



The Evaluation of jobactive Interim Report

Departmental Response to Findings

jobactive context

The Australian labour market is large, has been growing and is dynamic. Labour market conditions in Australia have been strengthening, with employment increasing by 339,176 (or 2.7 per cent) to 12,915,200 in the 12 months to July 2019, well above the decade average rate, of 1.6 per cent. The unemployment rate has remained steady over the same period, at 5.3 per cent in July 2019, while the participation rate has increased by 0.6 percentage points over the period, to 66.1 per cent in July 2019. This suggests that the improvement in labour market conditions is encouraging people to enter the labour market in search of work. Employment is central to national economic strength and wellbeing. The Australian Government (the Government) continues to focus on reducing unemployment and particularly youth unemployment.

Australia's mainstream employment service, jobactive, commenced on 1 July 2015 and will operate under the current contract until June 2022. In its first 49 months of operation (July 2015–July 2019) there were around 1.8 million commencements in jobactive services, with approximately 750,000 people participating at any one point in time. Between 1 July 2015 and 31 July 2019, jobactive achieved more than 1,400,000 job placements and 433,000 employment outcomes lasting six months or more.

With an estimated administered cost of \$9.2 billion over 2015-2022, jobactive contracts 42 companies and not-for-profit organisations to provide employment services in more than 1700 locations, spread across 51 employment regions.

Design principles and continuous improvement

The design of jobactive is based on the lessons learned through previous iterations of employment services and is intended to better align job seeker obligations with community expectations, particularly for the long-term unemployed. Key features of jobactive when compared with its predecessor, Job Services Australia (JSA), include:

- job seekers are activated while on income support
- training should be linked or lead to employment
- the payment structure encourages providers to focus on long-term sustainable employment outcomes which get job seekers either fully or partially off income support
- a reduced number of service streams and increased flexibility for providers

- an initial five year contract, fewer employment regions and a maximum of seven providers in each region to simplify and promote economies of scale and market stability
- a strengthened program of wage subsidies.

In addition, jobactive has been subject to continuous improvement as and when the department had the opportunity to do so. These improvements have been based on feedback from a range of stakeholders including providers and peak bodies, as well as internal assessment of program performance at the time. Examples include:

- aligning Work for the Dole phase entry, so that all job seekers enter the Work for the Dole phase 12 months after commencement
- increasing the range of goods and services a provider can fund using the Employment Fund. This includes enabling the purchase of non-accredited training in specified circumstances, Indigenous training and mentoring programs, and increasing the funding available for a job seeker to obtain a driver's licence
- improving and simplifying processes and guidelines
- investing in new systems to improve interactions with jobactive, for example the Employer jobactive app
- trialling innovative new ideas, such as the Online Employment Services Trial.

Prior to the original end date for jobactive contracts, consultation began on the design of the subsequent employment services model.

Specialised programs

Evidence from evaluations of JSA showed that specialised services targeting key difficult-to-place cohorts were effective. As a result, the Government provides a range of specialised assistance alongside jobactive to support job readiness including:

- Transition to Work – a service to support young people aged 15–21 on their journey to employment. The service provides intensive, pre-employment support to improve the work readiness of young people and help them into work (including apprenticeships and traineeships) or education.
- Empowering YOUth Initiatives – grant funding supported new, innovative approaches to help long-term unemployed young people aged 15 to 24 to improve their skills and move toward sustainable employment. Funding supported 39 initiatives over two rounds. The first organisations to deliver the new Empowering YOUth Initiatives were announced in March 2016. The Round 2 Empowering YOUth Initiatives were announced on 7 March 2017. The initiatives are now concluded and evaluation is in train.
- Career Transition Assistance Program – a short, intensive course to assist mature age job seekers (aged 50 years and over) to reskill, identify new career opportunities and strengthen their resilience. Additional IT training is available for job seekers where appropriate. The program in its trial form has been running in five locations since 1 July 2018. On 1 July 2019 it was rolled out nationally to all employment regions.

These complement services and activities integral to jobactive, including the New Enterprise Incentive Scheme, the National Work Experience Programme, Youth Jobs PaTH, wage subsidies and Work for the Dole.

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Performance of jobactive

The number of participants who have been in mainstream employment services for more than 12 months remains high at around 400,000 (as at July 2019), and has approximately doubled since the onset of the Global Financial Crisis. However, the interim evaluation indicates jobactive was achieving better results for the long-term unemployed caseload than JSA 2012 and this is likely due to the increased focus on employment outcomes overall. The proportion of job seekers on income support for 12 to 24 months finding work was five percentage points higher under jobactive. Results for jobactive were also 3.9 percentage points higher than JSA 2012 for those who had been in service for more than 2 years.

