. As post-ISca2 job seekers were more disadvantaged than post-Intensive Assistance job seekers, this would suggest the *APM* has been somewhat more successful than ESC2 in helping these job seekers. It should also be noted that some of the changes to Job Network implemented as part of the Welfare to Work initiatives in July 2006 are targeted at the post-ISca2 population, further increasing the options for this group.

9 Further aspects of performance

9.1 Background

Previous chapters of the report presented data on the performance of Job Network with a focus on comparative performance under the first three years of the *Active Participation Model (APM)* and the second Employment Services Contract (ESC2). The focus in this chapter shifts to broader issues of performance including longer-term outcomes and factors affecting performance.

9.2 Level of disadvantage

As noted in the report's introduction the characteristics of the Fully Job Network Eligible population changed significantly between June 2003 and June 2006 (the timeframe of the evaluation). These changes were partly due to an increase in the number of job seekers not subject to the activity test, which in turn reflected government moves to increase labour force participation among Disability Support and Parenting Payment recipients. As these changes were taking place Job Network members observed that the numbers of job seekers with "hard" barriers to employment, such as ill-health, were increasing in their caseloads relative to those with "soft" barriers, such as limited vocational skills. Furthermore, when the economy is growing the proportion of the unemployed who are long-term unemployed could be expected to increase because these job seekers typically have poorer employment outcomes than the short-term unemployed. In June 2003, the long-term unemployed represented 21% of all unemployed people. By 2005, this proportion had fallen to 17% and by June 2006 was 18% (ABS 2006c).

Changes in the characteristics of the population eligible for Job Network services under the *APM* raise the issue of whether the level of disadvantage of this population has also changed. It is important to know this because labour market program performance is significantly affected by the characteristics of the target population. An objective measure of labour market disadvantage which, at least in theory, provides a consistent measure over time is the Job Seeker Classification Instrument (JSCI) score. Comparing the average JSCI score of job seekers in June 2003 with that of job seekers in June 2006 should indicate whether or not average levels of disadvantage have changed and the extent and direction of change. In practice, however, a valid comparison based on the stock of job seekers registered for employment assistance is not possible due to the significant changes over time in the factors and weightings applying to the estimation of the JSCI. The JSCI scores of job seekers registered at the end of June 2006, for example, include scores estimated prior to April 2003 when duration of unemployment was a factor, as well as estimates pre- and post-July 2005 at which time the points allocated for geographic location were varied.

A more accurate yet partial picture of changes in the level of labour market disadvantage can be obtained by comparing the JSCI scores of job seekers who registered for employment assistance (ie, became Fully Job Network Eligible) each year between 2003–04 and 2005–06. Mean JSCI scores for new registrants increased from 15.7 in 2003–04 to 16.7 in 2004–05 suggesting an increase in the level of disadvantage of job seekers over that period (Table 9.1). While the mean JSCI subsequently fell to 16.2 in 2005–06, this decline was largely the result of changes to the JSCI weights associated with location. Re-estimating the 2005–06 JSCI to take this change into account found that the 2004–05 and adjusted 2005–06 distributions were almost identical (Figure 9.1) with a mean score of 16.7.

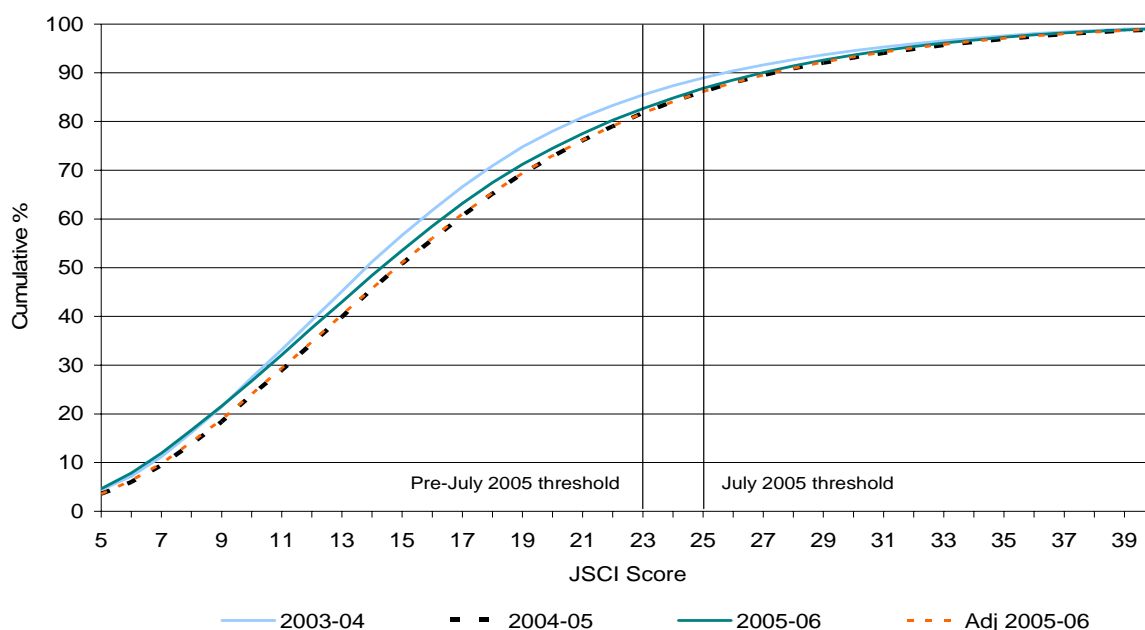
Table 9.1: Mean JSCI scores for Job Network registrants

	2003–04	2004–05	2005–06	Adj. 2005–06
Activity tested	14.7	15.4	14.9	15.4
Non-activity tested	20.9	21.2	19.6	20.0
Total	15.7	16.7	16.2	16.7

Source: DEWR administrative systems

The increasing inflow of non-activity tested job seekers acted to increase the level of disadvantage of the Fully Job Network Eligible population as measured by the JSCI. Their mean score was higher than that of job seekers subject to the activity test (21.2 compared with 15.4, for example, in 2004–05), although over time non-activity tested registrants have tended to become less disadvantaged, as indicated by a fall in their average JSCI score between 2004–05 and 2005–06 (Table 9.1). An examination of the characteristics of non-activity tested job seekers with a JSCI score showed that in 2005–06 they were more likely than in 2003–04 to be prime aged (57% compared with 46%), have vocational qualifications considered useful (41% to 25%) and significant work experience (39% to 19%). This change in characteristics coincides with an increase in the proportion of Parenting Payment recipients in the Fully Job Network Eligible population.

Figure 9.1: Cumulative per cent of all registrants by JSCI score, 2003–04 to 2005–06



Source: DEWR administrative systems

9.3 Overall performance

The data presented earlier on job placements and net impact indicate that during the first three years of the *APM* Job Network programs outperformed equivalent programs under Job Network's second contract. These measures do not establish, however, the overall performance of Job Network as an employment service and how performance under the *APM* compares with that under ESC2. Significantly, also, the current net impact estimates only cover job seekers on activity tested income support payments. By June 2006, over 30% of the Fully Job Network Eligible were either not income support recipients or were in receipt of payments not subject to the activity test.

Estimating the employment net impact of Job Network as a whole is not feasible because a counterfactual against which to compare overall performance during ESC2 and ESC3 does not exist. For this reason the evaluation strategy proposed an approach which involved developing a regression model to predict Job Network's performance under the *APM* based on performance during ESC2 in terms of job seeker characteristics and labour market conditions and comparing actual against predicted performance. This approach assumes performance is a function of labour market conditions, job seeker characteristics and service delivery (in its broadest sense). All three have changed between ESC2 and ESC3 and for the model to be successful changes in labour market and client characteristics have to be controlled for.

9.3.1 Exits from Job Network

The overall exit rate of job seekers from Job Network was lower under ESC3 than under ESC2. About 73% of job seekers who were registered as requiring assistance under ESC2 no longer required assistance by the end of ESC2 compared with 68% of job seekers who were Fully Job Network Eligible under ESC3. To isolate the relative effectiveness of the assistance provided under the two assistance models, however, further analysis was undertaken. Initially, job seekers were split into two groups:

- those who were Fully Job Network Eligible and did not commence an intensive service (ie, Job Search Training, Intensive Assistance or Work for the Dole under ESC2; Intensive Support contacts, job search training, customised assistance and mutual obligations during the first three years of the *APM*); and
- those who commenced at least one intensive service.

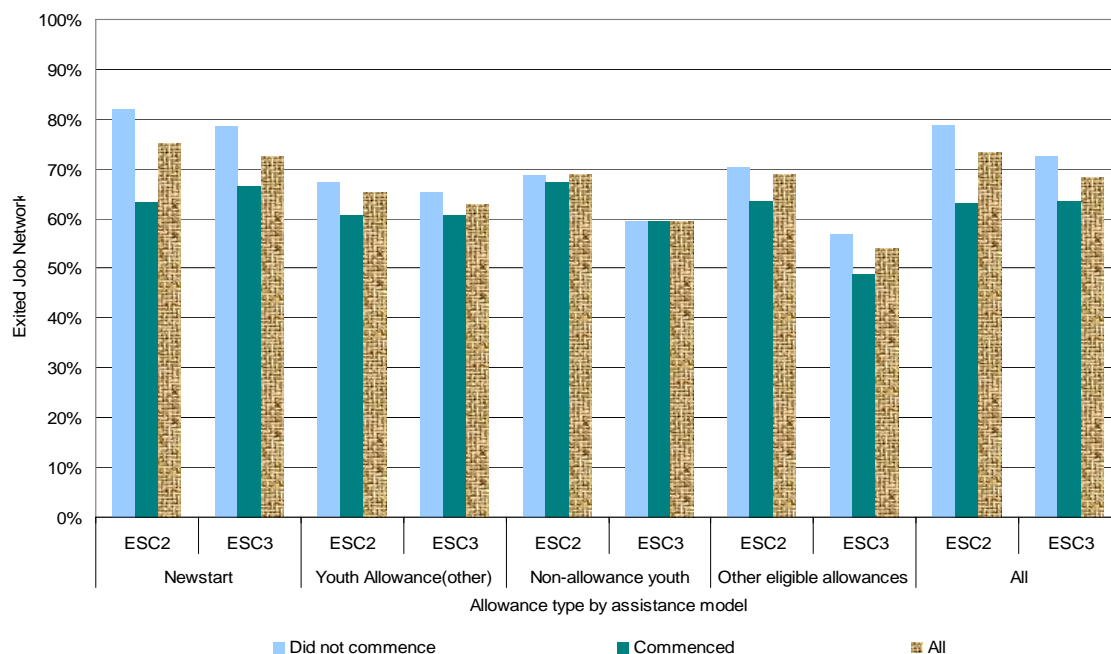
The analysis was then refined by including reasons for exit¹²⁶ and, as indicated above, using regression analysis to control for the influence on exit probability of job seeker characteristics and labour market conditions. As discussed earlier in the report, the characteristics of job seekers and their flow into employment assistance changed significantly between ESC2 and ESC3.

Job seekers who did not commence assistance

Figure 9.2 shows that job seekers who did not commence an intensive service were more likely to have exited Job Network under ESC2 than under ESC3 (78% and 72% respectively). In part, this outcome is likely to derive from differences in the contract models. Under ESC2 a higher proportion of provider's income was derived from Job Matching (some providers, for example, only had Job Matching contracts), and this provided a greater incentive (eg, higher placement fees) to assist job seekers in this phase of assistance than in the equivalent Job Search Support phase of the *APM*.

¹²⁶ Reasons for exit recorded on the department's administrative systems only give a partial indicator of the reasons for leaving Job Network. The exit reason for almost half (49%) of the job seekers who left Job Network in the first three years of the *APM* was unknown. The corresponding proportion for ESC2 was 41%. Previous research by the department has found that around 75% of job seekers with an unknown exit reason left Job Network to take up a job. This proportion was applied to the analysis.

Figure 9.2: Comparison of exit rates from Job Network services by assistance model, allowance type and intensive service commencement status,¹ ESC2 and ESC3



¹ Data include Fully Job Network Eligible job seekers who were registered for assistance in the periods July 2000 to June 2003 (ESC2) and July 2003 to June 2006 (ESC3). Job seekers were classified as “commenced assistance” if they had commenced Job Search Training, Intensive Assistance or Work for Dole under ESC2 or commenced IS, ISjst, ISca1, ISca2 or ISmo under the ESC3.

