



Australian Government

Australian Government response to the
Senate Education and Employment References Committee

**Report on the appropriateness and effectiveness of the
objectives, design, implementation and evaluation of
jobactive**

Australian Government response

The Australian Government welcomes the Senate Education and Employment References Committee (the committee) report of February 2019 on *jobactive*, including its appropriateness and effectiveness of the objectives, design, implementation and evaluation.

The Government thanks the committee for its report and the many people who took the time to provide submissions and appear as witnesses.

The Australian Government's response to the Report *jobactive: failing those it is intended to serve* is set out below.

Recommendations 1 to 41

Since its introduction in July 2015, *jobactive* has achieved good outcomes, with more Australians employed through *jobactive* than under previous programs. Over the period from 1 July 2015 to 30 April 2020, *jobactive* has achieved more than 1.6 million job placements.

The Department of Education, Skills and Employment (the department) monitors the effectiveness of *jobactive* through Post-Program Monitoring surveys. The surveys measure participants' labour market status after participation in employment services and their satisfaction with the assistance they received. For job seekers who participated in *jobactive* between April 2018 and March 2019, 48.6 per cent were employed three months later.¹ For Stream A job seekers, this figure is 58.7 per cent. For Stream C job seekers (the most disadvantaged), more than a quarter were employed three months later.

Job seekers in *jobactive* report they are satisfied with the quality of services. More than half of surveyed job seekers (58.9 per cent) reported being 'satisfied' or 'very satisfied' with the quality of services they received. Job seekers in Streams B and C (the more disadvantaged), report higher levels of satisfaction (64.9 and 63.6 per cent respectively) with the overall quality of services.²

However, there is always scope to improve employment services to ensure that it is helping all job seekers to find a job.

New Employment Services Model

In March 2019, the Australian Government announced a new employment services model will be introduced from July 2022 to deliver better outcomes for job seekers and employers as part of the Australian Government's plan for a stronger economy. The new model will transform the way employment services are delivered.

For job seekers, the new model will provide service options to support them to find a job, a better digital platform and more flexibility to meet mutual obligation requirements:

¹ Data for job seekers who participated in *jobactive* between April 2018 and March 2019 are the most recent publicly available figures at the time of response. Employment Services Outcomes Reports can be found via the department's website at <https://www.employment.gov.au/employment-services-outcomes-reports>.

² As above.

- **Digital First** - job seekers who are job-ready and digitally literate will enter Digital First and self-manage online. These job seekers will be able to access online tools to help them make informed choices about their job search, as well as a contact centre to help answer questions and provide advice via phone or email.
- **Digital Plus** - job seekers who need extra support will be able to access digital services and receive face-to-face support from a training provider as needed. This may include training to help use the digital service, work skills training, or funding to pay for a wage subsidy, tools or a licence. Support from the contact centre will also be available.
- **Enhanced Services** - the most disadvantaged job seekers will receive Enhanced Services delivered through employment services providers. Providers will help address a job seeker's barriers to work through services such as career guidance, mentoring, vocational training, assistance in accessing non-vocational services such as counselling, work experience, job placements and post-placement support. Taking into account the findings of the Employment Services Expert Advisory Panel, payments for providers delivering Enhanced Services will support greater targeted and tailored servicing of disadvantaged job seekers.

Improved assessment

- Improved assessment and ongoing monitoring will ensure job seekers are getting the support they need and will identify if job seekers need additional help. Job seekers will be regularly reassessed to ensure they are getting the right service offer.

Licensing and Performance

- Employment services providers will deliver Enhanced Services through a contractual licence. It is anticipated that specialist licences will be available for providers to focus on particular cohorts of job seekers or employer industries.
- Providers that are issued a licence will face regular evaluations of performance incorporating feedback from employers and local stakeholders. Poor performers will not have their licences renewed and will exit the market, providing strong incentives to achieve outcomes.

Mutual Obligations

- In return for receiving payments, most unemployed people receiving income support have mutual obligation requirements. This will continue under the New Employment Services Model. All job seekers with mutual obligation requirements will be provided with clear information on what they need to do in return for receiving income support.
- The new model will maintain the principles of mutual obligations by introducing a points-based system, providing more flexibility and diversity around the activities job seekers are expected to do. To encourage personal responsibility, job seekers will be able to meet points through a combination of activities such as job search and training, with more points for those activities that are more likely to lead to employment. Most job seekers will have ongoing requirements to engage in some job search activities and demonstrate they are applying for jobs.

