

Welfare to Work Evaluation Report

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WELFARE TO WORK EVALUATION REPORT

Summary of key findings

Welfare to Work was introduced in July 2006. Its objectives were to increase workforce participation and reduce welfare dependence among working age income support recipients and in particular for people in four target groups — principal carer parents, people with disability, mature age job seekers and the very long-term unemployed. The Welfare to Work package comprised a range of measures and initiatives, which included:

- changed eligibility criteria for entry to some income support payments;
- the introduction of part-time participation requirements and incentives to find work;
- the provision of a range of additional services to help people find work;
- a different compliance framework; and
- an employer demand strategy to encourage employers to hire disadvantaged groups.

This evaluation report assesses, as far as possible, the effectiveness of Welfare to Work in meeting its objectives for working age income support recipients. Covering information about Welfare to Work during its first year — from 1 July 2006 to 30 June 2007 — it summarises the policy changes, presents results from analyses undertaken to assess the effectiveness of Welfare to Work as a package and examines individual Welfare to Work components including participation in services, the different compliance framework, attitudes of employers to hiring people in the Welfare to Work target groups and Job Capacity Assessments.

Those in the Welfare to Work target groups directly affected by the policy changes, during the first year when these were introduced, are the focus of analysis for this report. They include:

- principal carer parents who claimed income support from 1 July 2006 and had a youngest child aged 6 and over;
- people with disability assessed with a capacity to work of 15 to 29 hours per week;
- mature age job seekers aged 50 to 54; and
- the very long-term unemployed, (that is, job seekers who have completed a second period of Intensive Support customised assistance with Job Network).

Effectiveness of Welfare to Work in meeting its objectives

The effectiveness of the Welfare to Work policy changes in meeting its objectives of increasing workforce participation and reducing welfare dependence is assessed using a longitudinal comparative analysis where key outcome measures for people directly affected by these changes are compared with outcome measures for similar groups of people in previous years. The measures reflect workforce participation and income support reliance and include the proportion of people who have left income support over time and the proportion of those remaining on income support in employment over time.

The evaluation results were mixed, providing evidence that Welfare to Work was only partly successful in achieving its objectives for people directly affected by the changes during 2006–07. These results occurred in the context of continuing economic expansion and strong labour market conditions.

Specifically, there have been changes in the percentage of people leaving income support (mainly for employment), and in paid work if they remain on income support. These changes are highlighted by baseline analyses which indicate no similar changes for those not directly affected by Welfare to Work during 2006–07. Changes in commencements to income support payments also emerged largely as a result of the introduction of Welfare to Work.

Results do vary across Welfare to Work target groups with the strongest results for principal carers and people with a partial capacity to work and the weakest results for mature age job seekers and the very long-term unemployed.

Key findings for each of the Welfare to Work target groups are as follows.

Principal carer parents

Principal carer parents most directly affected by the Welfare to Work policy changes during the first year of implementation are those who claimed income support after 1 July 2006 and had a youngest child aged 6 to 15 years. For this group, there was a change in eligibility criteria for income support payments and the introduction of part-time participation requirements. From 1 July 2006, new single principal carers only received Parenting Payment single if they had a youngest child aged under 8; and new partnered principal carers received Parenting Payment partnered if their youngest child was aged under 6.

New principal carer parents with older children had to meet eligibility requirements for another income support payment, typically Newstart Allowance. Also, new principal carer parents with a youngest child aged 6 to 15 years, whether on Parenting Payment or Newstart Allowance, had part-time participation requirements. This group, whose youngest child is aged 6 to 15 years and who claimed since the introduction of Welfare to Work, represent a minority (five per cent) of all principal carer parents.

With the change in eligibility requirements for Parenting Payment, fewer principal carer parents commenced income support, thus reducing welfare reliance among this group. In particular:

- there was a significant decrease in the number of people commencing Parenting Payment with entry to Parenting Payment single decreasing by 30 per cent from 2005–06 to 2006–07 and entry to Parenting Payment partnered decreasing by 32 per cent;
- fewer principal carer parents with school age children commenced income support on Newstart Allowance than was the case before Welfare to Work when they received Parenting Payment. Commencements decreased by 51 per cent from 2005–06 to 2006–07 for single principal carer parents and 55 per cent for partnered principal carer parents; and
- there is some evidence of indirect effects, with higher rates of transfer of principal carer parents from Parenting Payment to other payments such as Disability Support Pension and Carer Payment, neither of which are activity tested.

Significant changes in workforce participation and income support reliance emerged for new principal carer parents directly affected by Welfare to Work:

- they left income support faster, primarily for jobs. During 2006–07, 38 per cent of single principal carer parents with a youngest child aged 8 to 15 years on Newstart Allowance had left income support after six months. In comparison, for each of the three previous years, only 15 per cent had left income support after six months. Similarly, for partnered principal carer parents on Newstart Allowance, 45 per cent had left after six months compared to 32 per cent in 2005–06;
- the proportion of those who stayed on income support with jobs was slightly lower for single principal carer parents but higher for partnered principal carer parents. For single principal carer parents whose youngest child is aged 8 to 15 years, 40 per cent were in paid employment after six months, which is just below the percentage of previous years. For partnered principal carer parents whose youngest child is aged 6 to 15 years, the percentage of those on income support who were in paid employment after six months is 29 per cent in 2006–07 compared to 20 per cent in 2005–06;
- for single principal carer parents some of these effects can be attributed to changes in payment conditions, but the introduction of part-time participation requirements also plays a significant role;
- many principal carer parents (over 70 per cent) left income support for employment; and
- the majority (over 70 per cent for each group) of principal carer parents directly affected by Welfare to Work participated in employment services, nearly all in Job Network throughout the year.

People with disability

From 1 July 2006, new claimants for Disability Support Pension needed to have an assessed work capacity of less than 15 hours per week after two years with specialist services. Those new claimants with an assessed capacity to work of 15 to 29 hours per week since 1 July 2006 applied for another income support payment, typically Newstart Allowance or Youth Allowance (other). On these payments each person had a part-time participation requirement in line with their assessed work capacity.

These people with an assessed capacity to work of 15 to 29 hours per week represented only a small proportion of all people with disability on working age income support payments (four per cent).

Although eligibility requirements for entry to Disability Support Pension were tightened, no significant change in the number of people who commenced Disability Support Pension occurred during 2006-07. A number of offsetting factors, some relating to the introduction of the Job Capacity Assessments, contributed.

People with an assessed capacity to work of 15 to 29 hours per week who were directly affected by Welfare to Work in 2006-07:

- left income support faster, primarily for jobs. Ten per cent of recipients with a partial capacity to work of 15 to 29 hours had left income support after six months, compared to four per cent of a similar group of income support recipients in previous years;
- the percentage of those who had jobs and stayed on income support increased. Fourteen per cent of recipients with a partial capacity to work of 15 to 29 hours reported earnings after six months while receiving income support, compared to 10 per cent of a similar group on income support in previous years;
- still needed considerable assistance in seeking and obtaining employment; and
- the majority (83 per cent) of people with a partial capacity to work received some additional assistance; and
- many participated in employment services especially Job Network (64 per cent), and some also received assistance through disability related services, particularly Vocational Rehabilitation Services (25 per cent) and the Disability Employment Network (17 per cent).

Mature age job seekers

Mature age job seekers most directly affected by the Welfare to Work policy changes during its first year were those aged 50 to 54 years — both those existing at 1 July 2006 and new mature age job seekers during the year. They represented 41 per cent of all mature age job seekers aged 50 to 64 years.

The activity test requirements for mature aged job seekers moved more into line with younger job seekers. In particular, mature age job seekers 50 to 54 years could no longer easily satisfy their requirements by doing voluntary work only.

Results for this group are modest:

- the percentage of new mature age job seekers leaving income support increased slightly:
 - this effect is only evident for those new to income support. Thirty-six per cent of new mature age job seekers had left income support after six months compared with 33 per cent in previous years;
 - most (85 per cent) did leave for employment;
- the percentage of existing mature age job seekers who left income support remained the same as for previous years;

- for mature age job seekers on income support, there were no increase in the percentage in employment;
- mature age job seekers received a range of assistance mostly through the Job Network. Over 70 per cent of mature age job seekers participated in an employment assistance program in 2006–07; and
- during 2006–07, 10 per cent of mature age job seekers aged 50 to 54 participated in Employment Preparation. Many of these had no recent workforce experience.

Very Long-Term Unemployed

All very long-term unemployed — both those existing at 1 July 2006 and those new to the group during the year — were subject to the Welfare to Work policy changes.

Under Welfare to Work, the range of options available to assist these job seekers changed: they could be sent to a Job Capacity Assessment to determine the most appropriate service for them; they could be sent to Full-Time Work for the Dole; or they could access Wage Assist.

Results for this group are modest. Specifically:

- trends in leaving income support increased slightly.
- This is only evident for those new to this group. During 2006–07, 20 per cent had left income support after six months compared with 16 per cent in the previous year, an increase of four percentage points;
 - almost all (97 per cent) of those leaving did so for employment;
- there were no similar increases for the existing very long-term unemployed;
- for those remaining on income support, there was no increase in the percentage who were in employment;
- participation was lower than expected in Full-Time Work for the Dole and Wage Assist services specifically designed for this group;
- those who did participate in these services reduced their reliance on income support. Thirty-one per cent of those commencing Full-Time Work for the Dole were off income support or had a part rate after six months, compared with 15 per cent of the comparison group.

Assessment of specific Welfare to Work Initiatives

This report also investigates some specific components of Welfare to Work. Results are as follows.

Compliance

As part of the Welfare to Work policy changes, a different compliance framework was implemented and applied to people who had participation requirements.