Note: job seekers may have multiple periods of assistance.

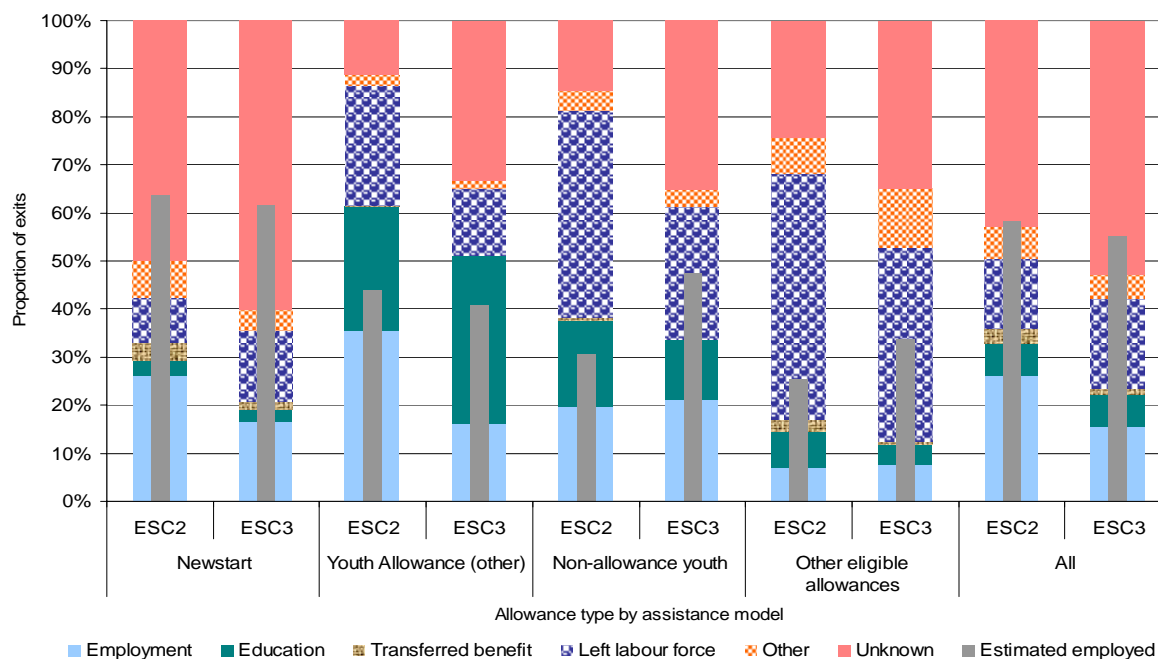
Source: DEWR administrative systems

The distribution of exit reasons for job seekers who did not commence an intensive service changed between ESC2 and ESC3 (Figure 9.3):

- as a proportion of all exits, job seekers were less likely to have exited to employment during ESC3 (26% and 16% of exits respectively);
- exits by non-allowance youth and job seekers in receipt of other eligible payments were less likely to involve leaving the labour force during ESC3 than during ESC2 (by around 11 and 16 percentage points respectively);
- Youth Allowance (other) recipients were nine percentage points more likely to have exited to education during ESC3 than during ESC2; and
- the gap in the exit rate to employment narrowed between ESC2 and ESC3 if it is assumed that 75% of exits with an unknown reason were to employment (as discussed in Footnote 126). Under this assumption, an estimated 58% of ESC2 exits were to employment. The proportion for the ESC3 was 55%.

Using the same assumption, an estimated 46% of job seekers who did not commence an intensive service under ESC2 exited to employment. The corresponding estimate for the first three years of the APM was 40%.

Figure 9.3: Comparison of exit reasons of job seekers who did not commence an intensive service by assistance model and allowance type,¹ ESC2 and ESC3



¹ Fully Job Network Eligible job seekers who were registered for assistance in the periods July 2000 to June 2003 (ESC2) and July 2003 to June 2006 (ESC3).

Source: DEWR administrative systems

Job seekers who commenced an intensive service

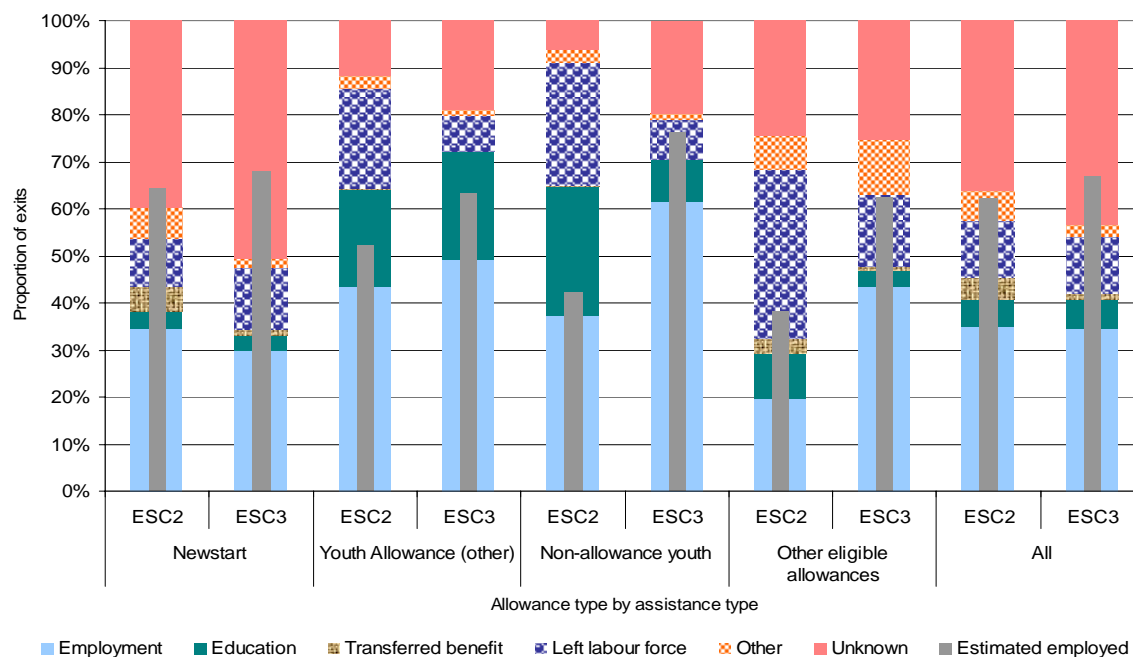
In contrast to those who did not commence assistance, 64% of job seekers who commenced an intensive service exited Job Network (Figure 9.2) under both models. This suggests, all things being equal, that Job Network’s intensive services during the first three years of the APM were just as effective as the equivalent services under ESC2.

The exit rates between ESC2 and ESC3 improved by two percentage points for Newstart recipients (Figure 9.2). They decreased for other job seekers, particularly non-allowance youth and other eligible allowees (9 and 16 percentage points respectively).

The exit reasons of those who did commence assistance also differed from those who did not. Figure 9.4 compares the distribution of exit reasons of job seekers who had commenced an intensive service between ESC2 and ESC3. It shows that:

- the proportion of exits from the labour force was similar under both models for all job seekers who commenced (12% for both ESC2 and ESC3), but fell significantly for allowance types other than Newstart Allowance;
- known exits to employment were similar for all job seekers under both models (35% and 34%) but decreased for Newstart Allowees and increased for all other allowance types;
- when exit reasons were adjusted on the basis of the assumption that 75% of unknown exits were to employment, the proportion of exits to a job increased from 62% under ESC2 to 67% under ESC3.

Figure 9.4: Comparison of exit reasons of job seekers who commenced an intensive service by assistance model and allowance type,¹ ESC2 and ESC3



¹ Fully Job Network Eligible job seekers who were registered for assistance in the periods July 2000 to June 2003 (ESC2) and July 2003 to June 2006 (ESC3).

Source: DEWR administrative systems

The proportion of all job seekers who commenced intensive service and exited to employment is estimated to have increased from 39% during ESC2 to 43% under ESC3. This increase suggests that the assistance provided in the first years of the *APM* was more effective than that provided under ESC2.

Regression analysis

It is important to establish, however, if the change in exit rates still holds once labour market conditions and job seeker characteristics are controlled for. To ascertain this, regression analysis was used both to model the exit rates achieved under ESC2 and, based on the results of this model, to predict exit rates under the *APM*. Separate regressions were conducted for job seekers who commenced and did not commence an intensive service. The regressions controlled for both job seeker characteristics and labour market conditions.¹²⁷ Only job seekers who registered for assistance prior to 1 January 2003 for ESC2 and 1 January 2006 for the *APM* were included in the regression to ensure that all job seekers in this study had some opportunity to commence an intensive service and to achieve an exit.

Table 9.2 shows that the job seekers who did not commence an intensive service under ESC3 were two percentage points more likely to exit Job Network while job seekers who commenced assistance were 4.5 percentage points more likely to exit Job Network than predicted by the model. These differences represent an estimate of the effect on exit rates of Job Network assistance under the *APM*.

¹²⁷ Data collected on job seeker characteristics changed between ESC2 and ESC3 and the regression was only able to control for characteristics collected under both models. These included age, gender, level of educational attainment, income support type, membership of an equity group, English speaking ability, family status and duration of unemployment at the start of each model and at commencement in intensive services. The regression used the ABS unemployment and participation rates, at the statistical division level, applying at July 2002 and July 2005, to control for changing labour market conditions.

Not all groups were affected by the *APM* to the same extent, however. Regardless of commencement status, exit rates under ESC3 improved most for job seekers aged 21 to 49, sole parents and job seekers who had completed secondary school or had post secondary qualifications (Table 9.2).

- Although the 17 to 20 percentage point increase in exit rates for sole parents appears high, it reflects changes in government policies which encouraged this group's participation in the labour force and increased opportunities for casual and part-time employment.

Table 9.2: Predicted¹ and actual exit rates for the *APM* by intensive service commencement status

Characteristic	Did Not Commence			Commenced		
	Predicted Exits	Actual Exits	Percentage point difference	Predicted Exits	Actual Exits	Percentage point difference
		%			%	
Male	81.7	83.7	2.1	63.5	67.8	4.3
Female	76.2	78.4	2.2	58.9	63.8	4.9
Age group (years)						
15–20	71.2	72.5	1.3	60.7	62.2	1.5
21–24	87.2	91.7	4.5	67.9	76.5	8.6
25–49	79.5	84.1	4.6	59.6	67.5	7.9
50 and over	80.0	69.3	-10.7	63.8	56.2	-7.6
Educational attainment						
Less than year 10	69.6	68.0	-1.6	54.1	53.9	-0.1
Year 10	76.2	77.6	1.3	59.5	62.7	3.2
Completed secondary	80.2	83.2	3.0	65.2	71.4	6.3
Trade/TAFE	83.3	86.6	3.3	65.0	71.2	6.2
Tertiary	87.5	91.7	4.2	67.3	76.7	9.4
Income support type						
Newstart Allowance	84.6	86.7	2.1	63.3	68.4	5.0
Youth Allowance (other)	69.3	76.7	7.3	60.6	64.1	3.5
Non-allowee youth	71.6	67.5	-4.1	68.6	64.1	-4.5
Other allowance	65.8	66.3	0.5	48.8	53.1	4.3
Client group						
People with disability	64.5	55.1	-9.4	53.5	50.8	-2.7
Culturally and linguistically diverse	79.0	81.7	2.6	66.0	67.4	1.5
Indigenous	68.6	71.3	2.7	54.7	54.7	0.1
Sole parents	53.8	71.3	17.4	34.7	54.5	19.8
All	79.3	81.4	2.1	61.7	66.2	4.5

¹ On the basis of exit rates in ESC2.

Source: DEWR administrative systems

Exit rates for some groups did not improve with the implementation of the *APM*. These included job seekers aged 50 and over and job seekers with disability (Table 9.2). This may also reflect recent government policy aimed at increasing labour force participation among people with disability and older job seekers which, for these groups in particular, may have resulted in fewer job seekers leaving the labour force entirely or shifting to other forms of income support. Examination of exit reasons shows that older job seekers, for example, were almost 10 percentage points more likely to have transferred to another form of income support under ESC2 than under ESC3.