The development of the new employment services model involved extensive consultation with more than 1400 stakeholders including job seekers, employment services providers, industry representatives, employers and peak bodies, and independent advice delivered by the Employment Services Expert Advisory Panel. The Panel's report to Government, *I Want to*

Work, was publicly released on 14 December 2018, and was considered in the development of the new employment services arrangements. The New Employment Services Reform announced by Government aligns closely with the Panel's recommendations.

Given the scale of change, implementation will be staged to allow key elements of the model to be tested and evaluated, with enhancements made through an ongoing co-design process with job seekers, employers, expert reference group, providers and community organisations. Key elements not being trialled will be the subject of extensive consultation prior to the new model being rolled out.

New Employment Services Trial

In the 2019–20 Budget, the Australian Government committed \$249.8 million to trial key elements of the new model in Adelaide South and in the Mid North Coast of New South Wales over the next three years (to June 2022). The model being trialled reflects the Panel's recommendations, including recommendations to use technology to support the most job-ready job seekers to largely self-service; and to provide more resources and tailored support for those most in need.

The trial will involve initially about 95,000 job seekers in these areas to allow the settings of the new model to be tested. Current jobactive contracts have been extended until June 2022 in all other regions while elements of the new model are tested and refined with users.

The Australian Government is committed to ongoing user-centred research and consultation to support the reform of employment services. The department will lead a number of stakeholder engagement activities during the New Employment Services Trial to help inform aspects of the new model including establishing a Reference Group, Working Groups in each trial region, and undertaking a range of user-centred design activities. The department will also undertake regular consultation with other stakeholder groups including government agencies, employment services providers and employers, to ensure all stakeholders have the best opportunity to provide input to the new model.

The Targeted Compliance Framework

The Targeted Compliance Framework (TCF) provides more support to those who are genuinely trying to meet their obligations (through capability assessments with their provider and/or Centrelink), while also introducing strong penalties for the small number of job seekers who persistently and deliberately do not meet their mutual obligation requirements.

The TCF commenced on 1 July 2018 and has proved effective, increasing job seeker compliance before penalties are applied, as intended. In the first year of the TCF, penalty numbers reduced by 90 per cent compared to the previous year and engagement with requirements has increased (from 71 per cent of appointments attended to 75 per cent). Early evidence also shows that additional assessments introduced as part of TCF are identifying where Job Plans need to be amended and prompting job seekers to disclose factors affecting their ability to meet their requirements.

Work for the Dole

Work for the Dole is an important part of the Australian Government's activation policy. Work for the Dole is one of several activity options available for job seekers to meet their mutual obligation requirements. The program provides work-like experiences to help participants who

have been unemployed for 12 months or more to gain skills, experience, and confidence to move from welfare to work. Work for the Dole activities provide an opportunity for individuals to give back to the community while also enhancing their employability skills.

The department undertakes regular surveys of Work for the Dole participants, with 76 per cent of participants reporting an increased desire to find a job, 75 per cent reporting an improved ability to work with others, and 70 per cent reporting improved work-related skills. While Work for the Dole is not a job-matching program, around 36 per cent of participants who have exited Work for the Dole had a job placement recorded within three months of finishing their activity.

The majority of Work for the Dole host organisations are not for profit or community organisations. Work for the Dole activities help host organisations make positive contributions to local communities.

Expanding Eligibility for the Transition to Work Service

The Transition to Work (TtW) service provides intensive pre-employment assistance to young people who have disengaged from work and study and are at risk of long-term welfare dependency. The service is designed to improve the work readiness of young people and help them get into work (including apprenticeships and traineeships) or education. TtW is targeted to groups of disadvantaged young people, including those with low levels of educational attainment but who do not have multiple or complex non vocational barriers. For these young people, TtW is an appropriate and effective service to meet their needs. Complementary to jobactive, both TtW and jobactive providers work together to ensure participants receive the service best suited to meet their needs.

From 1 January 2020, the age range for TtW eligibility was expanded to include participants aged 15-24, up from the current 15-21 age limit. The expansion allows more disadvantaged young people the opportunity to benefit from the service and align TtW eligibility with the Australian Government's broader suite of youth specific services and programs which generally define youth as up to 24 years of age. Participation in the TtW service remains voluntary, and young people can choose to participate in jobactive instead where eligible.

From July 2020, the amount of time a young person can spend in TtW will increase from 12 months to 18 months. This measure will help disadvantaged young Australians enter employment by allowing them more time to build their skills, confidence and readiness.

Mid-Career Checkpoint

The Australian Government in the 2019 election campaign announced a commitment to establish the new Mid-Career Checkpoint program to support up to 40,000 Australians, particularly women, looking to return from time out of the workforce for caring responsibilities. The Mid-Career Checkpoint initiative will be targeted at women aged 30 to 45, however all eligible working aged Australians will have the opportunity to participate.