During the first year of Welfare to Work, there were low numbers of serious failures and penalised participation failures (i.e. third failures). During 2006–07, a total of 1.1 million activity tested income support recipients were subject to the Welfare to Work compliance framework. Over the whole year, about 213,000 failures were applied, of

which only 13.5 per cent resulted in the application of a penalty. During the same period, there were around 9,900 people who incurred serious failures, which represents a serious failure rate of only 0.9 per cent for the whole year. (Note that the failure rates have increased substantially in 2007-08.)

Target group variations in participation failure rates are apparent. The very long-term unemployed had the highest participation failure rate during 2006–07 (19 per cent), which was almost twice as high as for all Newstart and Youth Allowance (other) job seekers (10 per cent). By comparison, mature age job seekers, principal carer parents, and people with disability all had participation failure rates roughly a third of Newstart and Youth Allowance (other) job seekers.

Employer attitudes

Qualitative information was collected about the attitudes and experiences of employers in hiring and retaining people similar to the Welfare to Work target groups. These discussions found the following:

- there were many common, often stereotypical, employer attitudes and perceptions towards working age income support recipients. Consequently, most employers did not see hiring people in Welfare to Work target groups as a way of solving their problems of skill shortage;
- employers' attitudes varied by Welfare to Work target group — from mainly positive towards parents returning to work and mature age job seekers to negative attitudes towards the very long-term unemployed; and
- employers were willing to try new recruitment methods, and to use multiple methods in staff recruitment.

Job Capacity Assessments

Under Welfare to Work, Job Capacity Assessments played a central role in determining income support recipients' payment eligibility, participation requirements and access to appropriate assistance.

During the first year in which Job Capacity Assessments were conducted (2006–07), over 450,000 referrals were made to Job Capacity Assessments. In all, these referrals translated into 363,261 assessments in the year. Around 80 per cent of referrals to Job Capacity Assessments in 2006–07 were made for one of three broad reasons: Job Seeker Classification Instrument related reasons; Newstart and Youth Allowance (other) related reasons; and Disability Support Pension related reasons.

Job Capacity Assessments were instrumental in directing job seekers to various types of employment services, with only 10 per cent being referred to other forms of assistance.

Significant shares of people participated in the assistance that the Job Capacity Assessments recommended:

- people with activity requirements were more likely to undertake the recommended assistance (around 70 per cent); and
- some people with no activity requirements participated in the recommended assistance (for newly granted Disability Support Pension recipients who had a Job

Capacity Assessment, 31 per cent participated and for existing Disability Support Pension recipients who had a Job Capacity Assessment, 59 per cent recipients).

Conclusion

Taking results across all target groups together, the analyses lend support for a welfare system which encourages workforce participation as quickly as possible. During its first year, Welfare to Work targeted many principal carer parents and people with disability from the time of their income support commencement. Key outcome measures for these people increased compared to those in previous years when they did not have to seek employment. Their outcomes were also higher than those who did not face new requirements under Welfare to Work.

With mature age job seekers and the very long-term unemployed, both new and existing job seekers were subject to the Welfare to Work policy changes. There was minimal improvement in workforce participation and income support reliance for these groups and any improvements were almost entirely for new entrants.

While these results are encouraging, it should be noted that, even where significant improvement has occurred, the people in the Welfare to Work target groups still do not leave income support at the same rate as Newstart Allowance and Youth Allowance (other) recipients (although the improvements with parents bring them very close to this benchmark). This suggests that further assistance is still required for much of the Welfare to Work population.

In summary, the evaluation results provide evidence that, in its first year Welfare to Work was achieving its objectives of increasing workforce participation and reducing income support reliance for principal carer parents and people with disability but had minimal impact for mature age job seekers and the very long-term unemployed. In addition, only a small percentage of people in the target groups were directly affected by the policy changes during 2006–07. As a result, Welfare to Work has, as would be expected, only contributed modestly to the decreasing trends in the working age income support population.

Part One

Welfare to Work in Context

Chapter 1. Introduction

Welfare to Work was introduced in July 2006 to increase workforce participation and reduce welfare dependence among working age income support recipients. These policy changes comprised a range of measures and initiatives, which include:

- new eligibility criteria for entry to some income support payments;
- the introduction of part-time participation requirements and incentives to find work;
- a different compliance framework;
- the provision of a range of additional services to help people find work; and
- an employer demand strategy to encourage employers to hire people from disadvantaged groups.

Welfare to Work specifically targeted four working age income support recipient groups (hereafter called the Welfare to Work target groups):

- principal carer parents;
- people with disability;
- mature age job seekers; and
- the very long-term unemployed (that is, job seekers who have completed a second period of Intensive Support customised assistance (ISca2) with Job Network).

1.1 Evaluation of Welfare to Work

As part of the introduction of Welfare to Work, the Australian Government committed to undertake a comprehensive evaluation.¹ The Welfare to Work evaluation strategy, prepared in consultation with other government departments, states as its objectives to report to Government on the performance of Welfare to Work through:

1. assessment of the effectiveness of Welfare to Work as a package in achieving its objectives of increasing workforce participation and decreasing income support reliance among working age income support recipients; and
2. examination of individual Welfare to Work initiatives, including an assessment of their contribution to achieved outcomes.

¹ \$11 million was provided for the monitoring and evaluation of Welfare to Work over four years, 2005–06 to 2008–09.

1.2 Scope of the Welfare to Work Evaluation Report

This evaluation report covers information about Welfare to Work during its first year — from 1 July 2006 to 30 June 2007. It provides details of the policy changes, presents results from analyses undertaken to assess the effectiveness of Welfare to Work as a package and examines individual Welfare to Work initiatives.

1.3 Data Sources

The main data source used to support the analyses presented in this report is the Research and Evaluation Dataset, which provides data on income support recipients from the Centrelink administrative data. Also information from a newly commissioned survey to support the evaluation, the Longitudinal Pathways Survey, provides further workforce participation details about people, including when they leave income support. Other data sources used include the Survey, Evaluation and Analysis Dataset and the Corporate Management Information System which contains administrative data from the employment services system, data from the Post Program Monitoring Surveys, the Employer Survey and some qualitative information from departmental focus groups with job seekers. Appendix 1 provides more information about all data sources used.

1.4 Structure of the Welfare to Work Evaluation Report

This report has three parts.

Part One, comprising this chapter and Chapter 2, presents details about the Welfare to Work policy changes in the context of the working age income support population. In particular, it discusses the key target groups and their sub-groups described by the way they are affected by the changes during the first year. It also provides contextual information about the Australian economy as Welfare to Work was introduced.

Part Two, Chapters 3 to 5, presents analyses undertaken to assess the effectiveness of Welfare to Work as a package. This includes the questions addressed, the overall adopted approach and the key analysis results of the evaluation of Welfare to Work in its first year.

Part Three of this report, Chapters 6 to 8, presents details of the performance of key components of Welfare to Work, including:

- the different compliance framework;
- employer hiring and retention of people in Welfare to Work target groups; and
- Job Capacity Assessments.

Chapter 2. Welfare to Work policy – An Overview

Over recent years, Australia has been in a period of sustained economic and employment growth. Coupled with this Australia's adult population is ageing and there are skills shortages. At the same time, the number of income support recipients of working age, although reducing, remained high. In June 2004, 2.66 million people of working age received income support with many on payments such as Disability Support Pension (DSP) and Parenting Payment (PP) where they had no obligations placed on them to find employment.

Welfare to Work, introduced in July 2006, was designed to increase workforce participation of individuals who have been either traditionally outside the labour market or disadvantaged within the labour market — parents, people with disability, mature age job seekers and the very long-term unemployed — while maintaining a strong safety net for those who need it.

This chapter examines this context in which Welfare to Work has been introduced. Section 2.1 presents relevant details about trends in labour market conditions and the income support population before and after the introduction of Welfare to Work. Section 2.2 discusses the rationale for the introduction of Welfare to Work and details the policy changes with respect to the different target groups. Information about the working age income support population during the first year of Welfare to Work with a focus on those who are immediately affected by the policy changes is presented in Section 2.3.

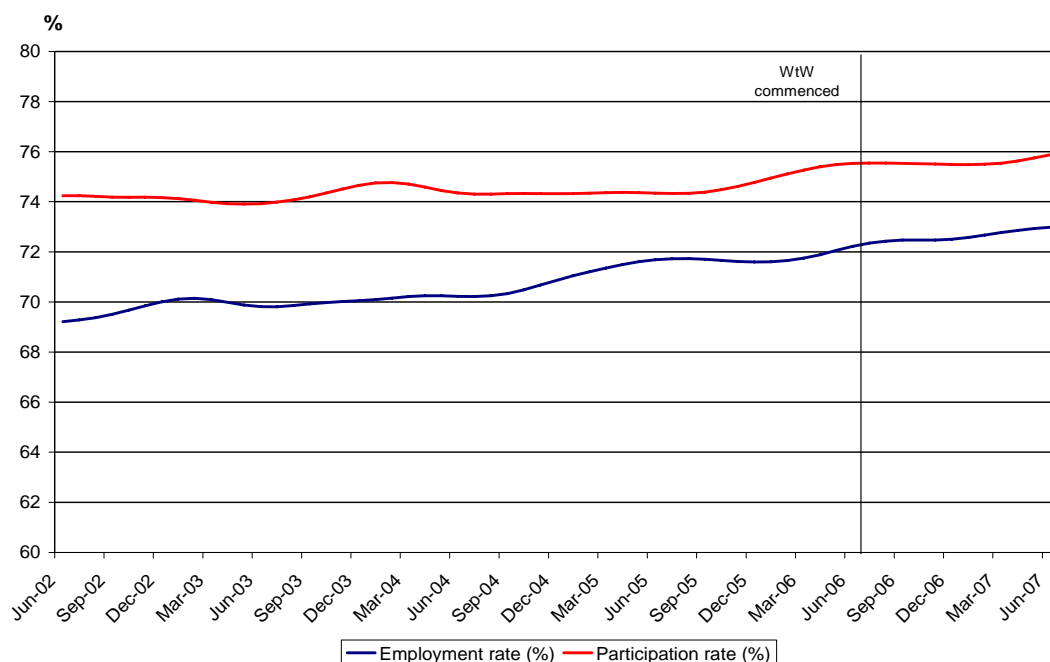
2.1 Economic and labour market conditions

The strong economic conditions and labour market growth in the Australian economy leading up to, and continuing on after, the introduction of Welfare to Work can be seen in Chart 2.1, which shows the steady improvement of both the employment rate (measured by the ratio of the number of employed people to the total population) and participation rate (the labour force, both employed and unemployed, as a percentage of the population) over the five years from June 2002 to June 2007. The employment rate for workforce age Australians increased by four percentage points, from 69 per cent in June 2002 to 73 per cent in June 2007; while the participation rate rose by two percentage points, from 74 per cent in June 2002 to 76 per cent in June 2007.