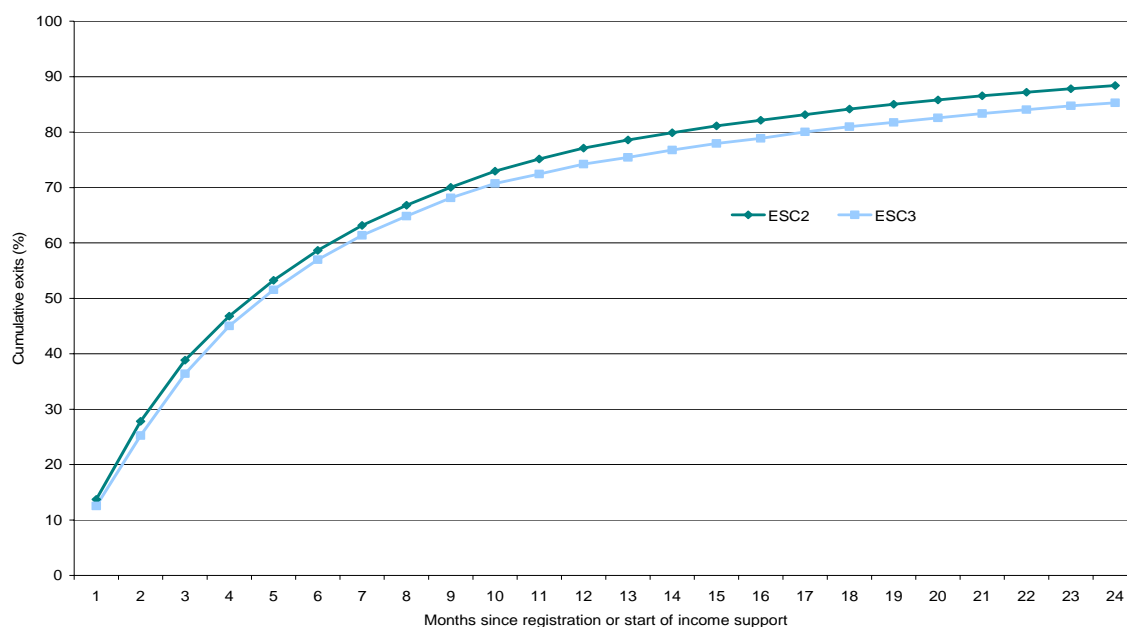
9.3.2 Off-benefit exits and returns to income support

One benefit of employment assistance is that, if effective, it reduces reliance on income support. Two indicators of this benefit are the extent to which job seekers leave income

support and the extent to which those who have left subsequently return. Over time these indicators provide a partial analysis of the longer-term effectiveness of assistance. The analysis is partial because it does not control for the fact that some job seekers will leave income support irrespective of their participation in labour market assistance and it only includes cases where income support payments cease entirely. In order to compare the performance of the *APM* with that of *ESC2* in this regard, the income support status (taking into account the allowable break rule) of job seekers who began a new period of unemployment in either 2003–04 or 2000–01 was measured each month to look at movements off income support.¹²⁸ Returns to income support were also measured. The observation period for this analysis was limited to 24 months from the date of registration or receipt of income support, whichever was later. This allowed an extensive period of follow-up and prevented the observation period for the *ESC2* cohort overlapping with the period covered by the *APM*. The two cohorts were matched on the basis of observable characteristics.¹²⁹

The two cumulative distributions of exits from income support (Figure 9.5) show that the rate of exit under *ESC2* tended to be higher than that of the *APM*. After 12 months the cumulative exit rate for the *ESC2* cohort was 77% compared with 74% for the *APM* cohort. By the end of the observation period the cumulative exit rates were 88% for *ESC2* and 85% for the *APM*. These differences are largely a reflection of differences in exit rates in the first two months of the observation period and are consistent with the finding reported in the previous section that job seekers who did not commence assistance had higher exit rates under *ESC2* than under *ESC3*. The difference between the *ESC2* and *APM* cohorts was 2.9 percentage points after 12 months, marginally less than the difference two years out (3.1 percentage points). Overall, the patterns of movement off-income support for both cohorts were very similar.

Figure 9.5: Cumulative exits from income support status over time, *ESC2* and *ESC3*¹



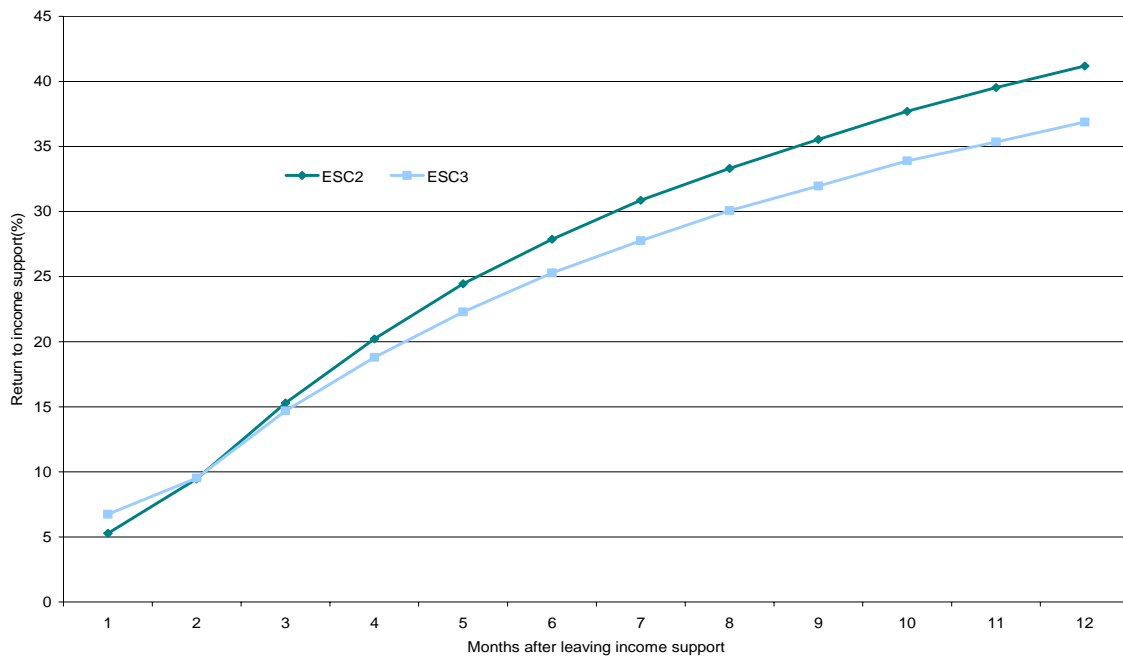
¹ Job seekers on income support who commenced a new period of unemployment in 2000–01 or 2003–04.
Source: DEWR administrative systems

¹²⁸ The analysis only included those job seekers who were on income support at the time they registered and job seekers who commenced income support within 28 days of registering.

¹²⁹ The characteristics that they were matched on were: age, gender, duration on allowance, allowance type, previous period of income support, education level and equity group status.

The rate of return to income support for the *APM* cohort, however, was lower than that of the ESC2 cohort, suggesting that outcomes during ESC3 were more likely to be sustained than outcomes obtained during ESC2 (Figure 9.6). The analysis in this case was limited to those who left income support in the first 12 months of the observation period. Returns to income support were then measured over a 12 month period from the time of exit. Almost 42% of the ESC2 cohort had returned to income support within 12 months of leaving, which was 4.3 percentage points higher than for the *APM* cohort.

Figure 9.6: Returns to income support in the 12 months after exit, ESC2 and ESC3¹



¹ Job seekers on income support who commenced a new period of unemployment in 2000–01 or 2003–04.
Source: DEWR administrative systems

9.3.3 Income support reliance

The analysis of the rates of off-benefit and return to income support does not capture all the potential benefits of labour market assistance, for example, in the case where a job seeker obtains a part-time job which results in only a reduction, not a cessation, in their income support. The extent of income support reliance is a more comprehensive measure as it calculates a job seeker’s income support payments as a proportion of their total income (sourced from both earned income and income support payments). This measure recognises that an important objective of labour market assistance is to reduce a job seeker’s reliance on income support.

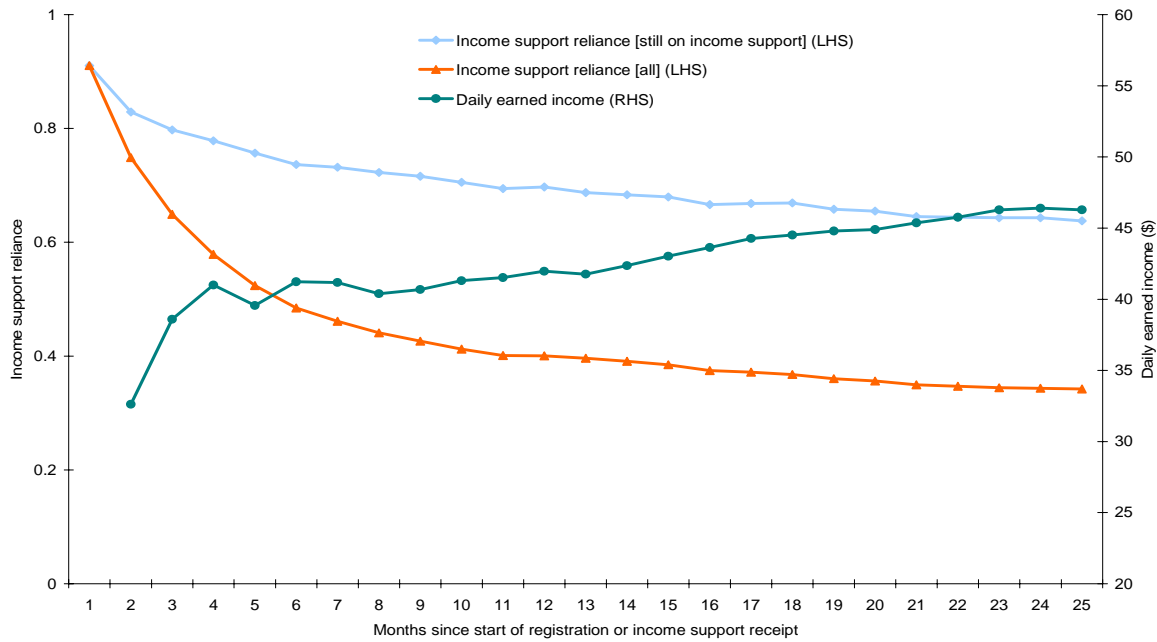
Income support reliance was measured for the same *APM* cohort used above over the same period.¹³⁰ Estimates of reliance were derived each month for both the total cohort and for those who remained on income support.¹³¹ As duration since initial registration lengthened the level of income support reliance within the total cohort declined, reflecting the movement of job seekers into employment (both full-time and part-time) and, in some cases, out of the labour market (Figure 9.7). Reliance also declined for the component of job seekers who

¹³⁰ A similar analysis on the ESC2 cohort was not possible because data were not available on earned income for many job seekers assisted during ESC2.

¹³¹ This method may understate the level of income support reliance because it used point in time estimates.

remained on some level of income support, reflecting the rise in earned income over the period with the take-up of part-time employment opportunities or receipt of other income.

Figure 9.7: Income support reliance¹ and earned income, ESC3



¹ Income support reliance ranges between zero (where no income is derived from income support payments) and one (where all income is derived from income support payments).
Source: DEWR administrative systems

The proportion of the cohort which remained on income support and which had some form of earned income rose from 17% one month after registration to over 23% by month four. For the remainder of the observation period the proportion with earned income stayed within a range of 22% to 25%. After this four month period, however, the amount that these people earned continued to increase. Four months after registration the daily amount of earned income for people still on income support (and with earned income) was around \$40 (Figure 9.7). This increased to around \$46 after 24 months.