The Evaluation of jobactive Interim Report presents initial evidence on the effectiveness of the program during its first year of operation, capturing outcomes from early interventions and servicing in this period. The analysis indicates that jobactive performed better than JSA 2012 at an equivalent point in time, noting that experience indicates the introduction of new services takes some time to bed down.

jobactive has improved job seekers' engagement as measured by time taken from registration to commencement in services, attendance at appointments and reconnection to services after missing an appointment. This is likely to reflect the impact of Rapid Connect and the strengthening job seeker attendance changes that operated until replaced by the new Targeted Compliance Framework from July 2018.

Early evidence suggests that jobactive is more effective in helping disadvantaged job seekers (i.e. the long-term unemployed or Stream B and C job seekers) achieve labour market outcomes than its predecessor JSA 2012.

The Evaluation of jobactive Interim Report finds lower study rates under jobactive than under JSA 2012. This is likely due to the increased focus on employment outcomes under jobactive and the move away from unnecessary training. Given that evidence shows that employment outcomes are poor for Certificate I and Certificate II, some movement away from over-investment in courses that cycled job seekers through training was desirable.

The department continues to monitor the use of training and has implemented a number of measures to ensure providers are using the flexibility available in the jobactive model to train job seekers in the skills and qualifications that will enhance their employability. This includes promoting the Employment Fund to pay for accredited and non-accredited training to achieve outcomes, introducing targeted pre-employment training and introducing access to culturally appropriate training and mentoring for Indigenous job seekers as announced in the 2017-18 Budget. The 2017-18 Budget also introduced changes for mature age job seekers with the Employment Fund now being available to fund participation in the Career Transition Assistance program.

jobactive is relatively more effective than JSA 2012 at helping job seekers aged under 25 years to find work. The Government has made significant investments to help young people get jobs in the Budgets since 2015-16 including:

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2015-16

- The \$885 million Youth Employment Package, comprising the Youth Jobs PaTH (\$763 million) and the Encouraging Entrepreneurship and Self-Employment (\$92 million) measures.

2016-17

- Youth Employment Strategy, encompassing the Transition to Work program (\$322 million) and the Empowering YOUth Initiatives (\$50 million).

2017–18

- Released as part of the Budget, the \$55.7 million Closing the Gap – Employment Services Package will help many young Aboriginal and Torres Strait Islander people connect to the labour force.

2018-19

- Increased funding (to \$547.1 million, over four years from 2018-19) for the Transition to Work service, which moved from a capped funding model to a more flexible demand driven funding model; and
- A one-off grant of \$700,000 for the Brotherhood of St Laurence to establish a National Youth Employment Body.
- Eligibility for the Internships element of Youth Jobs PaTH was extended in the Mid-Year Economic and Fiscal Outlook by removing waiting periods from July 2019.

2019-2020

- \$10 million was provisioned for the Youth Jobs PaTH Industry Pilots.
- Expanded eligibility for Transition to Work to 22-24 year olds, with effect from January 2020.

Red tape

Achieving reductions in the compliance burden associated with employment services, while ensuring providers and job seekers remain accountable, has been a consistent challenge. Red tape estimates declined significantly over the six years of JSA, from \$321.9 million per annum in 2009 to \$259.3 million per annum in 2015. The Government has continued to reduce overall compliance costs in the employment services market, with red tape costs in the first year of jobactive reduced to \$197.1 million.

Further measures have been adopted which will reduce red tape including:

- To help streamline Work for the Dole administration, Work for the Dole Coordinator contracts ceased and jobactive providers source all Work for the Dole places (since 1 January 2018).
- To help reduce administration associated with job seeker compliance, a new Targeted Compliance Framework was introduced on 1 July 2018. The new framework focuses on job seekers who persistently and wilfully fail to comply with requirements and is intended to be simpler for providers to understand and administer, while providing greater protection for vulnerable job seekers.

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Next steps and future policy development

Employment Services Expert Advisory Panel

To inform the design of the next employment services model, the Government established the Employment Services Expert Advisory Panel (the panel) on 22 January 2018. Following consideration of the panel's report (*I want to work*, published on 14 December 2018), the Government is transforming Australia's employment services system to deliver better services to job seekers and employers and a better system for providers.

New Employment Services Trial

Key elements of the new employment services model are being trialled in Adelaide South, South Australia, and the Mid North Coast, New South Wales, from 1 July 2019 to 30 June 2022. The Trial will ensure the new employment services model is carefully designed, evaluated, refined and enhanced prior to being rolled out nationally. In order to continue to provide employment services while designing and trialling new services, jobactive contracts in other regions have been extended to June 2022 while the Trial is underway.

Conclusion

The jobactive contract expires in June 2022. Preliminary evidence from monitoring data suggests that policy changes made under jobactive are helping address unemployment challenges for disadvantaged job seekers while reducing red tape costs for the employment services market. The department will continue to monitor outcomes from the jobactive model as well as focusing on the New Employment Services Trial.

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