The strong trends in the labour market are also evident for groups similar to the Welfare to Work target groups within the Australian population. Chart 2.2 shows data from the Australian Bureau of Statistics (ABS) on the employment rate for both sole parents and mature age Australians. Both have continued to increase over the last five years, indeed by an even greater amount than the rates for all Australians. Similarly, the number of very long-term unemployed in the Australian population (on the ABS definition of two years or more unemployed) has decreased, more than halving between June 2002 and June 2007 (Chart 2.3). No monthly trend data is available for people with a disability, but it is possible to compare 1998 with 2003: in this time the

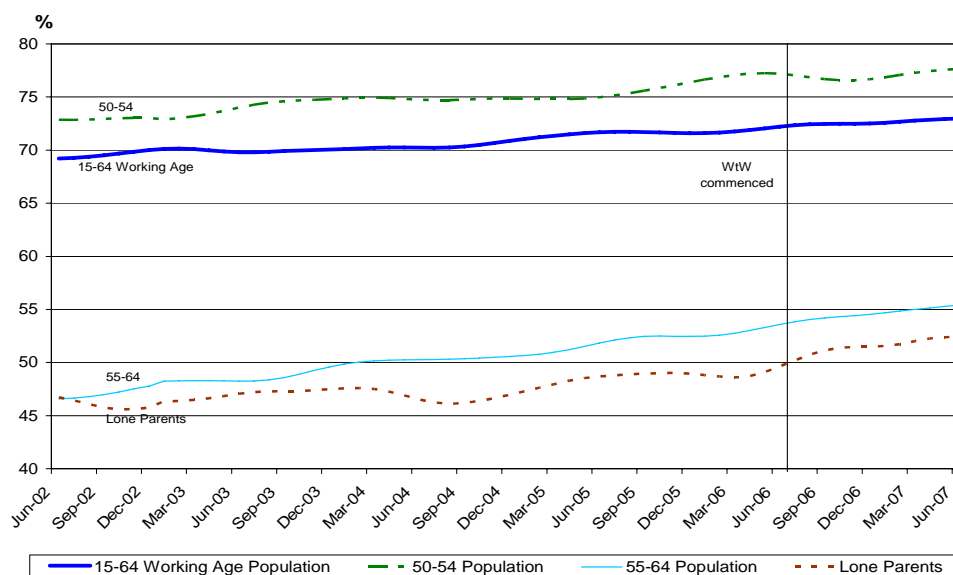
employment rate for people with a disability increased by two percentage points, from 47 to 49 per cent.²

Chart 2.1 Employment and participation rates of workforce age (15–64) Australians, June 2002 to June 2006



Source: ABS Labour Force data

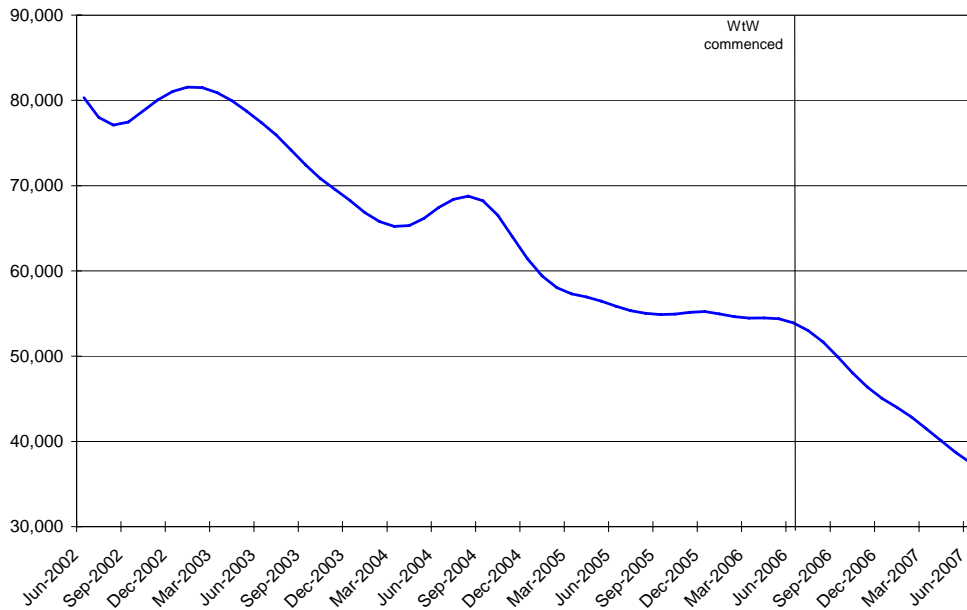
Chart 2.2 Employment rates of workforce age (15–64) Australians for the mature aged and sole parents, June 2002 to June 2007



Source: ABS Labour Force data

² ABS catalogues 4433.0 (Table 17) and 4430.0 (Table 8), for 1998 and 2003, respectively. The 1998 survey was conducted between March and May; while the 2003 was conducted between June and November, so there may be some seasonal variation.

Chart 2.3 Number of Very Long Term Unemployed (ABS definition), June 2002 to June 2007

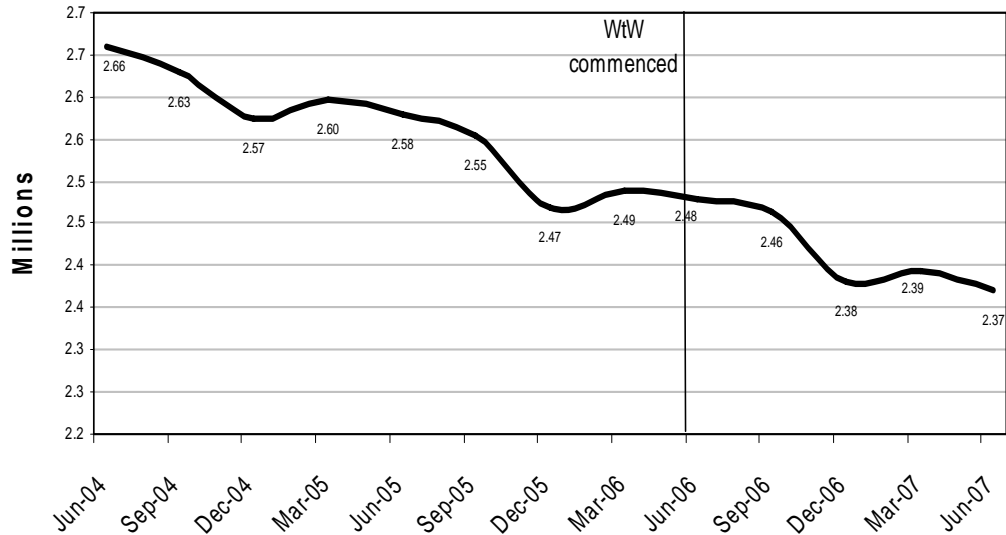


Source: ABS Labour Force data

Chart 2.4 shows the total number of working age income support recipients for the period from June 2004 to June 2007. Reflecting the strength in the economy and labour market over recent years, this population has been on a downward trend. At the time of the announcement of Welfare to Work in the 2005 budget (June 2005), there were around 2.59 million people of working age receiving income support payments.

In the context of a continued strong labour market, this population continued to decline through the period before and after Welfare to Work was introduced. In June 2007 around 2.37 million people received working age income support payment, representing a decline of 8.5 per cent since the 2005 budget announcement.

Chart 2.4 Population of income support recipients of working age, June 2004 to June 2007.



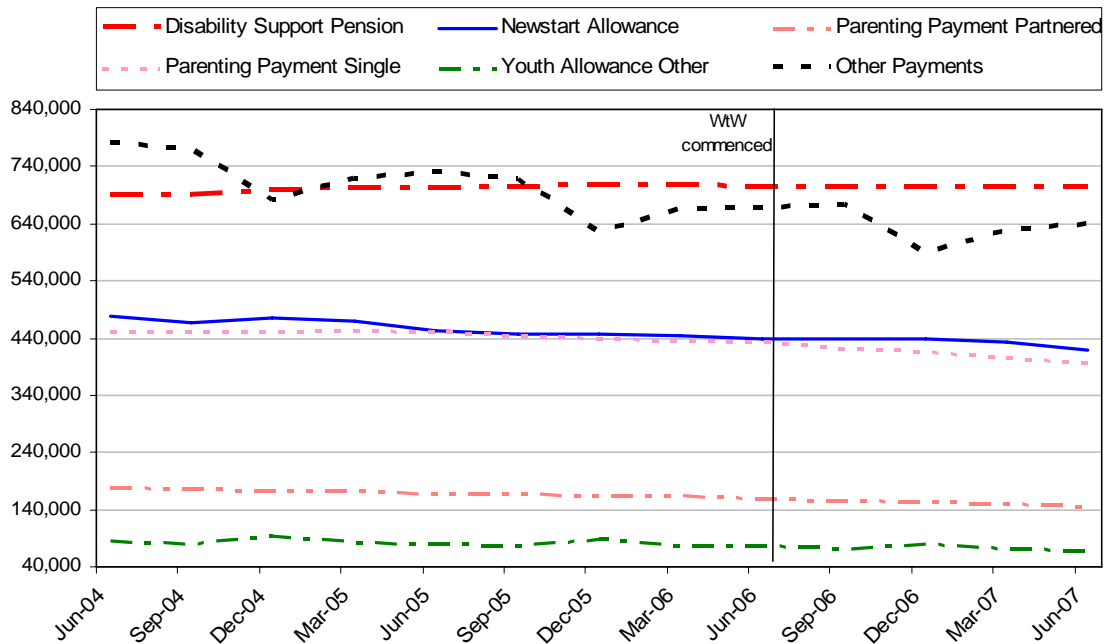
Source: Blue Book Data Warehouse

‘Working age income support recipients’ refers to those who are aged 15 to 64 (inclusive) and are a recipient of either Disability Support Pension, Parenting Payment Single, Parenting Payment Partnered, NSA, Youth Allowance, Abstudy, Age Pension, Austudy, Bereavement Allowance, Carer Payment, Mature Age Allowance, Partner Allowance, Sickness Allowance, Special Benefit, Widow Allowance, Wife Pension or Widow B Pension.