9.3.4 Value for money

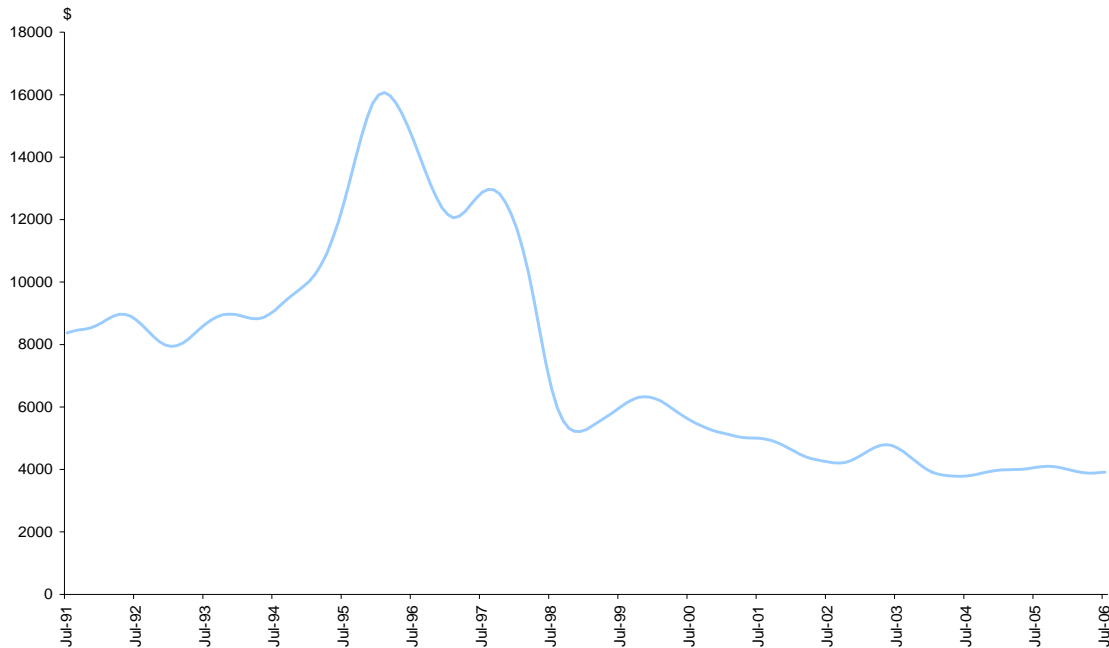
Labour market assistance should be delivered as efficiently as possible in order to maximise cost-effectiveness. A relative measure of cost-effectiveness or value for money is provided by data over a number of years on the costs per employment outcome of labour market assistance.¹³² The introduction of Job Network in 1998 continued the sharp reduction in costs per employment outcome which had started in 1996. These costs were less than \$6,000 in the period 1998 to 2000 compared with \$8–9,000 in the early 1990s and \$10–16,000 in the mid-1990s (Figure 9.8). Between the end of 2003 and late 2005 costs per employment outcome rose very slightly but since then have again fallen and restored the long-term downward trend. This overall improvement occurred at a time when the total expenditure on assistance and numbers assisted increased.¹³³ The downward trend since the late 1990s has been interrupted on two other occasions, late in 1999 and again in mid 2003. This disruption coincided with

¹³² A limitation of this measure is that it does not take into account outcomes which would have occurred in the absence of assistance. To do this would require net impact measures on an ongoing basis. The time and resources required to derive such measures precludes their estimation at this frequency.

¹³³ Costs of assistance, for example, rose from an estimated \$852 million in 2002–03 to almost \$1.2 billion in 2005–06. For the same years the numbers of commencements in intensive services were 261,000 and almost 580,000.

transitions to new Job Network contracts and reflects uncertainty in the employment services market surrounding the processes of tendering and the awarding of new and repeat business.¹³⁴

Figure 9.8: Costs¹ per employment outcome of labour market assistance, 1991 to 2006

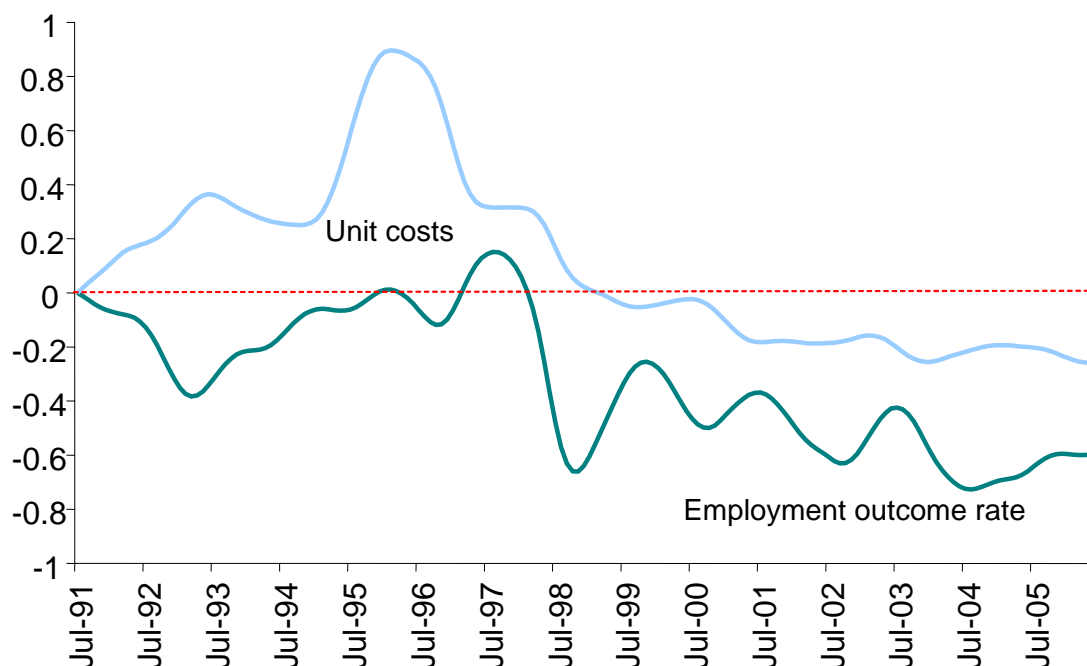


¹ Program (administered budget) costs only and does not include, for example, the cost to Centrelink of registering job seekers and administering the Job Seeker Classification Instrument or departmental staff costs.
Source: Post-program Monitoring Survey and DEWR administrative systems

The trend in cost per employment outcome is a function of changes in the post-program employment outcome rate and unit cost of assistance. Over time the relative contribution of each of these factors has changed. As can be seen from Figure 9.9, between 1991 and 1993 rising unit costs largely offset the influence of increased program outcomes. Unit costs rose substantially again and program outcomes fell, however, between 1994 and the changes to labour market assistance arrangements in the late 1990s. This underlies the very pronounced increase in the cost per employment outcome evident in Figure 9.8. The introduction of Job Network saw both increased employment outcomes and lower unit costs, resulting in a substantial fall in the cost per employment outcome. Over the period July 2003 to June 2006, there was a moderate reduction in cost and slightly higher average outcomes, contributing to the ongoing fall in the cost per employment outcome in this period.

¹³⁴ Rolling contracts now in place are designed to reduce this interruption to service delivery arrangements.

Figure 9.9: Proportional contribution of unit costs and the post-assistance employment outcomes to costs per employment outcome, 1991 to 2006



Source: Post-program Monitoring Survey and DEWR administrative systems

The relative contribution of unit cost and the employment outcomes rate to cost per outcome changed between ESC2 and ESC3. For ESC2, the average cost per employment outcome declined by \$438 each year (Table 9.3). Changes in the employment outcome rate contributed almost 45% of this reduction and changes in unit cost contributed 55%. During ESC3, the average cost per employment outcome has continued to decline at a somewhat slower rate of \$275 each year, with the relative contribution of both changes in the employment outcome rate and unit cost being almost equal.

Table 9.3: Contribution to changes in cost per employment outcome, ESC2 and ESC3

	Contribution of changes in employment outcome rate (%)	Contribution of changes in unit costs (%)	Average annual change in cost per outcome (\$)
ESC2 (Feb 2000 to June 2003)	44.6	55.3	-438
ESC3 (July 2003 to June 2006)	50.9	49.0	-275

Source: Post-program Monitoring Survey and DEWR administrative systems

9.4 Factors affecting performance

The remainder of this chapter considers the impact of a number of broader factors affecting Job Network’s performance.

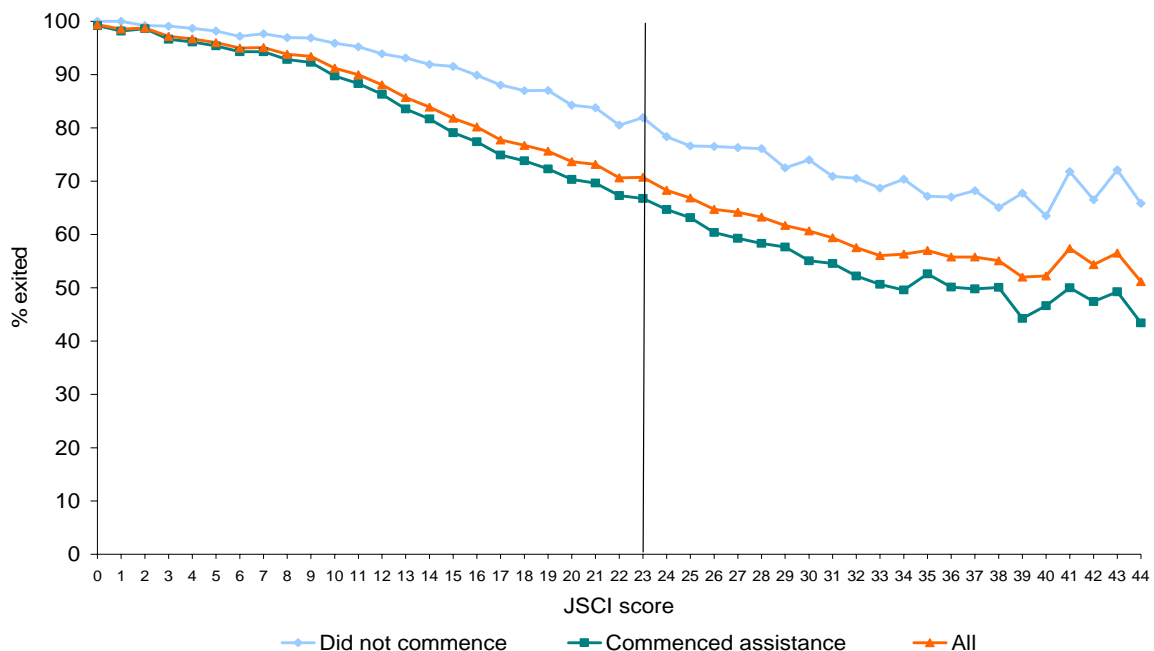
9.4.1 The JSCI threshold

A job seeker’s JSCI score is used to determine which job seekers are considered to be highly disadvantaged in the labour market. Highly disadvantaged job seekers have immediate access to Intensive Support customised assistance (ISca). The threshold for immediate eligibility for

ISca was raised from 23 in the first two years of the *APM* to 25 in 2005. The rationale for providing some job seekers with immediate access to ISca is the need to deliver a greater level of service to the most disadvantaged clients to prevent them becoming entrenched in unemployment. Such a policy, however, has budgetary implications because ISca has higher unit costs than other Intensive Support services, such as job search training. The overall cost of assistance therefore rises as the threshold for immediate access to ISca falls, signifying the importance of setting the threshold at an optimal level.

Analyses of exit rates from income support and the net impact of assistance by JSCI score provide some insights into the appropriateness of the threshold for immediate access to ISca. Given that highly disadvantaged job seekers in theory receive a significantly higher level of service in their first 12 months of assistance than other job seekers, it could be expected that job seekers just over the cut-off for immediate access to ISca would have higher outcome levels than those just below the cut-off.¹³⁵ An examination of exit rates by JSCI score, however, found that this was not the case. For job seekers who registered as unemployed in 2004 on Newstart or Youth Allowance (other), exit rates¹³⁶ generally fell steadily as their JSCI score increased (Figure 9.10). There was a small increase at the cut-off level, particularly for job seekers who did not commence assistance, but not for the scores immediately after this level. The overall trend in exit rates implies the additional assistance to job seekers immediately above the cut-off point is no more effective than the assistance provided to job seekers immediately below the cut-off. The rise in exit rates at the cut-off point for job seekers who did not commence assistance, which in turn drives a smaller increase in exit rates at this point for all job seekers, probably reflects a compliance effect or a degree of manipulation of the JSCI to push less disadvantaged job seekers over the line into ISca.

