



The Job Commitment Bonus for Young Australians Evaluation Key Findings

Background

The Job Commitment Bonus for Young Australians (JCB) Evaluation report has been released on the website of the Department of Jobs and Small Business. The JCB was a demand driven, uncapped program that offered an incentive payment to people aged 18 to less than 31 years who had been on Newstart Allowance (NSA) or Youth Allowance (Other) (YA(O)), or a combination of both, for a period of 12 months or more. To be eligible to claim the first bonus of \$2500, recipients had to find and keep a job, and remain completely off welfare for a continuous period of 12 months. A further \$4000 was available to those who remained employed and off income support for a further 12 months (24 months in total).

The JCB operated for two and a half years between 1 July 2014 and 31 December 2016, with bonus claims submitted between July 2015 and March 2017. The former Department of Employment (DoE)¹ was responsible for policy, monitoring and evaluation, while the Department of Human Services (DHS) was responsible for program delivery. The initial allocated funding over five years to DHS and DoE was \$157.1 million. Actual program expenditure was much lower than originally allocated due to low take-up and the program's early cessation.

Evaluation Questions

This evaluation addresses four key questions in order to assess the effectiveness of the JCB in achieving its objective of encouraging young long-term unemployed Australians to find work and remain sustainably off welfare. These are:

1. Did the JCB influence take-up and retention of employment among young (18 to 30 years) long-term unemployed people?
2. Did employment outcomes and off-income support outcomes of young long-term unemployed people increase following the introduction of the JCB?
3. What other types of financial incentive or support (for example, post placement, job seeker payments and employer subsidies), if any were received in conjunction with the JCB?
4. Was the JCB cost effective?

¹ Now the Department of Jobs and Small Business.

Findings

Awareness and Take-up

Certain groups were more likely to claim the JCB if they were eligible, including; single parents, people with tertiary education, people with disability and women.

Take-up was lower than anticipated, largely because of low awareness among the target cohort. The challenges of designing an effective communication strategy for this group, coupled with the lack of explicit funding for targeted communications, were major reasons for this. There is evidence that awareness of the program increased as the program matured, as a result of word of mouth and increasing promotion via social media.

Other factors that hampered take-up included:

- negative perceptions and experience with the income support system
- aspects of the program design, for example: the perceived complexity/lack of flexibility in the qualification rules
- perceived value of the bonus.

Impact

No evidence of JCB program impact on job search behaviour was found, but there was some evidence of a very small impact on encouraging more sustainable income support exits.

People's responses to the offer of the JCB, like any financial incentive, were complex and variable. The evaluation uses a well-established behavioural model to explain people's reactions to the JCB based on their motivational balance and self-efficacy (self-confidence and barriers faced). The evaluation concludes that incentive programs, such as the JCB, would be more efficient and effective if targeted specifically to job seekers with low motivation to work and/or a greater risk of returning to income support.

Recommendations

The report recommends that:

Program design should:

- be simple, with easy to meet eligibility requirement (not complex and confusing)
- consider the status of the labour market and how this will affect people's ability to qualify
- ensure design does not discourage people who are making genuine progress towards goals
- consider all types of employment (i.e. permanent, contract, casual, seasonal) recognising the types of employment prevalent among young people
- when designing payment schedules, recognise that people will discount the future value of a bonus depending on how likely they perceive their chances of attaining it
- consider trials (perhaps randomised) to determine the most effective payment schedules for particular job seeker groups
- target financial incentives to people with low motivation to seek employment and/or who are at risk of returning to income support

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- address issues of self-efficacy by providing assistance in overcoming barriers and building self-confidence within the program or through other employment service programs (e.g. jobactive) that work in conjunction.

Communication should:

- involve sufficient dedicated resources for a strong, well-designed communication campaign
- ensure high levels of awareness and a good understanding of eligibility requirements
- encourage take-up.

Implementation needs:

- strong communication and relationships between departments
- a clear understanding of roles and responsibilities between stakeholders
- adequate and timely departmental and employment services provider staff training and development
- information technology staff with appropriate expertise and knowledge, as was the case with the JCB.