Similarly, there was a declining trend in most of the income support recipient payment groups over the period since June 2004 to June 2007. Chart 2.5 shows trends in selected income support payments of most relevance to the Welfare to Work policy changes. The downward trend is particularly evident for those on Newstart Allowance (NSA), Youth Allowance (Other) (YA(o)) and PP. The decline in ‘Other’ payments has also continued through the first year of Welfare to Work, primarily driven by the natural attrition in the number of working age income support recipients on closed payments over time.³

³ Mature Age Allowance, Partner Allowance, and Wife Pension are closed. Widow Allowance and Widow B Pension are being phased out. People on these payments are ageing out of the working age income support population.

Chart 2.5 Numbers of income support recipients by selected payment types, June 2004 to June 2007



Source: Blue Book Data Warehouse

These trends show that Welfare to Work has been implemented in a strong labour market environment that facilitated policy change. In the assessment of the effectiveness of Welfare to Work in this report, this context is taken into consideration to isolate its effect from the policy changes. This is done by undertaking a benchmarking analysis for groups not immediately affected by the Welfare to Work changes.

2.2 Welfare to Work policy changes

Building on the previous policy changes introduced as part of Australians Working Together and information gathered from consultations and pilot programs, the Australian Government in July 2006 introduced comprehensive changes to the welfare system for working age Australians, to bring it more in line with community norms and the changed economic conditions.

The key focus of these policy changes was on increasing the workforce participation of individuals with the capacity and/or availability for work but who have been either traditionally outside the labour market or disadvantaged within the labour market — parents, people with disability, mature age job seekers and the very long-term unemployed — while maintaining a strong safety net for those who need it.

The key principles of Welfare to Work were that:

- working age income support recipients with the capacity to work reasonable hours should be required to seek and undertake suitable work including part-time work;
- these groups should be assisted to increase their employment prospects and find a job (and to this end employment services were uncapped or demand driven for those with a job search requirement);

- there should be appropriate returns from working (and to this end the allowance income tests were made more generous to allow people to keep more of their income support as their earnings increase); and
- the compliance system should encourage and reward participation.

These principles reflected a more appropriate balance between assistance, incentives and obligations than existed prior to Welfare to Work.

Welfare to Work involved a combination of changes to income support arrangements and participation requirements and more targeted employment assistance. These were supported by Job Capacity Assessments (JCA) to better assess and connect people with services. There was also a supporting employer strategy to promote the involvement of employers and industry groups to better match job seekers to employment opportunities and help people with the transition from Welfare to Work.⁴

2.2.1 Parents

Welfare to Work recognised the role of principal carer parents in terms of their caring responsibilities when their children are under school-age. For this reason, PP remained available to eligible parents with children aged up to 6 years. Parents with a youngest child aged under 6 did not have any job search requirements and did not have to accept offers of work. However, they were eligible for employment assistance, on a voluntary basis, and could engage in study or paid work according to their own preferences.

Once their youngest child was school-aged, parents were generally considered to have capacity to engage with the labour market on a part-time basis. Under Welfare to Work, principal carer parents who claimed PP on or after 1 July 2006 received this payment until their youngest child turned 6 (if partnered) or 8 (if single). After this time, they needed to apply for another income support payment (typically NSA or Austudy) and meet part-time participation requirements.

Both single and partnered parents had part-time participation requirements once their youngest child turns 6. These requirements included:

- undertaking paid work of a minimum of 15 hours per week; or
- looking for paid work of at least 15 hours per week;
- participating in an employment service (such as Job Network); and
- meeting annual part-time Mutual Obligation requirements after six months on income support.

Parents receiving PP could also use full-time study to fully meet participation requirements. Those transferring to a different payment, including Newstart, could continue to study to complete a course they started while on PP.

⁴ From 1 July 2007, a voluntary Employment Services program was available to assist people on the Age Pension who were thinking of returning to the workforce, on a full-time or part-time basis. It provided individually tailored assistance including skills training, career counselling and on-going mentoring, places in Employment Preparation and Job Search Training and an enhanced Job Seeker Account.

Parents who were receiving PP before 1 July 2006 continued to receive their payment until their youngest child turned 16, as long as they remained eligible. From 1 July 2007, parents from this 'grandfathered' group with a youngest child 7 and over were required to meet part-time participation requirements. Protections were in place for parents in certain groups who did not have the capacity to engage with the labour market. Exemptions were available for registered and active foster carers, relatives caring for a child under the family law order, those undertaking home schooling, distance education or those with a large family (four or more children aged under 16). All single parents on NSA who were exempt from participation requirements due to the above reasons received a maximum allowance rate equivalent to the Parenting Payment single (PPs) rate. This applied for the period of the exemption and was reviewable at least every year. There were also case-by-case exemptions available for parents caring for a child with a disability, subject to domestic violence, or who had other special family circumstances.

Parents with participation requirements did not have to accept jobs that were unsuitable. For a job to be considered suitable, parents required access to appropriate care and supervision for their children at the times when they would be required to undertake the work. Further, they were not required to accept or continue in a job if the principal carer parent was not at least \$50 a fortnight better off after the costs of employment such as child care were taken into account (compared to not working), or if travel time to work was more than 60 minutes each way (including the time to drop a child at child care or school) or was too expensive.

Support services for parents

Under Welfare to Work, depending on their needs, parents were eligible for the full range of employment assistance programs, including Job Network services, Disability Employment Network and Vocational Rehabilitation assistance.

Parents with no recent workforce experience were able to access Employment Preparation immediately when they registered with Job Network. Parents with recent workforce experience received Employment Preparation if they were still unemployed after three months. Employment Preparation enables parents' access to specific assistance relevant to their individual circumstances, such as career counselling and planning.

2.2.2 People with Disability

People on Disability Support Pension (DSP) who have the ability to work were encouraged and supported to find a job. However, DSP recipients did not have participation requirements.

From 1 July 2006, people with disability applying for income support were not eligible for DSP if they had capacity to work 15 hours or more per week at or above the relevant minimum wage and after two years of assistance including from specialists services. Subject to other eligibility rules, they received a different payment. In most cases this was NSA or YA(o). People with partial capacity to work (those unable to work 30 hours per week independently of support) received the Pensioner Concession Card and the Pharmaceutical Allowance.

People with disability were referred for a JCA to determine their work capacity. This assessment also identified the services they needed to address the barriers that prevented them from finding or keeping a job.

In general, people with partial capacity to work were required to:

- work within their assessed capacity; or
- look for work within their assessed capacity; and
- participate in recommended services offered by Providers of the Australian Government Employment Services (PAGES), hereafter employment service providers, including vocational rehabilitation assistance to increase their work capacity to 15 to 29 hours per week.

They could have also been required to undertake 150 hours of Mutual Obligation activities over six months.

JCA providers had access to a Job Capacity Account to assist job seekers who, with the help of a short-term intervention, would be ready for assistance from the Job Network. The Job Capacity Account provided funding for a range of services such as pain management courses or counselling.

People who were granted DSP between 11 May 2005, when Welfare to Work was first announced, and 30 June 2006, immediately prior to its introduction, were assessed under the pre-Welfare to Work eligibility criteria, which included a work capacity test of less than 30 hours per week. From 1 July 2006, however, they may be reassessed against the new rules, including undertaking a JCA. For most people this will occur two years after DSP was granted. People assessed as having work capacity of less than 15 hours per week continued to be eligible for DSP and did not have any participation requirements.

People who could work 15 hours or more per week independently of support, including with up to two years of assistance (including disability specific assistance), were assessed for an alternative payment, usually NSA or YA(o). If they had a partial capacity to work (that is, able to work less than 30 hours per week), they had part-time participation requirements and part-time Mutual Obligation requirements.

People on DSP on 10 May 2005 who remained on payment, continued to be assessed against the pre-Welfare to Work criteria, including the 30 hours per week work capacity test.

Support services for people with disability

Under Welfare to Work, people with disability had access to the full range of vocational and pre-vocational programs to help them with job preparation and job search activities, and employment. These included:

- Job Network;
- Disability Employment Network;
- Vocational Rehabilitation Services;
- Personal Support Program;
- Supported Wage System;

- Workplace Modifications Scheme;
- Jobs Placement, Employment and Training Program;
- Community Development Employment Projects; and
- Indigenous Employment Centres⁵.

2.2.3 Mature age job seekers

Under Welfare to Work, people aged between 50 and 64 on NSA had to register with an employment service provider and have the same job search requirements as younger job seekers (for example, making 10 ‘job search efforts’ per fortnight).

Job seekers on NSA aged 50 to 54 were no longer able to meet their activity test requirements by doing voluntary work only. However, they were still able to do voluntary work in combination with other approved activities to partially meet their activity requirements, but only if their employment service provider decided that participation in such an activity would be beneficial to the job seeker’s employment prospects.