Figure 9.10: Job seeker exit rates from income support by JSCI score, ESC3



Source: DEWR administrative systems

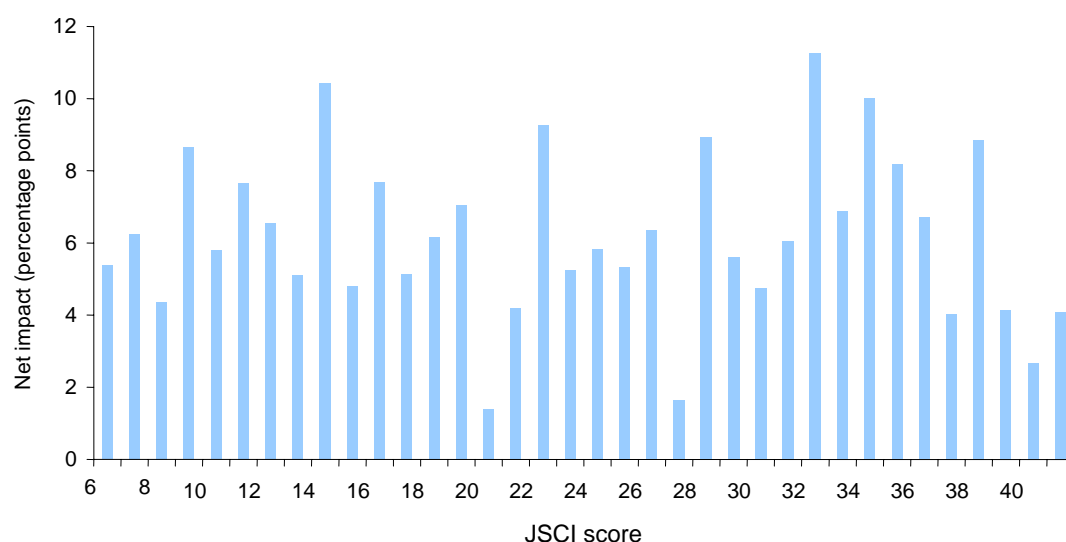
Labour market programs are typically regarded as having a higher net impact on more disadvantaged job seekers even though their outcome levels tend to be lower than those of the

¹³⁵ This is not to imply that those just below the cut-off receive no assistance, merely that the assistance they receive is, on average, less expensive and extensive than the assistance received by job seekers on and above the cut-off.

¹³⁶ Exit rates were measured in the 18 months after registration.

less disadvantaged. It would be reasonable to expect that as the JSCI score rose so would net impact and if this was the case it would constitute evidence of the benefits of early intervention with ISca. Figure 9.11 shows, however, that, to the extent they can be accurately estimated, net impacts do not increase substantially by JSCI score.¹³⁷ Furthermore, and quite importantly, the results also do not provide a basis for the current JSCI cut-off point in terms of an optimal intervention point. Net impacts were, however, found to be highest for those with higher durations on benefit, suggesting that the longer-term unemployed clients benefit more from the assistance while short-term unemployed clients are likely to be better able to look for work themselves. Moreover, the key period for leaving unemployment is the first six months. This was found to be true across all JSCI scores and suggests that the operation of highly disadvantaged ISca placements from the start of unemployment results in high deadweight costs.

Figure 9.11: Estimated net impact by JSCI score



Source: DEWR administrative systems

It is recognised that decisions about the delivery of assistance to the most disadvantaged job seekers are usually based on equity rather than efficiency considerations. The strong performance of Intensive Support job search training and the relatively high deadweight costs associated with immediate access to ISca, however, suggest that a higher cut-off point could be justified on both efficiency and equity grounds. A higher cut-off point, possibly around 30, would arguably deliver better equity outcomes by ensuring that the highly cost effective job search training is utilised where it maximises outcomes. This would still mean that around a quarter of all ISca placements are reserved for highly disadvantaged job seekers. It would also free-up resources, enabling them to be devoted to where they are needed most.

9.4.2 Star ratings

Previous research has suggested that there is a link between the introduction of provider star ratings and improved performance (Boxall 2003). The star ratings are used to inform job

¹³⁷ This is not inconsistent with previous research showing that net impacts tend to be highest for the most disadvantaged as the key finding of the previous research was that net impact was higher for those with higher durations on benefit and the JSCI does not take account of duration on benefit.

seeker choice, provide Job Network members with feedback on their performance and assess the potential re-allocation of business within each employment service area at each six monthly “contract milestone”. The regular release of the ratings coincided with a sustained improvement in the employment outcome levels of job seekers assisted by Job Network.¹³⁸ This improvement seemed greater than the level of improvement which could realistically be expected from improvement in the labour market. The star ratings provide Job Network members with a strong incentive to focus on securing outcomes, job placements and interim outcomes because these are the primary performance measures used for the estimation of the ratings.¹³⁹ In any employment service area where there are significant differences in the performance of providers, the business level of poorer performers can be transferred by the department to other providers.¹⁴⁰ Information about each provider’s star rating is also available to job seekers to help inform their decision about which provider to register with.

The relationship between star ratings and provider performance raises the issue of whether performance is affected by the timing of the calculation of star ratings. Under the *APM*, star ratings have been released at six monthly intervals since 2004, usually around February or March and August each year. There was also a release in September 2005 associated with the ESC3 contract extension. Performance data used in each release generally covered the period from the start of ESC3 up to the end of December for February or March releases and the end of June for August releases. In other words, the August 2005 release, for example, was based on performance data for the period July 2003 to June 2005.

If the timing of the release of star ratings influenced performance, providers could be expected to maximise their efforts towards the end of each period that the performance data are based on. For example, an attempt to maximise interim outcomes around the end of June to feed into estimates of star ratings released in August of that year, would be reflected both in greater efforts to achieve anchored placements around March and to ensure that as many of these jobs as possible qualified for interim outcomes 13 weeks later.

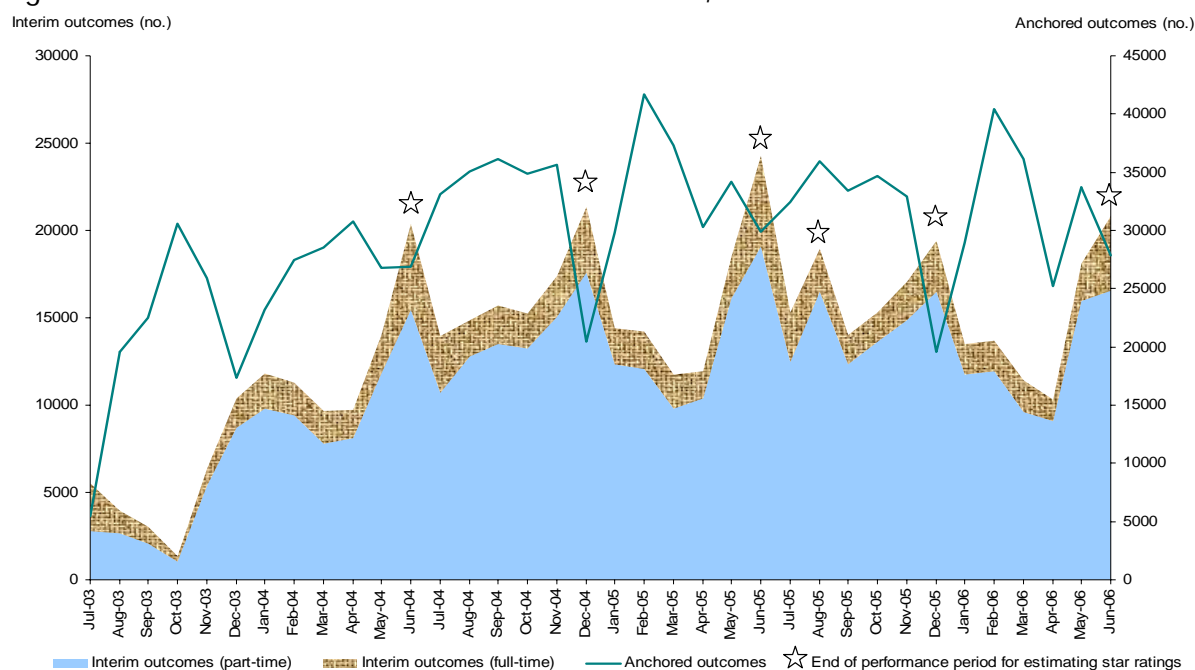
The distributions of anchored and interim outcomes suggest that there is a link between provider behaviour and the timing of the end of the period for measuring performance for the release of star ratings. Apart from 2003, interim outcomes under ESC3 peaked in June and December each year and anchored placements rose three or four months prior to these points (Figure 9.12). This suggests that providers increase their efforts from about March and February until the end of June each year and again in August and September until December. Whether the bunching of outcomes at certain times during the year is good or bad for job seekers and Job Network’s performance depends on how this occurs. For some job seekers it may mean assistance is being delayed until the provider takes steps to ensure outcomes are achieved in the timeframe of the next release of the star ratings. Equally, meeting this timeframe might mean that outcomes for some job seekers are brought forward. The distribution could also reflect an end of year (both financial and calendar) “tidying up” of the books by providers as well as other seasonal factors.

¹³⁸ Intensive Assistance outcomes started to trend upwards in March 2001, coinciding with the first regular release of the star ratings.

¹³⁹ In line with the fee structure, outcomes for the long-term unemployed, highly disadvantaged and Indigenous job seekers receive the greatest emphasis, particularly jobs that result in the complete cessation of income support payments.

¹⁴⁰ While the star ratings are an important part of assessing provider performance, Job Network members are also assessed for compliance with the Code of Practice and Service Guarantee and for the quality of the outcomes they achieve for job seekers.

Figure 9.12: Numbers of 13-week outcomes over time, ESC3



Source: DEWR administrative systems

9.5 Conclusion

An analysis of broader aspects of the performance of Job Network during the first three years of the *APM* recognises that in judging overall performance it is important to go beyond measures of the effectiveness of the various elements that make-up Job Network, including its specific services. Where such analysis involves comparisons of the performance of Job Network under different contracts, however, there is a need for caution. Differences in eligibility and timing of assistance, populations assisted, changes over time in community and job seeker attitudes and the increasing strength of the Australian economy in recent years have all contributed to changes in outcomes achieved.

The population assisted under the *APM* between July 2003 and June 2006 was different from the population of job seekers assisted during ESC2. In the first three years of the *APM*, the number of non-activity tested job seekers who were Fully Job Network Eligible doubled. This change clearly had an impact on performance under the *APM* relative to performance under ESC2. What is less clear is whether this change meant that the level of disadvantage in the Fully Job Network Eligible population increased or decreased over the course of the *APM*'s first three years. The analysis of JSCI scores suggests that an increase may be the case but the results are not conclusive.

On a range of performance measures, including rates of exit and movements off and returns to income support, the performance of the *APM* overall (in its first three years) was broadly similar to that achieved under ESC2. Exits from Job Network were slightly lower for ESC3 than for ESC2. The *APM* during ESC3, however, proved to be more successful for job seekers who commenced intensive services than for those who did not. Consistent with this, exits from income support were more likely in the early months of unemployment during ESC2 whereas lower returns to income support suggest that, once achieved, outcomes under ESC3 were more likely to be sustained than those under ESC2.

The assessment of the relative performance of the models which controlled for job seeker characteristics and labour market conditions indicates that the services, particularly the intensive services, provided under ESC3 were relatively more effective than those provided under ESC2. Job seekers who commenced an intensive service were more than four percentage points more likely to exit under ESC3 than would have been the case under ESC2. Exit rates under ESC3 improved most for job seekers aged 21 to 49, sole parents and job seekers who had completed secondary school or had post secondary qualifications.

The data on cost per outcome show that the improvements in efficiency during ESC2 were maintained during the first three years of the *APM*. These improvements were driven by changes in the post-program employment outcome rate and unit cost of assistance. Under ESC2, the employment outcome rate contributed 45% of the reduction in cost per outcome. The corresponding proportion for ESC3 was almost 51%.

In the context of stronger performance overall, areas where there is some potential to improve performance further have been identified. In addition to these, gains to efficiency may be possible by raising the JSCI threshold for immediate access to ISca, without significantly affecting outcomes.