A pilot of this program was scheduled to commence in April 2020, however has been deferred to be delivered when the labour market is in a recovery phase to ensure it will be of most benefit to participants.

Coronavirus (COVID-19) economic environment

The COVID-19 pandemic is presenting an enormous health and economic challenge. The Australian economy continued to show resilience in the latter part of 2019 despite the adverse economic impacts from the global trade tensions, fires, floods and drought. While the economy entered the crisis from a position of strength, COVID-19 will have a significant impact on the Australian economy. Treasury is forecasting Gross Domestic Product to fall by over 10 per cent in the June quarter.

In response to COVID-19, the Australian Government has announced a consolidated support package to help Australian workers and businesses, including initiatives such as JobKeeper, JobSeeker, boosting cash flow for employers and increasing the instant asset write off. This support is designed to help businesses and households, and to keep Australians in jobs through the period ahead.

Treasury expects the unemployment rate to rise to 10 per cent in the June quarter 2020 from 5.1 per cent in the most recent data.³ Already, the number of job seekers on the jobactive caseload (including online services) has increased from 633,318 at 29 February 2020 to more than 1.3 million job seekers at 7 May 2020.

Measures implemented to address COVID-19

The Australian Government recognises the critical role of employment services in assisting Australians into work, during and after the COVID-19 pandemic. It is imperative that services are in a position to help people into critical jobs in demand in sectors such as retail, transport and logistics, while continuing to assist the most vulnerable job seekers at this difficult time.

The Australian Government is working closely with key stakeholders to ensure they have the latest information on the measures in place to prevent the spread of COVID-19 and to hear directly from small business, students, training organisations and those representing the many thousands of Australians who have sadly lost their jobs. The department has been working closely with Services Australia to connect the significant number of new job seekers to appropriate support. The Government has announced a number of measures to ensure that job seekers are able to access the support they need.

Mutual obligations

As a result of the impact of the COVID-19 pandemic, the Government has suspended mutual obligation requirements while the COVID-19 restrictions were in place. These arrangements covered all participants in jobactive, the New Employment Services Trial, ParentsNext, the Community Development Program and Disability Employment Services.

Compulsory mutual obligation requirements remain an important part of assistance for job seekers. The department will be working with employment services providers to ensure that job seekers' requirements comply with physical distancing rules and take into consideration the impact on the labour market. In addition, the department will also continue to work with Services Australia to ensure that those who are unable to meet compulsory requirements are exempted.

³ Treasurer media release 'Jobkeeper payment supporting millions of jobs', 14 April 2020. Available at <https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/jobkeeper-payment-supporting-millions-jobs>

Employment Fund

Employment Fund credits for new Stream A job seekers are being brought forward to be available immediately, rather than after 13 weeks. This will allow employment service providers to purchase work-related items including licences, equipment, training or qualifications to ensure workers are prepared and able to take up critical roles in the economy.

Advance of jobactive provider administration fees

The department is closely monitoring the operational and financial impacts on jobactive providers as the COVID-19 situation evolves, with close regard to both the anticipated surge of demand for employment services from the recently unemployed and the continued achievement of outcomes. The Minister for Employment, Skills, Small and Family Business has approved a six-week advance of administration fees to provide immediate assistance for jobactive providers and there has been strong take up. The advance was extended to provide temporary and immediate cash flow assistance to help providers maintain their staff and increase the number of appointments that will be required to service new job seekers requiring support.

Career Transition Assistance Program

On 21 April 2020, the Australian Government announced changes to funding arrangements to the Career Transition Assistance (CTA) program to maximise opportunities for mature age job seekers. From 4 May 2020, the CTA program will be funded separately from the Employment Fund. Separate funding for CTA will make it quicker and easier for mature age job seekers to access training to improve their digital literacy, find job opportunities and identify their transferrable skills.

Dissenting Report by Coalition Senators

Government Response: Noted

Australian Greens Senators' Additional Comments

Government Response: Noted

Jobactive has achieved more than 1.6 million job placements since its introduction on 1 July 2015 to 30 April 2020. Nevertheless, there are opportunities to ensure that employment services help even more job seekers into work. The new employment services arrangements announced by the Australian Government in March 2019 were heavily informed by extensive consultation with the employment services sector, job seekers and employers.

The new employment services model utilises technology to improve servicing and choice while providing more support to the most disadvantaged. This will allow consultants to provide intensive case management to those job seekers who need it most.