Job seekers on NSA aged 55 and older could meet their activity test requirements by undertaking part-time work or approved voluntary work, or a combination of these, for 30 hours or more per fortnight. However, they had to be available for suitable paid work, including full-time work, and must accept all referrals to job interviews.

Support services for mature aged job seekers

In addition to Job Network and other employment services, mature age job seekers (50 years and over) on NSA were eligible for Employment Preparation which was immediately available to assist mature age job seekers with no recent workforce experience. Mature age job seekers who had more recent workforce experience were able to access Employment Preparation after three months registration with their Job Network provider.

2.2.4 Very Long-Term Unemployed

Following the Welfare to Work policy changes, the very long-term unemployed (VLTU) were required to have a review with their Job Network member around the end of a second period of Intensive Support customised assistance to determine their future service needs.

At this review, Job Network members:

- could decide that the best option was to provide ongoing Job Network services or discuss education pathways, which means they had to continue with their Mutual Obligation activities;
- could arrange a JCA to confirm that Job Network services were still appropriate or for referral to a more suitable payment or specialist service such as Vocational Rehabilitation, the Personal Support Program, or Disability Employment Network;

⁵ All Indigenous Employment Centres across Australia were closed on 1 July 2007.

- consider whether job seekers were eligible for Wage Assist (a wage subsidy for employers) to help them with ongoing, full-time employment; and
- could refer job seekers to Full-time Work for the Dole. This means participating in Work for the Dole for 50 hours a fortnight for 1100 hours (normally for 10 months). In cases like this, people also had to keep looking for work and continue their usual regular contact with their employment service provider and Centrelink.

2.2.5 Changes to Newstart Allowance and Youth Allowance (other)

From 1 July 2006, under Welfare to Work, the income tests for allowances were made more generous, allowing most recipients with part-time or casual work to keep more of their money. For example, prior to 1 July 2006, NSA and YA(o) job seekers could earn \$62 per fortnight before their unemployment payment was reduced. Over that amount, the unemployment payment was reduced by 50 cents in each dollar earned until a person's income reached \$142, when the payment was reduced by 70 cents in each dollar earned. From 1 July 2006, the 50 cents in each dollar reduction applies to income between \$62 and \$250. Income above \$250 reduces the payment by 60 cents in each dollar instead of the previous rate of 70 cents in the dollar.

2.2.6 Compliance framework

From 1 July 2006, a different compliance framework replaced the previous breaching system for unemployed income support recipients who failed to meet their activity test requirements without a reasonable excuse. Under the breaching system, job seekers incurred fixed duration financial penalties that they generally had to serve regardless of any subsequent compliance on their part. In contrast, the Welfare to Work compliance framework allowed job seekers to avoid (or limit) any financial penalty if they quickly reconnected with their provider or program.

The framework distinguished between participation failures, such as failure to attend an interview with a provider or participate in a program, and serious failures, such as refusing a job offer. For a first or second participation failure in 12 months, job seekers were warned that future payments would be contingent on compliance. An interview with their provider was arranged within 48 hours and, if they attended it, they lost no payment. If, after this warning, they failed to attend without a reasonable excuse, their payment for that pay period commenced only from the day they attended.

If a job seeker committed a third or subsequent participation failure within 12 months, payment was stopped for eight weeks. An eight week non-payment penalty also applied for a serious failure. That is, where a job seeker refused a job offer, voluntarily left a job, was dismissed for misconduct or failed to attend Full-Time Work for the Dole. Job seekers with children or those with a disability or incapacity who were unable to afford necessary medication could be eligible for Financial Case Management during an eight week non-payment period. This allowed them to have essential bills paid up to the level of their usual income support entitlement.

2.2.7 Employer Demand and Workplace Flexibility Strategy

Under the Welfare to Work package, the Government provided funding of \$50 million over four years from 2005–06 to increase workforce participation through the Employer Demand and Workplace Flexibility Strategy. The Employer Demand and Workplace Flexibility Strategy was aimed at increasing workforce participation for targeted groups in key industry sectors through a coordinated communication, consultation and engagement strategy. The strategy aimed at raising employer awareness of the demographic changes that were driving the need for a diversified and flexible workplace. It also attempted to improve employer awareness of the business case for hiring parents, people with disability, mature age job seekers and the very long-term unemployed and the benefits of flexible workplace arrangements which were available to them.

2.2.8 Job Capacity Assessment

Under Welfare to Work people with disability were encouraged and assisted to participate in the workforce to the extent that they were able. Job Capacity Assessments (JCAs) were introduced as part of the new assessment process that would support this objective. The role of the JCA process was to determine income support recipients' payment eligibility, participation requirements and access to appropriate assistance.

JCAs provided assessments of work capacity, permanency of medical conditions and impairment ratings against the eligibility criteria for DSP. Clients who were granted DSP did not have participation requirements but, where appropriate, JCAs recommended they participate in suitable assistance.

Job seekers on activity tested payments had participation requirements. These requirements could include looking for work and undertaking programs and other activities designed to improve their prospects of gaining employment. Information from JCA assessment reports on permanent partial capacity to work and temporary incapacity were used to determine participation requirements for job seekers on activity tested payments.

2.3 *The Working Age Income Support Population and Welfare to Work*

During the 2006–07 financial year over three million people of working age (15 to 64 years) received an income support payment. This is higher than the count of the working age income support population at a point in time, as many people are not on income support for the entire year. For example, the number of working age people on income support at 1 July 2006 when Welfare to Work was introduced was 2.48 million.

Table 2.1 details the number and percentages of all working age income support recipients in the Welfare to Work target groups during 2006-07. Fifty-five per cent of all working age income support recipients were in a Welfare to Work target group during the year.

Just over one-fifth of the total working age income support population were principal carer parents, with people with disabilities representing about one-quarter of all working age income support recipients. Mature age job seekers and the VLTU were

smaller groups in comparison representing six and three per cent of the total, respectively.

Table 2.1 Working age income support recipients by Welfare to Work target groups, 2006–07

Target group	Number	Target group (%)
Principal carer parents	708,867	23
People with disability	808,420	26
Mature age job seekers	194,425	6
Very long-term unemployed	102,654	3
Total in all target groups^(a)	1,740,141	
NSA/YA(o)	1,017,736	
Working Age Income Support Recipients during 2006–07	3,146,232	
<i>Per cent of total working age income support population</i>		55

Source: Research and Evaluation Dataset

(a) The total does not add up to the sum of the target groups as people can be a member of more than one target group at the same time and over the year. A small percentage of principal carer parents and people with disability also belong to other groups. The largest overlap is between VLTU and mature age job seekers where 42 per cent of VLTU are mature age job seekers.

Table 2.2 shows the number and percentage of principal carer parents in each sub-target group for 2006–07. The majority (79 per cent) were on PP at the time Welfare to Work was introduced and under the policy were ‘grandfathered’ on this payment. For these, part-time participation requirements were applied from 1 July 2007 for those whose youngest child is aged over 7 or when their youngest child turns 7 years.⁶

A further 16 per cent of the group claimed income support since the introduction of Welfare to Work, but because their youngest child did not turn 6 until after 1 July 2007, they did not face part-time participation requirements during the year.

The remaining five per cent of all principal carer parents were directly affected: facing new income support conditions and a requirement to undertake part-time participation. These were the people whose youngest child was aged 6 to 15 years and who claimed for principal carer status after 1 July 2006. Before Welfare to Work, these people would have been eligible for PP. Now, with the exception of those who are single and whose youngest child is aged 6 to 7 years, most receive NSA.⁷

⁶ Note that evaluation of the effectiveness of the changes for ‘grandfathered’ parents are outside the scope of this report.

⁷ Note that a few principal carers received YA(o).

Table 2.2 Principal carer parents by sub-target group, 2006–07

	Participation requirement	Number	Target group (%)
<i>Receiving PP before 1 July 2006 (grandfathered)</i>			
PP single — youngest child less than 6 years	none	163,112	23
PP partnered — youngest child less than 6 years	none	82,306	12
PP single — youngest child 6 to 15 years	none	249,990	35
PP partnered — youngest child 6 to 15 years	none	64,713	9
Total – grandfathered		560,121	79
<i>Claimed after 1 July 2006</i>			
PP single — youngest child less than 6 years	none	58,353	8
PP partnered — youngest child less than 6 years	none	56,863	8
Total - new claimants with no participation requirements		115,216	16
PP single — youngest child 6 to 7 years	part-time	8,230	1
NSA single — youngest child 8 to 15 years	part-time	13,902	2
NSA partnered — youngest child 6 to 15 years	part-time	11,398	2
Total – new claimants with participation requirements		33,530	5
Total		708,867	100
<i>Per cent of total working age income support population</i>			23

Source: Research and Evaluation Dataset

Note: Principal carer parents can be in more than one sub-group in a year. In this table they are counted in the last sub-group during the financial year.

During 2006–07, 808,420 people with disability received a range of income support payments and represented one-quarter of all working age income support recipients (Table 2.3). Within this group, 88 per cent were receiving DSP at the time Welfare to Work was introduced. The majority of these (80 per cent of all people with disability) are ‘grandfathered’ on DSP and were not be subject to the Welfare to Work policy changes. Those who claimed DSP between 10 May 2005 — when Welfare to Work was announced in the 2005–06 Budget – and 30 June 2006 — immediately prior to when the policy first came into effect, representing eight per cent of all people with disability, were those who would be reviewed under the new eligibility criteria for DSP after at least two years on payment. If they were found to have a work capacity of over 15 hours per week then they became ineligible for DSP and were transferred to another payment, mainly NSA or YA(o). The majority of these reviews took place during 2007–08.