10 Concluding comments

This evaluation has examined the operation and outcomes of the *Active Participation Model (APM)* between its introduction on 1 July 2003 and the end of June 2006 when the Welfare to Work initiatives were implemented (ie, during the third Employment Services Contract (ESC3)). At the time, the *APM* represented the most significant change to Job Network since its inception in 1998. It was implemented to ensure a job seeker maintained contact with Job Network and to improve program effectiveness. Job seekers in receipt of activity tested payments were required to maintain a minimum level of job search through their period of unemployment and to undertake mutual obligation activities for six of every 12 months. The changes were aimed at broadening and strengthening the assistance available to job seekers, principally by new employment exchange and job matching services, changes to the fee structure and the introduction of a Job Seeker Account (JSKA) and Complementary Programs.

10.1 Summary of findings

The evaluation was based on analysis of administrative data, information provided by job seekers and service providers (through quantitative surveys, interviews and focus groups) and previously published evaluations to examine a number of the *APM*'s important features relating to the nature of the services provided to job seekers and the outcomes they achieve. The evaluation focussed on the changes to Job Network for the third employment services contract. Where possible, comparisons were made between Job Network's performance under the second Employment Services Contract (ESC2) and ESC3. The key findings are recounted below.

The overall picture emerging from this evaluation is that in the context of ongoing improvement in the labour market and a changing mix of clients, the introduction of the *APM* seems to have led to improvements in services and employment outcomes compared to preceding arrangements under ESC2. In particular, commencement rates for non-activity tested job seekers and the employment net impacts of activity tested job seekers increased. As could be expected of a new assistance regime, a few aspects of the model did not work as well as intended. Also, longer-term problems like high levels of deadweight remain.

Numbers and characteristics of job seekers assisted

- There was a considerable increase in the number of job seekers in assistance at any time. Despite a decrease in the number of activity tested allowees accessing Job Network services, changes to government policies had resulted in a significant increase in the number of job seekers who were on non-activity tested income support payments (such as parents and people in receipt of Disability Support Pension). Enhanced processes for connecting job seekers with the employment services and increased referrals to assistance ensured that job seekers who remained unemployed were engaged in ongoing employment focused activity and job search.
- Anecdotal evidence from Job Network providers and analysis of job seeker characteristics suggests that disadvantage levels among Job Network clients increased, on average, during the period examined in the evaluation. This could have resulted from the greater prevalence of non-activity tested clients or the lengthening of the average duration of unemployment for those unable to find work in a more vibrant economy. Because the evidence from the Job Seeker Classification Instrument (JSCI) is

ambiguous, however, it has not been possible to draw a definitive conclusion about changes in the severity of client disadvantage.

Employment exchange and vacancy filling

- Changes to the publicly-funded employment services increased the number and range of vacancies available to job seekers eligible for Job Network services. Most of the additional vacancies were sourced from commercial recruitment websites but the issuing of Job Placement Licences also contributed to this increase. The presence of duplicated vacancies on Australian JobSearch, however, makes it difficult to determine the precise size of the overall increase in vacancies and Job Placement Licensed Organisations' contribution to this increase. Greater use, especially by less disadvantaged job seekers, could be made of the more specialised services offered by these agencies. This would help these job seekers to find employment and allow Job Network members to concentrate more closely on the needs of job seekers with higher levels of disadvantage.
- While the *APM* changes were also designed to increase the speed at which vacancies on JobSearch were filled, it was not possible to test whether this was achieved with the available data. It appears, however, that the introduction of auto-matching, which was designed to improve labour market efficiency, has made only a limited contribution to employment outcomes. Its contribution to improved labour market efficiency, therefore, was also likely to be limited. A number of refinements were suggested to increase auto-matching's share of job placements if this facility was to be retained. These included encouraging job seekers to regularly check their personal page for auto-matches, making greater use of SMS to notify job seekers, improving the quality of information used in the auto-match process and notifying job seekers immediately upon the job being lodged on JobSearch. In addition, job seekers may need more training to access auto-matches effectively. Job seekers surveyed in the evaluation pointed to the need for more training in the use of electronic job search methods.

Continuous assistance and job seeker activity

- Under ESC3, job seekers' initial interviews with Job Network occurred sooner after initial contact with Centrelink and were better attended than under ESC2. While processes designed to re-engage job seekers who had missed interviews improved, many job seekers continued to avoid interviews with their employment service providers. The distribution of job seekers acting in this way was not random and certain job seeker characteristics were correlated with the likelihood of interview attendance.
- The servicing model of single provider, continuous contact or assistance and faster referral processes was associated with increased job search activity and participation rates. Job seekers who followed the sequence of assistance prescribed in the *APM*'s continuum had higher exit rates from income support than job seekers who were eligible to, but did not follow the continuum. This relationship held when job seeker characteristics were controlled for and was observed for up to five phases of assistance.
- Although job search activity did increase there is no evidence that the *APM*'s more stringent job search requirements led to an improvement in employment outcomes. One possible explanation is that job seekers gave more attention to simply making the required number of job applications rather than to the suitability of the jobs and their likelihood of securing them.
- It appears that job seekers who had completed their second phase of Intensive Support customised assistance remained connected to Job Network, receiving levels of

assistance (including JSKA-funded assistance) that were comparable to other disadvantaged job seekers, although in some cases the type of assistance may not have been appropriate. The job placement rates of clients who had completed Intensive Support customised assistance for a second time were higher than those who had completed Intensive Assistance under ESC2. The evaluation, however, was unable to determine the links between these outcomes and the receipt of assistance.

Intensive Support and client outcomes

- The main Job Network services delivered under ESC3 appear to have been more effective than the equivalent services delivered under ESC2. When measured on a like-for-like basis there were more job placements during ESC3 than during ESC2. The employment net impacts of Intensive Support job search training and customised assistance (for activity tested job seekers) were generally much higher than the impacts found for ESC2's Job Search Training and Intensive Assistance.
- Despite the improvement over ESC2, impacts for young people remained relatively weak and were almost negligible in the case of Intensive Support customised assistance (yet higher than they were under ESC2). International experience suggests that it is very difficult to devise assistance which reduces labour market disadvantage among young people but better targeting and tailoring of assistance may help.
- Notwithstanding the strong improvements in net impacts achieved through the introduction of the *APM*, the deadweight costs associated with program assistance, especially customised assistance were found (on the basis of the comparison group's outcome level in the analysis of net employment impact reported in Chapter 6) to be still relatively large, pointing to the further need for more precise targeting. Possible ways of doing this include the use of a profiling instrument to supplement the JSCI for selecting specific kinds of assistance for individual job seekers and further increasing the JSCI threshold governing immediate access to customised assistance.

The Job Seeker Account

- The JSKA was used by Job Network providers to fund the delivery of a range of services to job seekers, particularly wage subsidies, training and professional services. As providers' use of the JSKA evolved over time, wage subsidies were provided to employers with increasing frequency but generally at a modest rate. Wage subsidies, moreover, were found to be relatively more effective than other forms of assistance.
- Most of the JSKA funds were spent on the more disadvantaged job seekers, although at a smaller average value than their notional allocation. In general, providers directed JSKA funds primarily towards those clients who they considered to be job ready for any given level of disadvantage.
- The evaluation was not able to establish conclusively whether the introduction of the JSKA increased the level and range of services delivered to job seekers by Job Network providers. If, following the introduction of the JSKA, the level or cost of services under the *APM* did not increase relative to ESC2, this would suggest that providers were able to use the funds from service and outcome fees, which under ESC2 were used to pay for services, for other purposes. These may have included higher wages for their employees or larger profits. An examination of such financial matters, however, was outside the scope of the evaluation.

Complementary Programs

- While some providers regarded Complementary Programs as a valuable tool for tailoring assistance to job seekers in their caseload, in general they made limited use of these programs other than for mutual obligation activities. Use of Complementary Programs, however, was difficult to measure. Referrals were not always recorded because there was no incentive for providers to do so. Where referrals did occur, some appeared inappropriate and, generally, commencement rates were low. Some providers were unaware of the range of programs available to them locally.

Overall performance under ESC2 and ESC3

- During ESC3, Job Network was found to be more successful for job seekers who commenced intensive services than was the case under ESC2, but less so for those who did not. Consistent with this, exits from income support were more likely in the early months of unemployment during ESC2. On the other hand, lower returns to income support suggest that once achieved outcomes under ESC3 were more likely to be sustained than those under ESC2.
- The assessment of the relative performance of Job Network under ESC2 and ESC3, which controlled for job seeker characteristics and labour market conditions, confirmed that the services, particularly the intensive services, provided during ESC3 were relatively more effective than those provided during ESC2. The evidence to support this also comes from the improved net employment impact estimates for Intensive Support job search training and customised assistance relative to equivalent programs under ESC2, noted above. As expected, however, ESC2 had relatively higher exits for job seekers who had not accessed intensive services.
- In the first three years of *APM* the moderate long-term decline in costs per employment outcome, which had been evident since about 1999, was maintained. This was after a much steeper decline in average outcome costs between 1996 and 1998, a period which marks the establishment of Job Network.

10.2 Areas for improvement

The evaluation points to a number of refinements which could be implemented fairly readily to extend the improvements already achieved with the introduction of the *APM*. Employment services overall would be more efficiently utilised and probably become more effective if less disadvantaged job seekers were given greater encouragement to seek referrals and job placements from private employment agencies. Job seekers in general, but especially those in the early days of their unemployment spell, would benefit from more detailed advice on approaches to job search such as the best ways to look for work. The success of auto-matching could also be increased if the quality of information on which this process relies was improved.

Job Network provider's knowledge of Complementary Programs should be improved in order to ensure that these programs are used more intensively and are applied to the clients who need the specific kinds of assistance which they provide. There is also considerable scope to improve management information on the use by Job Network of Complementary Programs, other than those administered by the department.

Deadweight costs in the intensive services improved under the *APM* but, as noted above, remain an issue. Raising the JSCI threshold for eligibility for Intensive Support customised

assistance (which has already occurred once in the first three years of the *APM*) is suggested as one way of reducing the level of deadweight. Such a change is likely to increase outcomes and lower the unit costs of assistance.

Job Network's performance during ESC3 for job seekers who did not commence an intensive service (yet remained eligible for Job Network services) was marginally higher than that achieved during ESC2 (about two percentage points). Almost half the job seekers who became Fully Job Network Eligible in ESC3 did not commence assistance. About a third of these were, quite rightly, not referred to assistance because they were unemployed less than three months. Of the remainder, many were referred to an intensive service but for a variety of reasons did not commence. More needs to be known about these job seekers although they include some job seekers participating in other services (such as the Disability Employment Network), those with regular earnings which may mean their eligibility for assistance changes over time and those not subject to the activity test who participate in the employment service as volunteers.

In this context, it is worth reiterating the finding that commencement rates for non-activity tested job seekers improved under ESC3 from 6.8% to 9.7% for Job Search Training and from 34% for Intensive Assistance to over 40% for Intensive Support customised assistance, yet these rates are still very low relative to the commencement rates of activity tested job seekers. Job seekers who do not commence also include those who avoid Job Network appointments by repeatedly supplying reasons judged by Centrelink to be valid. Despite an improved referral and re-connection process, engaging this group of job seekers remained a considerable challenge to the employment service after three years of the *APM*. Non-attendance by job seekers at interviews could be reduced by identification and targeting of those job seekers with a high risk of non-attendance.

Compared with Intensive Assistance during ESC2 the effectiveness of ISca improved. This form of assistance, however, remained largely ineffective for young disadvantaged job seekers. More needs to be done to identify and disseminate strategies which have a positive impact on this group of job seekers.

10.3 Did the *APM* meet its objectives?

As an overarching strategy of labour market assistance the objectives of the *APM*, as noted in the report's introduction, are to:

- increase the effectiveness of employment services in securing employment and other positive outcomes for job seekers; and
- ensure that job seekers who remain unemployed are engaged in ongoing employment focused activity and job search.

Improved effectiveness

To meet this objective the assistance provided by Job Network during ESC3 should be more effective (ie, to have increased the contribution of the assistance to outcomes) than that provided during ESC2. A number of evaluation findings support a conclusion that this was the case, at least for those who commenced the intensive services (ie, the more disadvantaged). Job placements (compared on a like for like basis) increased following the implementation of the *APM*, net employment impacts were higher for the main Job Network services and the exit rates of those who commenced assistance improved. Qualifying this conclusion is the fact, however, that net employment impact measures covering both ESC2

and the first three years of the *APM* are not available for non-activity tested job seekers. Such measures are required to provide a more comprehensive picture of Job Network's performance.

