



The Evaluation of jobactive Interim Report

Key Findings

Background

The Evaluation of jobactive Interim Report has been released on the website of the Department of Employment, Skills, Small and Family Business (the department). The jobactive program is an Australian Government funded labour market program that commenced on 1 July 2015. Replacing the previous Job Services Australia (JSA) program, jobactive is part of the Government's commitment to promote stronger workforce participation among people of working age, and to help more job seekers move from welfare to work. In order to fulfil this commitment, jobactive is designed to:

- ensure job seekers better meet the needs of employers
- increase job seeker engagement by introducing stronger mutual obligation requirements
- increase job outcomes for unemployed Australians
- reduce prescription and red tape for service providers.

Evaluation Scope

The Report provides an assessment of the program's effectiveness in its first year of operation by examining:

- job seeker activation through engagement in services and activities
- labour market outcomes of job seekers
- reduction in regulatory and administrative burden experienced by jobactive providers.

The interim evaluation does not attempt to assess comprehensively the performance of jobactive due to limitations in data available at the time the analysis was undertaken. Subsequent jobactive evaluation reports will benefit from the availability of additional data.

Evaluation Approach

The Report evaluates jobactive principally by comparing it to the predecessor employment services model, JSA: specifically under the policy settings that applied from 2012 to 2015 (JSA 2012).

When assessing the effectiveness of jobactive in assisting job seekers to achieve labour market outcomes, regression techniques are used to account for differences in job seeker characteristics and macroeconomic conditions between jobactive and JSA 2012.

The relative effectiveness of jobactive in assisting job seekers to achieve labour market outcomes is assessed using three measures: exits from employment service programs; exits from income support; and reductions in income support dependency.

The analysis is mainly based on the department's Employment Services System administrative data, supplemented by information collected through surveys and qualitative fieldwork with job seekers and providers.

Main evaluation results

Overall, the analyses of the early results suggest that jobactive has improved job seeker engagement in services, and jobactive is more effective in helping more disadvantaged job seekers (e.g. the long-term unemployed or Stream B and C job seekers) achieve labour market outcomes than JSA 2012. The evaluation notes further analysis is required to confirm if these patterns of results hold as more data become available.

Several aspects of job seeker engagement improved under jobactive, compared to JSA 2012.

- The time from registration to commencement for most job seekers was less in jobactive relative to JSA 2012.
- The appointment attendance rate increased under jobactive, fewer job seekers failed to attend appointments without a valid reason, and job seekers reconnected to services more quickly in the event of missing an appointment. This reflects the more stringent compliance framework under jobactive.
- A higher number and proportion of the jobactive caseload was participating in an activity (including Work for the Dole, education and training, interventions, employment or work experience). This reflects the relatively more demanding Mutual Obligation Requirements under jobactive.
- A smaller proportion of job seekers who undertook an activity or reported having some level of employment undertook education or training in jobactive compared to JSA 2012. This reflects tighter rules for the provision of training and education for job seekers.

The effectiveness of jobactive in assisting job seekers to achieve labour market outcomes at the program level depended on the study populations used.

- When the new entrant job seeker populations were examined, jobactive was found to be more effective than JSA 2012 for less job ready job seekers (Streams B and C) for all three outcome measures. However, jobactive was found to be less effective than JSA 2012 for Stream A job seekers, who make up over 85 per cent of the new entrant study population. This result may, in part, be explained by different incentives between the models for providers to assist more job ready job seekers.
- When the caseload job seeker populations were analysed, jobactive was found to be more effective than JSA 2012 in achieving labour market outcomes for all three measures. For the caseload job seekers, the effectiveness of jobactive in achieving exits from income support

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was larger for Streams A and C, male and younger job seekers than for Stream B, female and mature-age job seekers respectively.

- These results could be explained by the incentive structure under jobactive, which more heavily rewards outcomes overall, and provides significantly higher payments for the most disadvantaged job seekers compared with JSA 2012.

The Work for the Dole phase of jobactive was found to be more effective than the Work Experience phase of JSA 2012 in assisting job seekers to obtain labour market outcomes.

The effectiveness of jobactive's Work for the Dole phase relative to JSA 2012's Work Experience phase in achieving both program and income support exits was larger for Stream A job seekers than for Stream B and C job seekers; it was also found to be larger for non-Indigenous job seekers than for Indigenous job seekers.

The survey and qualitative research involving providers showed that they were generally supportive of the renewed focus on employment outcomes under jobactive, but were sceptical of collaboration in a competitive environment. While providers welcomed the flexibility of job seeker servicing under the jobactive contract they were dissatisfied with the way some specific categories of job seekers were allocated to a stream.

The estimated cost of regulatory and administrative burden declined by 24.0 per cent between JSA 2012 (\$259.3 million) and jobactive (\$197.1 million). The reduction primarily affected providers.

Conclusion

Early results indicate jobactive has been effective at increasing job seeker engagement and mutual obligation requirements, with greater participation in activities such as Work for the Dole, and better outcomes than under JSA 2012 for particular job seeker groups. Effectiveness in achieving outcomes overall are mixed but the early evidence suggests that jobactive has been more effective in helping more disadvantaged groups than JSA 2012. The evaluation notes further investigation is required to understand the extent to which this is a program effect or an artefact of the study design. Early quantitative analysis indicates regulatory burden has reduced for providers. The final jobactive evaluation report will provide a more detailed analysis of performance of the jobactive program over a longer operating period.

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