Table 2.3 People with Disability by sub-target group, 2006–07

	Participation requirement	Number	Target group (%)
<i>Receiving DSP before 1 July 2006</i>			
Claimed DSP before 11 May 2005 (grandfathered)	none	645,598	80
Claimed DSP between 11 May 2005 and 30 June 2006 — (Transition)	none	65,718	8
Total - receiving DSP before 1 July 2006		711,316	88
<i>Assessed on or after 1 July 2006</i>			
Granted DSP	none	48,809	6
Partial capacity to work 15–29 hours per week — NSA/YA(o)	part-time	32,711	4
Partial capacity to work 0–14 hours per week — NSA/YA(o)	part-time	11,688	2
Partial capacity to work — receiving other payments (including PpP/PPs)	part-time	3,896	0.5
Total - assessed on or after 1 July 2006		97,104	12
Total		808,420	100
<i>Per cent of total working age income support population</i>			26

Source: Research and Evaluation Dataset

Note: People with disability can be in more than one sub-group in a year. In this table they are counted in the first sub-group during the financial year.

Under Welfare to Work, those directly affected during its first year are those assessed with a partial capacity to work of 15 to 29 hours per week. Representing just four per cent of all people with disability in 2006–07, they received NSA or YA(o). This group comprised people who, before Welfare to Work, would have been eligible for DSP if they met the other DSP eligibility requirements. Due to the broader application of the JCAs under Welfare to Work, this group also included people who may not have been eligible for DSP but still had a part-time assessed capacity to work. In the past, these people would have received NSA or YA(o) and had full participation requirements or been fully exempt.

During 2006–07, the 194,425 mature aged job seekers represented 19 per cent of all NSA and YA(o) job seekers (Table 2.4). Although all mature age job seekers were affected by Welfare to Work, those aged 50 to 54 years, representing 41 per cent of all mature age job seekers, were most directly affected by Welfare to Work during its first year. For this group, their job search requirements were strengthened in that they could no longer do voluntary work to meet their activity test requirements.

Table 2.4 Mature Age Job Seekers by sub-target group, 2006–07

	Activity test requirement	Number	Target group (%)
<i>50 to 54 years</i>			
Existing before 1 July 2006	full-time (only voluntary work if approved)	44,663	23
New since 1 July 2006		35,938	18
Total 50 to 54 years		80,601	41
<i>55 to 59 years</i>			
Existing before 1 July 2006	full-time with combination of part-time work or voluntary work	43,018	22
New since 1 July 2006		22,846	12
Total 55 to 59 years		65,864	34
<i>60 years and over</i>			
Existing before 1 July 2006	full-time with combination of part-time work or voluntary work	32,642	17
New since 1 July 2006		15,318	8
Total 60 years and over		47,960	25
Total		194,425	100
<i>Per cent of NSA/YA(o)</i>			19
<i>Per cent of total working age income support population</i>			6

Source: Research and Evaluation Dataset

Note: Mature age job seekers can be in more than one sub-group in a year. In this table they are counted in the first sub-group during the financial year.

The 102,654 VLTU job seekers represented 10 per cent of all NSA and YA(o) job seekers during 2006–07 (Table 2.5). All VLTU job seekers, regardless of whether they already met the requirements to be classified as VLTU at the time Welfare to Work was introduced or whether they were new during the year, were directly affected by the introduction of the new range of assistance measures introduced under the Welfare to Work policy.

Table 2.5 Very Long-Term Unemployed by sub-target group, 2006–07

	Activity Test requirement	Number	Target group (%)
Existing before 1 July 2006	full-time	60,672	59
New since 1 July 2006	full-time	41,982	41
Total		102,654	100
<i>Per cent of NSA/YA(o)</i>			10
<i>Per cent of total working age income support population</i>			3

Source: Research and Evaluation Dataset

Note: The very long-term unemployed can be in more than one sub-group in a year. In this table they are counted in the first sub-group they are a member of during the financial year.

2.4 Summary

Welfare to Work was introduced in the context of continued strong economic and labour market conditions. The range of measures were designed to increase workforce participation and reduce income support reliance through changing entry eligibility for the key non-activity tested payments, introducing part-time participation requirements, implementing incentives to those income support recipients who were already activated with job search requirements, and providing assistance to help them work to their capacity.

The policy changes targeted four key groups: principal carer parents, people with disability, mature age job seekers and the very-long term unemployed. During 2006–07, 55 per cent of all working age income support recipients were identified in at least one Welfare to Work target group. The two largest groups were principal carer parents and people with disability. However, as many people in these groups were already on income support when Welfare to Work was introduced, they are not directly or immediately affected by Welfare to Work during its first year. People in the people with disability and principal carer target groups directly affected by Welfare to Work during its first year were mainly those who claimed income support since its introduction on 1 July 2006 — that is, those new to income support payments. For the two smaller target groups, mature age job seekers and the VLTU, all were affected to some extent during Welfare to Work's first year, with those aged 50 to 54, in the mature age job seeker group, the most directly affected.

In general, those directly and significantly affected by the Welfare to Work policy changes during the first year of implementation represent only a minority of all people identified in the target groups. Analyses undertaken in this report, which assess the effectiveness of the introduction of these changes, focus on the people in the Welfare to Work target groups who were directly affected during 2006-07.

Part Two

Assessing the Effectiveness of Welfare to Work

Part two of this report presents results from analyses undertaken to assess the impact of Welfare to Work on the working age income support population. Specifically, the following questions are addressed:

- What was the impact of Welfare to Work on the dynamics of entry to working age income support payments?
 - How was entry to the key income support payments affected by Welfare to Work?
 - Were there any unintended consequences on the entry to any working age income support payments due to the introduction of Welfare to Work?
- Were the key objectives of Welfare to Work met?
 - Did Welfare to Work increase workforce participation and in particular, employment?
 - Did Welfare to Work decrease income support reliance?
- How was the working age income support population changed since the introduction of Welfare to Work?

The analyses undertaken to address these questions focus on (but are not limited to) those in the target groups directly affected by Welfare to Work during its first year including:

- principal carer parents who claimed income support after 1 July 2006 and whose youngest child is aged 6 and over;
- people with disability who have a partial capacity to work of 15 to 29 hours per week;
- mature age job seekers who are aged 50 to 54; and
- the very long-term unemployed.

Chapter 3 describes the changes in entry to key income support payments since the introduction of Welfare to Work. Chapter 4 outlines a framework to assess the effectiveness of Welfare to Work in achieving its key outcomes of increasing workforce participation and reducing income support reliance, and discusses the key results. It also presents information about the employment services provided to people in the Welfare to Work target groups. Chapter 5 then examines the changes in the working age income support populations over Welfare to Work's first year.

Chapter 3. Changes in Entry to Income Support

This Chapter examines in detail the observed trend changes in the entry to many of the main income support payments for working age people as a result of the introduction of the Welfare to Work policy changes. Under Welfare to Work, new payment eligibility conditions and part-time participation requirements were introduced for some principal carer parents and people with disability claiming or receiving income support. These changes have potential to directly change the number of people entering their related key working age income support payments, in particular Parenting Payment (PP) and Disability Support Pension (DSP). Also, there may be indirect effects on commencements to other income support payments as a result of the Welfare to Work changes for these groups.

3.1 Entry of Principal carer parents to Income Support Payments

Table 3.1 presents the number of people who commenced income support as a principal carer during 2006-07, including commencements to both PP and Newstart Allowance (NSA). Also included in the table for comparison are the numbers in the previous financial years, 2003-04 to 2005-06, of people who claimed and were granted PP (the income support payment for all people with children before Welfare to Work was introduced). The table disaggregates this information by sub-groups defined by the age of the youngest child.

As a result of the introduction of the Welfare to Work policy changes, new principal carer parents whose youngest child is aged 8 to 15 years if single, or 6 to 15 years if partnered, were no longer eligible for PP and typically received NSA instead.⁸ As a direct result of this change, there was a significant decrease in the number of entrants to Parenting Payment single (PPs) and partnered. Specifically, Table 3.1 shows that from 2005-06 to 2006-07, entry to Parenting Payment single decreased by 30 per cent (a decrease from 94,402 to 66,583) and Parenting Payment partnered (PPp) by 32 per cent (a decrease from 83,558 to 56,863).

For single and partnered people with a youngest child aged less than 6, whose payment eligibility and participation requirements were not changed with the introduction of Welfare to Work, there is no evident change in the trend of commencement to income support. Between 2003-04 and 2006-07, yearly commencements for this group declined slowly from 64,552 to 58,353 for single parents and from 59,036 to 56,863 for partnered parents.

Under Welfare to Work, single principal carer parents with a youngest child aged 6 to 7 years remained eligible for PPs but had part-time participation requirements. For these, the trend in income support payment commencements also remained similar to previous trends with the number of commencements decreasing slightly in each consecutive year over the past four years.

⁸ Note that a few principal carers received YA(o).

Table 3.1 Principal carer parents: comparison of commencements on Parenting Payment and Newstart Allowance, 2003–04 to 2006–07

Sub-group	Before Welfare to Work			After Welfare to Work
	2003–04	2004–05	2005–06	2006–07
<i>Single</i>				
Youngest child aged 0 to 5 (entering PPs)	64,552	60,541	57,537	58,353
Youngest child aged 6 to 7 (entering PPs)	10,072	9,149	8,552	8,230
Youngest child aged 8 to 15 (entering PPs)	32,989	29,678	28,313	
Youngest child aged 8 to 15 (entering NSA)	-	-	-	13,902
Total entering PPs	107,613	99,368	94,402	66,583
Total entering PPs or NSA	107,613	99,368	94,402	80,485
<i>Partnered</i>				
Youngest child aged 0 to 5 (entering PPp)	59,036	55,500	58,082	56,863
Youngest child aged 6 to 15 (entering PPp)	26,641	24,888	25,476	
Youngest child aged 6 to 15 (entering NSA)	-	-	-	11,398
Total entering PPp	85,677	80,388	83,558	56,863
Total entering PPp or NSA	85,677	80,388	83,558	68,261
<i>Single and Partnered</i>				
Total entering PP	193,290	179,756	177,960	123,446
Total entering NSA	-	-	-	25,300
Total	193,290	179,756	177,960	148,746

Source: Research and Evaluation Dataset

Note: Where someone is in more than one of the categories in this table, they are only counted once – in the *last* category that they entered.