Making judgements about this objective in relation to the less disadvantaged job seekers is more problematic. Typically these job seekers receive minimal interventions and net impacts of such interventions are not available. The observed higher than predicted exit rate for non-commencers under ESC3, however, suggests that the initial engagement process had some impact, albeit small, on job seeker exits, particularly for the less disadvantaged. The groups which seem to have benefited most from this impact were prime age job seekers and those with higher levels of education.

Maintaining engagement

The introduction of the *APM* increased the level of engagement between the job seekers and the employment service. This was evident from the findings that the time job seekers waited before receiving employment assistance was reduced, job search became more active and job seekers maintained their levels of job search throughout their spells of unemployment. A number of other findings support this conclusion in a less direct fashion. Most job seekers who were eligible to follow the continuum of assistance did so and this seems to have assisted in maintaining their engagement with the employment service. Job seekers who completed a second spell of Intensive Support customised assistance and remained in assistance generally maintained their level of engagement through Intensive Support contacts and participation in mutual obligation activities. These job seekers received similar levels of assistance as other disadvantaged job seekers.

Attachment A: Overview of employment services

This attachment provides an overview of Job Network as it operated under the first three years of the *Active Participation Model (APM)*. Changes to Job Network and associated employment services made between July 2003 and June 2006 are also described. From July 2006, an extension of the third employment services contract took effect and further changes to Job Network were made. These changes, however, are beyond the scope of this evaluation and are not discussed here.

Job Network

Job Network is a national network of over 100 private and community organisations contracted by the Australian Government to deliver employment services. It replaced the publicly-operated employment service (the Commonwealth Employment Service) in May 1998. Up to 30 June 2006 Job Network had operated under three contract rounds. The period covered by each contract round was:

- 1 May 1998 to 27 February 2000 for the first contract;
- 28 February 2000 to 30 June 2003 for the second; and
- 1 July 2003 to 30 June 2006 for the third (ESC3).

Accessing Job Network services

Centrelink is the initial point of contact for most people seeking access to Job Network services. Centrelink determines eligibility for income support and Job Network services¹⁴¹ as well as registering job seekers for employment services. The registration process includes completion of the Job Seeker Classification Instrument¹⁴² which determines each job seeker's level of labour market disadvantage.

Australian JobSearch kiosks are available in Centrelink and Job Network offices throughout Australia. Under the ESC3 arrangements, all job seekers had access to these kiosks which display:

- details about job vacancies and positions lodged;
- information about Job Network members and their services and other employment service providers available locally; and
- information about other services such as migrant services, health issues and local initiatives.

Job Network offices also provide job seekers with access to facilities such as personal computers and printers, photocopiers, facsimile machines, telephones, newspapers and relevant career and job search information, as well as information about relevant local initiatives.

¹⁴¹ Centrelink also provides job seekers with information about other employment services available locally.

¹⁴² The Job Seeker Classification Instrument is a statistically based assessment tool providing an objective measure of a job seeker's relative labour market disadvantage. It was designed to immediately identify job seekers who because of their individual circumstances were likely to become long-term unemployed. Those job seekers who are classified as highly disadvantaged are eligible for early referral to Intensive Support customised assistance.

Complementary Programs

The *APM* aimed to improve the links between the Job Network and other employment services, including other Federal Government programs and programs administered by State and Territory agencies. With the introduction of the *APM* these services became known as Complementary Programs. Under earlier Job Network contracts job seekers were able to disengage from their Job Network provider when participating in a program not operated by Job Network. A key change implemented with the *APM* was the requirement that job seekers remain engaged with Job Network while they were participating in a majority of complementary programs. This change was particularly significant for mutual obligation activities where job seekers were required to maintain contact with Job Network during their phase of mutual obligation. In general, however, the level of ongoing engagement with the Job Network varied depending on the nature of the program.

A comprehensive list of Complementary Programs available to job seekers at the time of this evaluation is available from DEWR 2004a.

Changes after the introduction of the *APM*

One Plan

The activities job seekers negotiate with Centrelink, their Job Network provider and Community Work Co-ordinator were integrated into a single agreement with the implementation of One Plan in December 2003. The purpose of having a single activity plan instead of separate plans for each service provider was to improve the integration of activities and services from different providers and to help job seekers see how these negotiated activities complement each other.

Pilot for Disability Support Pension recipients

Between December 2003 and June 2004, a pilot program was conducted to explore strategies to engage Disability Support Pension recipients with available Job Network employment services to help them find work. Objectives of the pilot were to:

- actively engage Disability Support Pension recipients at a local level and support their participation in the labour market (including but not limited to tailored marketing strategies and employment service initiatives);
- develop transferable initiatives to be promoted as best practice to generalist Job Network providers nationally; and
- develop processes to enable all employment service providers to service this client group effectively.

DEWR 2004b and DEWR 2005b present the findings to date of the pilot's evaluation. Key conclusions from these reports were that recent labour market experience increased the likelihood of Disability Support Pension recipients obtaining employment, employers with experience of employing people with disability had a positive attitude to hiring Disability Support Pension recipients and more could be done to increase awareness of government support available to employers who hire people with disability.

Intensive Support customised assistance contacts

On 25 March 2004 the department wrote to Job Network members to encourage them to make full use of the *APM's* flexibility. Providers were advised that the number of contacts with job seekers in Intensive Support customised assistance could be tailored to suit individual job seekers' needs. If the job seeker agreed, this could have included less frequent contacts between job seekers and their Job Network provider than was originally specified in the Employment Services Contract.

Parenting Payment trial

From May 2004 the Department of Family and Community services and Centrelink combined with the department in a trial to increase voluntary participation in Job Network by Parenting Payment recipients. The trial included ensuring that parents were invited to participate in Job Network during their new claim interview and at interviews with Personal Advisors and Jobs, Education and Training advisers. During 2004–05 new administrative arrangements were introduced to allow Parenting Payment recipients to register directly with Job Network members rather than requiring a referral from Centrelink. Referral from Centrelink remained an option.

Job Seeker Classification Instrument

The JSCI threshold for job seekers to be classified as highly disadvantaged was increased from 23 to 25 points on 3 July 2005. The change was made to improve the targeting of intensive services to those most in need of assistance. Changes were also made to some of the geographical weightings in the instrument at this time to better reflect a diminishing level of regional disparity in job seeker disadvantages and improved labour markets in many locations.

Job Seeker Account guidelines

On 31 March 2005 DEWR issued Job Network providers with updated guidance on the use of Job Seeker Account funds which aimed to ensure that funds were used in a cost-effective and accountable manner. The guidance placed further limits on the items the funds could be used to purchase. Items such as mobile phones, job seeker incentives and some expenses related to self-employment could no longer be funded using the account.

RapidConnect

RapidConnect, introduced in September 2005, aimed to reduce the time job seekers waited for employment assistance and increase attendance at appointments. In a job seeker's first contact with Centrelink, an initial appointment with the job seeker's Job Network member was booked to occur within two working days and a Centrelink new claim interview to occur within 14 days. Job seekers streamed through *RapidConnect* were required to attend a Job Network appointment or risk deferral of their Newstart of Youth Allowance (other) payment until they did so.

Job Search Training for youth

From July 2004 all job seekers aged 15 to 24 years who were Fully Job Network Eligible received immediate access to Intensive Support job search training.

Attachment B: Data sources

The evaluation of the *APM* has made use of a wide range of data sources. Specific studies and surveys were undertaken as well as the analysis of other survey and administrative data.

Specific studies

2006 Job Placement Survey

This study had two components—one assessing the effect of the introduction of Job Placement Licences and the other gauging whether the *APM* changed job search behaviour.

- The Job Placement licence study was designed to assess the effect of the introduction of the licences on employment exchange services, labour market accessibility and job seeker outcomes. Information was also collected on the registration of vacancies by Job Placement Licensed Organisations and Job Network members and job seekers' awareness of organisations outside Job Network with a Job Placement licence.
- The impact on job search study assessed the effect of the *APM* on job search intensity. It looked at type of job search methods used, applications submitted by job seekers, the role of providers in promoting and maintaining intensive job search and the most effective forms of job search. The impact of innovations associated with the *APM*, such as auto-matching, on job search behaviours was also researched.

A mixed qualitative and quantitative research methodology was used for each component. The qualitative element, conducted first, consisted of eleven focus groups with job seekers, nine in-depth interviews with Job Network members and eleven in-depth interviews with Job Placement Licensed Organisations. The research was conducted in metropolitan and regional areas across four States during the first half of December 2005. The quantitative field work for both elements of the study was conducted between January and March 2006. Telephone interviews were conducted Australia-wide with 2,500 job seekers and 770 providers, including 494 Job Network members and 276 Job Placement Licensed Organisations.

The sample for the survey of job seekers consisted of job seekers who were eligible for Job Network (including Job Search Support only). Job seekers who had received a job referral and those who were placed in a job by a Job Placement Licensed Organisation were over sampled.

2006 Job Network Services Survey

This survey was designed to measure the extent to which the *APM* helped disadvantaged job seekers find employment. The survey collected data from job seekers who had participated in Intensive Support customised assistance on their current employment status, work history, job search activity, barriers to employment and experiences with Job Network. The survey included interviews with 2,800 English-speaking respondents between April and June 2006 and 285 non-English speaking respondents during August 2006.

The survey sample consisted of:

- people who participated in Intensive Support customised assistance for the first time between September 2005 and March 2006; and

- people who commenced a second episode of Intensive Support customised assistance after February 2005, who had completed this assistance before February 2006 and whose duration of assistance was at least six months.

Other sources

Other data sources for the evaluation include the results from research conducted by the department and the department's administrative data holdings and ongoing data collections.

Job Seeker Account evaluation

The Job Seeker Account (JSKA) Study was based on an analysis of DEWR administrative data, a survey of job seekers and qualitative studies of the provider practices and the views of job seekers.

A survey of around 4,800 job seekers was undertaken between May and July 2005. It collected data on, amongst other things, job search activity, frequency of contact with Job Network, access to training, pre-employment assistance, post placement support and assistance, satisfaction with the assistance they received from Job Network, current labour force status, and barriers to labour market engagement.

Two separate qualitative studies that looked at how Job Network members made decisions on the use of the JSKA and lessons learnt from their initial experiences with the account were also conducted. The first component was in the field between March and May 2004 and included:

- interviews with account managers and contract managers;
- interviews with Job Network staff at head office and site level; and
- focus groups with job seekers who had received JSKA assistance.

The second study conducted between December 2004 and February 2005 included:

- interviews with site managers and experienced employment consultants; and
- focus groups and in-depth interviews with job seekers.

An evaluation report on the JSKA was released in December 2006 (DEWR 2006d).

Best practice study

The first Job Network best practice study was produced in 2001. The latest report looked at the characteristics that were associated with better performance as measured through star ratings. The study was conducted over the period September 2004 to June 2006 and included:

- 30 case studies of high, medium and low performers, in which site managers were asked a series of open ended questions on a range of issues that may have affected performance;
- a regression analysis linking the star ratings of all sites with administrative data detailing provider strategies such as the use of the JSKA and staffing and employer servicing issues; and
- an analysis of the quality of job seekers vocational profiles which are used to match job seekers to vacancies lodged on the Australian JobSearch web site.

The Job Network best practice report was released in September 2006 (DEWR 2006c).

Net impact analysis

The methodology for the net impact study used was in line with the approach endorsed by the OECD and the Productivity Commission. It used a *matched comparison approach* whereby job seekers who participated in assistance were broadly matched with comparison job seekers using individual characteristics (ie, age, gender, duration of unemployment) and local area factors (ie, employment growth and unemployment rate). A comparison job seeker is someone who did not participate in the phase of assistance in the previous six months.¹⁴³ The methodology examined employment impacts 12 months from commencement in a phase. Employment outcomes were measured through over 10,000 self-reported survey results.¹⁴⁴

Universal access to assistance in Australia means that determining an accurate control group was difficult. Moreover, changes to assistance associated with the *APM* where most job seekers participate in continuous assistance meant constructing an accurate control group was more problematic. Members of the control group could have been referred to other forms of assistance thereby improving their outcomes and reducing any difference between their outcomes and those of the program group. As a result, the reported net impacts within the study were, other things being equal, likely to be more conservative than those in the past (see DEWR 2006b for more information).