In comparison, there is clearly a change in the pattern of commencement for principal carer parents who could no longer commence on PP under Welfare to Work. Table 3.1 shows that there were significantly fewer single principal carer parents with a youngest child aged 8 to 15, and partnered principal carer parents with a youngest child aged 6 to 15, commencing NSA during 2006-07 than was the case in previous years when they could receive PP. Commencements decreased by 51 per cent from 28,313 in 2005–06 to just 13,902 in 2006–07 for single principal carer parents and 55 per cent (from 25,476 to 11,398) for partnered principal carer parents.

There are a number of possible reasons why this change in trend occurred:

1. As a direct result of Welfare to Work's introduction, and the strong labour market conditions, some principal carer parents or their partners could have been motivated to find work before applying for income support or others simply may not have been prepared to become an active job seeker or be labelled as 'unemployed' and so did not apply for income support.
2. Since Welfare to Work's introduction, a higher percentage of single and partnered principal carer parents tested their eligibility for, and entered, other income support payments which did not have an activity test, such as Carer Payment or DSP, because they lost eligibility for PP.

3. For single principal carer parents, some could have been ineligible for NSA because their income was too high (at the time they claimed payment) though in the past they could have commenced PPs. This was caused by the difference in the basic entitlements and the income tests which applied for PPs and NSA.

While it is not possible to disaggregate the relative contribution of these effects, some analysis on the contribution of the changes in payment eligibility for single principal carer parents whose youngest child is aged 8 to 15 was undertaken. Other things being equal, fewer people were eligible for NSA than PPs because of the introduction of a harsher personal income test and a reduced payment rate.

Table 3.2 shows the number of single principal carer parents with a youngest child aged 8 to 15 and over who entered PPs and NSA for 2003–04 to 2006–07. These have been disaggregated by their level of income in their first commenced fortnight — those who had no income during their first fortnight, those with an income which would make them still eligible for NSA (\$833) and those with an income that would make them ineligible for NSA.⁹

These data show that during 2006-07, there was a disproportionate reduction in the percentage of people with higher levels of income commencing payment (86 per cent reduction for those with an income over the Newstart limit compared to the average at 51 per cent). This suggests that the changed income test after Welfare to Work was introduced for these principal carer parents was a key contributing factor to the decrease in the number entering income support.

Table 3.2 Commencement of Single Principal carer parents with a youngest child aged 8 to 15 years, by fortnightly income at entry

Fortnightly income at commencement	Before Welfare to Work			After WtW 2006–07	Change 2005–06 to 2006–07 (%)
	2003–04	2004–05	2005–06		
No income	20,885	19,208	17,956	9,972	-44
\$1 – \$833	6,121	5,540	5,322	3,010	-43
Greater than or equal to \$834	4,891	4,065	4,192	587	-86
Total	32,989	29,678	28,313	13,902	-51

Source: Research and Evaluation Dataset

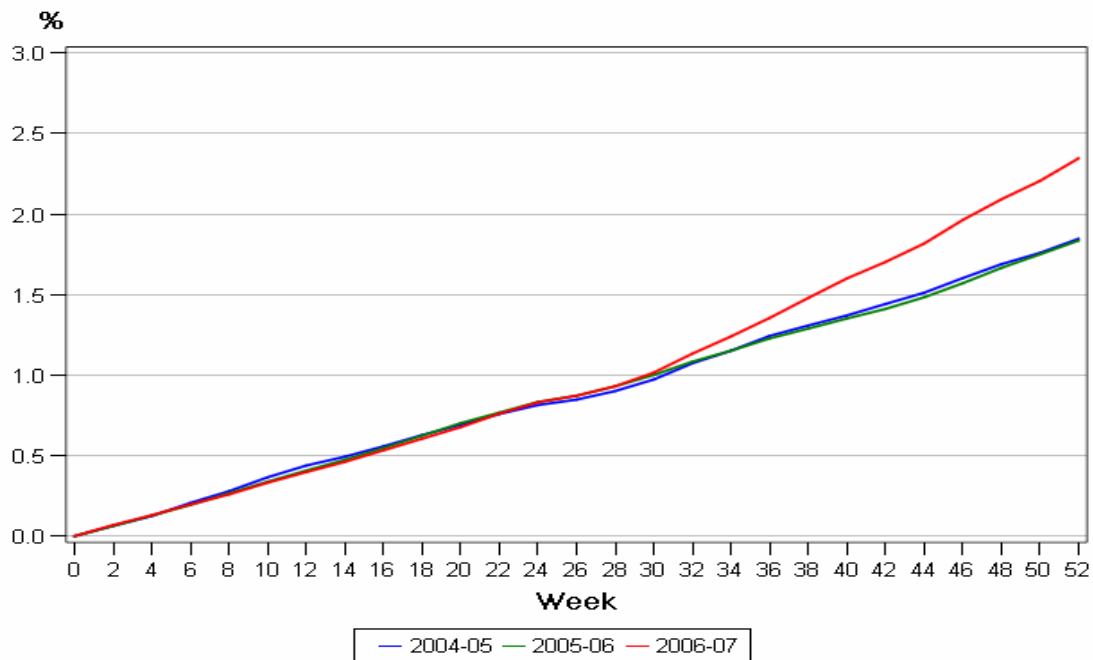
While the change in the income test accounted for part of the decline, the other factors were also contributing to the reduction in the entry of single principal carer parents since the introduction of Welfare to Work. This is evident from Table 3.2, which shows a significant reduction in the number of commencements across all levels of income at entry. While there is no definitive evidence for these other factors, there is some indirect evidence that principal carer parents were testing their eligibility for, and entering, other income support payments which did not have an activity test. This is based on the behaviour of grandfathered principal carer parents, rather than new claimants.

⁹ This is the cut off (rounded) for NSA for a single person with a child in July 2006. Income over this limit would render people ineligible to receive NSA.

Under the Welfare to Work policy changes, principal carer parents with a youngest child aged 6 to 15 who were grandfathered on PP had participation requirements from 1 July 2007. In the first year of Welfare to Work these people were notified and advised to prepare for the upcoming changes. There was a subsequent increase in trend of principal carer parents moving to the key non-activity tested payments of DSP and Carer Payment.

Chart 3.1 and Chart 3.2 investigate this. It shows trends before and after the introduction of Welfare to Work in the percentage of grandfathered principal carer parents who transferred from PPs and Pp to the non-activity tested payments, DSP and Carer Payment, during the first 12 months of the Welfare to Work policy changes compared with the previous two financial years. While the percentages are low, a clear change in trend to these payments is evident. The effect becomes apparent from week 26 (early January) which coincided with the time grandfathered principal carer parents were informed of their up coming changes in participation requirements.¹⁰

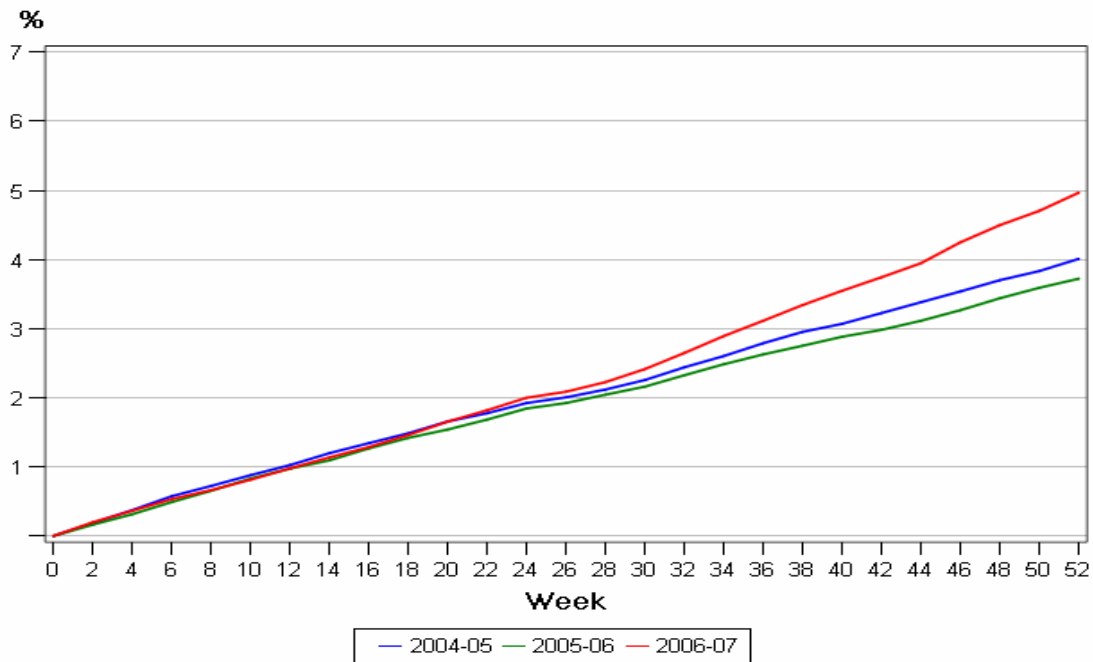
Chart 3.1 Transfer of Grandfathered Single Principal carer parents to DSP and Carer Payment 2004–05 to 2006–07



Source: Research and Evaluation Dataset

¹⁰ Note that grandfathered principal carers had participation requirements from 1 July 2007 or when their youngest child was aged 7.

Chart 3.2 Transfer of Grandfathered Partnered Principal carer parents to DSP and Carer Payment 2004–05 to 2006–07



Source: Research and Evaluation Dataset

This is evidence that an indirect effect of Welfare to Work was also at work - moving some people to non-activity tested payments. Although this data only relates to grandfathered parents, it is likely that similar motivations applied to new claimants.