The net impact report was released in September 2006 (DEWR 2006b).

Use of Complementary Programs by Job Network

DEWR commissioned qualitative research into the use of Complementary Programs as part of research into Job Network members' servicing regimes. In-depth interviews were conducted with Job Network site managers or senior employment consultants at 12 Job Network offices in Tasmania, Victoria and New South Wales in November and December 2005.

Job Network members were initially categorised as having provided a "high" or "low" number of referrals to Complementary Programs. At least one "high" referring Job Network member and one "low" referring Job Network member from the same employment service area was included in the study. The interviews explored the nature of Complementary Programs and the extent to which they were used. Also investigated was the extent to which Job Network recorded referrals in DEWR's administrative system.

Administrative data

The DEWR Integrated Employment System contains information on job seekers who had received employment assistance, such as the type of assistance received, placements, commencements, job referrals and placements and paid outcomes. Centrelink Income Support Information System is the source of data on income support recipients and the income support status and earnings of former program participants.

¹⁴³ The study included those job seekers who had been in receipt of Newstart or Youth Allowance (other) in February 2004.

¹⁴⁴ Detailed information on the regression analysis methodology applied can be found in the net impact report (DEWR 2006b).

Post-program Monitoring Survey

An ongoing Post-program Monitoring Survey is undertaken by DEWR to assess the employment and education status of job seekers about three months after finishing a phase of assistance. The survey uses a split sampling methodology with around 400,000 job seekers surveyed annually (across both Job Network and Complementary Programs). Previously, job seekers who left employment assistance and then proceeded to another employment assistance place (that is, those in further employment assistance) were not surveyed but with the introduction of the *APM* they were included in the sample.¹⁴⁵ The overall response rate (of about 60%) provides outcomes estimates that were generally accurate to within plus or minus 1% at the national level.

Long-term outcomes surveys have also been conducted for Intensive Support job search training and Intensive Support customised assistance participants. A random sample of just under 7,800 job seekers who had responded to a Post-program Monitoring Survey three months after completing a period of job search training or customised assistance in October 2004 was followed for 16 months after completing their placement to assess their longer-term employment outcomes and employment history over that period.

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. Additional research (such as employer surveys and qualitative case studies) was also undertaken to gather further details of specific issues (for example, employer usage of Job Network and other recruitment methods, provider servicing strategies and so on). Surveys are conducted regularly (monthly, annually or biennially) using computer-assisted telephone, or face-to-face, interviews.

The key elements of the program that were used in the evaluation included the:

- *Job Seeker Omnibus Survey*—the survey measures job seekers' perceptions of the professional conduct of their Job Network member, including information on job seekers' experiences with specific aspects of employment services. The survey is a quarterly survey of 1,500 job seekers¹⁴⁶ eligible for Job Network services which has been conducted since 2002.
- *2005 Survey of Employers*—in February 2005 around 6,000 interviews with employers were conducted to examine their experiences with Job Network, including recruitment methods, awareness, understanding and usage of Job Network, and service quality. A report of the survey's main findings has been released (DEWR 2005a). Surveys of employers have also been conducted in 1997, 1999 and 2001.
- *Survey of Employment Service Providers*—this survey has been run annually since 1999. It seeks the views of Job Network members, Community Work Coordinators and New Enterprise Incentive Scheme (NEIS) providers on the quality of services provided by Centrelink and DEWR and on changes made in policy during the year of interest. The survey is designed to monitor DEWR's performance in relation to managing employment service contracts (including Job Network) and Centrelink's performance against customer service objectives. The survey employs a census methodology,

¹⁴⁵ See the department's *Labour Market Assistance Outcomes* report for a full discussion of the change in sampling methodology.

¹⁴⁶ In some months there may have been a top-up topic in the survey which would have resulted in a larger survey sample being selected.

including all Job Network members, Community Work Coordinators and NEIS providers contracted to the department at the time of the survey. Survey information is collected at the site level.

- *2001 Job Network Participants Survey*—information on employment status, job search activity, work history and experience with Job Network was among the data collected in this survey. See DEWR 2002a for more details on the survey

Results from qualitative research conducted as part of the Service Quality Monitoring Program were also used in the evaluation.

Bibliography

- Australian National Audit Office 2006, *Job Placement and Matching Services—Department of Employment and Workplace Relations*, Audit Report No. 49 2005–06, The Auditor-General, Canberra.
- Australian Bureau of Statistics 2005, *Labour Force Experience*, Catalogue No. 6206.0, July 2005, ABS, Canberra.
- Australian Bureau of Statistics 2006a, *Australian National Accounts: National Income, Expenditure and Product - September Quarter 2006*, Catalogue No. 5206.0, December 2006, ABS, Canberra.
- Australian Bureau of Statistics 2006b, *Job Search Experience Australia*, Catalogue No. 6222.0, July 2006, ABS, Canberra.
- Australian Bureau of Statistics 2006c, *Labour Force Australia - Spreadsheets*, Catalogue No. 6202.0.55.001 and *Labour Force Australia, Detailed—Electronic Delivery*, Catalogue No. 6291.0.55.001, ABS, Canberra.
- Australian Bureau of Statistics 2006d, *Labour Mobility Australia*, Catalogue No. 6209.0, February 2006, ABS, Canberra.
- Boxall, P. 2003, *Measuring Performance: the state of the art*, Presentation to the Australian and New Zealand School of Government, Department of Employment and Workplace Relations, Canberra.
- Brough, M. 2002, *Employment Services: an Active Participation Model*, Discussion Paper, DEWR Canberra.
- Carino-Abello, A., Pederson, D. and King, A. 2001, *Dynamics of Earned Income in Australia—An Application using the 1994–1997 Survey of Employment and Unemployment Patterns*, Australian Bureau of Statistics, Occasional Paper Catalogue No. 6293.0.00.007, Canberra.
- Catholic Social Services Australia 2006, *Discussion Paper: A Job Network for Job Seekers*, Catholic Social Services Australia, Canberra.
- Dar, A. and Tzannatos, Z. 1999, *Active Labour Market Programs: A Review of the Evidence from Evaluations*, Social Protection Department, Human Development Network, The World Bank, Washington.
- Department of Employment, Education, Training and Youth Affairs 1997, *The Net Impact of Labour Market Programs: Improvements In The Employment Prospects Of Those Assisted*, EMB Report 2/97, AGPS.
- Department of Employment and Workplace Relations 2001, *2001 Employer Survey Papers. Topic 2: Employer Endorsement of Job Network*, Employment Analysis and Evaluation Group, DEWR, Canberra.

- Department of Employment and Workplace Relations 2002a, *Job Network Evaluation Stage Three: Effectiveness Report*, EPPB Report 1/2002, DEWR, Canberra.
- Department of Employment and Workplace Relations 2002b, *Request for Tender: Employment Services Contract 2003–2006 for Job Network Services, New Enterprise Incentive Scheme, Harvest Labour Services and National Harvest Labour Information Services, General Information and Description of Services and Tendering Conditions, Application Requirements and Draft Contracts*, DEWR, Canberra.
- Department of Employment and Workplace Relations 2003a, *Indigenous Employment Policy Stage Two: Effectiveness Report*, EPPB Report 1/2003, DEWR, Canberra.
- Department of Employment and Workplace Relations 2003b, *Intensive Assistance and Job Search Training - A Net Impact Study*, EPPB Report 2/2003, DEWR, Canberra.
- Department of Employment and Workplace Relations 2004a, *Complementary Programs June 2004*, DEWR, Canberra.
- Department of Employment and Workplace Relations 2004b, *Job Network Disability Support Pension Pilot: Interim Evaluation Report*, DEWR, Canberra.
- Department of Employment and Workplace Relations 2004c, *The Sustainability of Outcomes: Job Search Training, Intensive Assistance and Work for the Dole*, EPPB Report 1/2004, DEWR, Canberra.
- Department of Employment and Workplace Relations 2005a, *2005 Employer Survey*, Research and Evaluation Group, DEWR, Canberra.
- Department of Employment and Workplace Relations 2005b, *Job Network Disability Support Pension Pilot: Progress Report*, Research, Evaluation and Legislation Group, DEWR, Canberra.
- Department of Employment and Workplace Relations 2005c, *Labour Market and Related Payments - a monthly profile*, July 2005, DEWR, Canberra.
- Department of Employment and Workplace Relations 2006a, *Annual Report 2005-06*, DEWR, Canberra.
- Department of Employment and Workplace Relations 2006b, *Customised Assistance, Job Search Training, Work for the Dole and Mutual Obligation - A Net Impact Study*, EPPB Report 1/2006, DEWR, Canberra.
- Department of Employment and Workplace Relations 2006c, *Job Network - Best Practice September 2006*, DEWR, Canberra.
- Department of Employment and Workplace Relations 2006d, *Job Network - Job Seeker Account Evaluation*, Research and Evaluation Group, August 2006, DEWR, Canberra.
- Department of Employment and Workplace Relations 2006e, *Labour Market and Related Payments - a monthly profile*, July 2006, DEWR, Canberra.

- Department of Employment, Workplace Relations and Small Business 2001, *Job Network Evaluation Stage Two: Progress Report*, EPPB Report 2/2001, DEWRSB, Canberra.
- Department of Family, Community Services and Indigenous Affairs 2007, 1.1.A.40 Activity test (NSA, YA (jobseekers)), *Guide to Social Security Law*, Version 1.129, released 5 November 2007.
http://www.facsia.gov.au/guides_acts/ssg/ssguide-1/ssguide-1.1/ssguide-1.1.a/ssguide-1.1.a.40.html#
- Department of Immigration and Multicultural Affairs 2006, *Fact Sheet 20. Migration Program Planning Levels*.
<http://www.immi.gov.au/media/fact-sheets/20planning.htm>
- Dunlop, Y. 2000, *Labour Market Outcomes of Low Paid Adult Workers: An Application Using the Survey of Employment and Unemployment Patterns*, Australian Bureau of Statistics Occasional Paper, Catalogue No. 6293.0.00.005, Canberra.
- Flatau, P. and Dockery, M. 2001, *How do Income Support Recipients Engage with the Labour Market*, Policy Research Paper No. 12, Department of Family and Community Services, Canberra.
- Martin, J. 2000, "What works among active labour market policies: evidence from OECD countries' experiences", *OECD Economic Studies*, No. 30, 2000/1, Paris.
- Martin, J. and Grubb, D. 2001, *What works and for whom: a review of the OECD countries' experiences with active labour market policies*, IFAU- Office of Labour Market Policy Evaluation, Working Paper 2001:14, Uppsala, Sweden.
<http://www.ifau.se/swe/pdf2001/wp01-14.pdf>
- Productivity Commission 2002, *Independent Review of Job Network*, Inquiry Report, Report No. 21, 3 June, Canberra.

List of acronyms

<i>APM</i>	<i>Active Participation Model</i>
ABS	Australian Bureau of Statistics
ANAO	Australian National Audit Office
DEETYA	Department of Employment, Education, Training and Youth Affairs
DEWR	Department of Employment and Workplace Relations
DEWRSB	Department of Employment, Workplace Relations and Small Business
EPPB	Evaluation and Program Performance Branch
ESC2	(Second) Employment Services Contract
ESC3	(Third) Employment Services Contract
FaCSIA	Department of Family, Community Services and Indigenous Affairs
IA	Intensive Assistance
IS	Intensive Support
ISca	Intensive Support customised assistance
ISca1	Intensive Support customised assistance (period 1)
ISca2	Intensive Support customised assistance (period 2)
ISjst	Intensive Support job search training
ISmo	Intensive Support mutual obligation
IT	Information Technology
JobSearch	Australian JobSearch
JPLO	Job Placement Licence Organisations
JSCI	Job Seeker Classification Instrument
JSKA	Job Seeker Account
JSS	Job Search Support
NEIS	New Enterprise Incentive Scheme
OECD	Organisation for Economic Cooperation and Development
OH&S	Occupational Health and Safety
SMS	Short Message Service