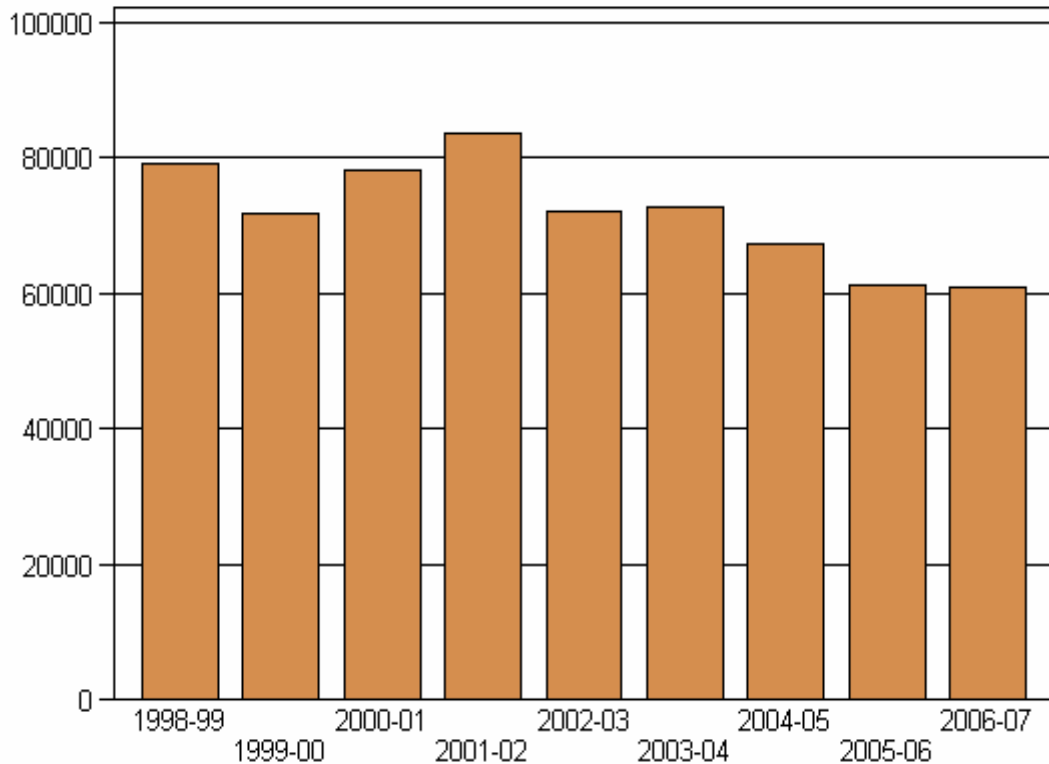
3.2 Entry to Disability Support Pension

Under Welfare to Work, the eligibility criteria relating to entry to DSP were changed to encourage people with a reasonable capacity to work to take up jobs. Specifically, people assessed with a capacity to work of 15 to 29 hours per week were not eligible for entry to DSP. Instead these people typically received an activity tested payment of NSA or Youth Allowance (other) (YA(o)).

To facilitate this change, Job Capacity Assessments (JCA) were introduced to replace Better Assessments (BA) introduced in September 2002 under the Australians Working Together policy and used to assess eligibility for entry to DSP before Welfare to Work. JCAs provided an assessment of work capacity and permanent medical conditions against the eligibility criteria for entry to DSP. Where appropriate, JCA providers also referred assessed individuals to suitable assistance. Most DSP claimants were referred by Centrelink to a JCA (exceptions include for those considered as manifestly disabled and those rejected on non-disability related criteria). The final decision to grant or reject DSP was then made by Centrelink, based on these assessments.

Chart 3.3 shows the number of people commencing DSP from 1998–99 to 2006–07. This shows that entry to DSP did not continue to decline with the introduction of Welfare to Work, although a decline coinciding with Welfare to Work was expected due to the change in eligibility rules for this payment.

Chart 3.3 Entry to Disability Support Pension 1998–99 to 2006–07

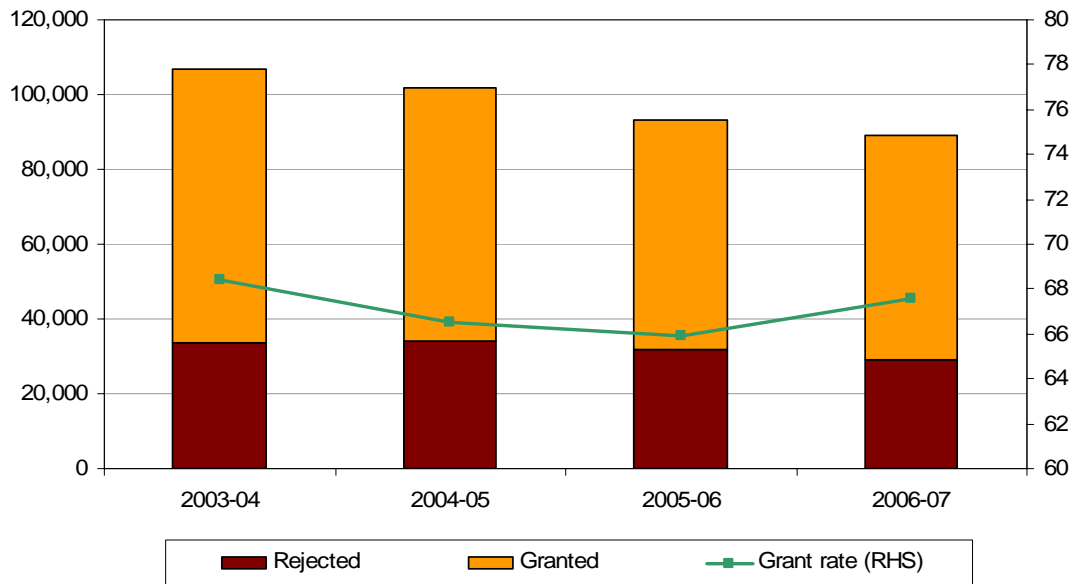


Source: Research and Evaluation Dataset

To investigate this further, Chart 3.4 shows the number of claimants to DSP as well as the grant rate over the four years from 2003–04 to 2006–07. As illustrated, the number of claimants to DSP was declining over this period. In particular, after the introduction of Welfare to Work in 2006–07, there were four per cent fewer claimants to DSP than in 2005–06.

But while the number of claimants decreased, the grant rate to DSP increased from 66 per cent in 2005–06 to about 68 per cent in 2006–07. The increase in the grant rate offset the lower number of claimants, resulting in a roughly unchanged number of entrants to DSP.

Chart 3.4 Number of claimants to DSP by accepted and rejected (left axis), and with the grant rate (right axis)



Source: *Research and Evaluation Dataset*

Note: Pending claims are not included in this chart since their numbers are too small to be visible – there were only 638 pending claims in 2006–07, and a hand full in earlier years. The grant rate is the number of grants over the number of grants and rejections.

There are a number of possible factors, some related to Welfare to Work and some unrelated, that could have contributed to the small reduction in claims (in spite of the changes to eligibility requirements) and the increased grant rate of DSP claimants, and hence the sustained number of entrants to DSP. They include:

- the changes in participation requirements under Welfare to Work indirectly causing more people to test their eligibility for DSP;
- the increase in women’s age pension age;
- greater opportunities for identifying people with permanent disabilities due to the broader scope of JCAs under Welfare to Work;
- changes in the patterns of assessed work capacity with the introduction of the JCAs compared to previous assessments under BA; and
- changes in DSP eligibility assessment patterns under the Welfare to Work policy.

These factors are discussed below.

Changes in participation requirements under Welfare to Work

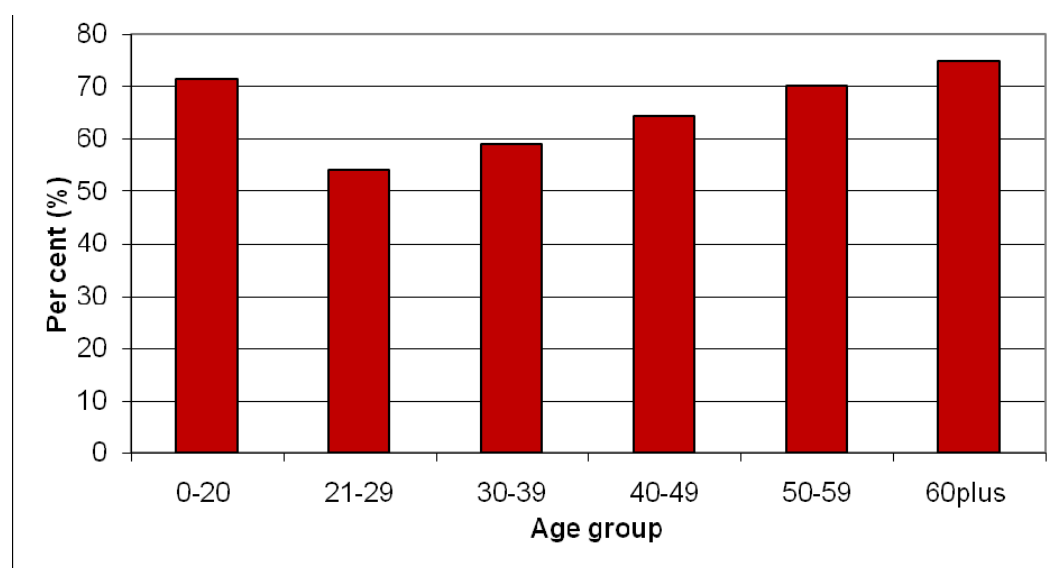
Before Welfare to Work, some people would have been eligible for both PPs and DSP. The introduction of participation requirements under Welfare to Work for principal carer parents may have increased the likelihood of people on PP testing their eligibility for DSP. As indicated in the discussion on principal carer parents in Chart 3.1 and Chart 3.2, there was an increased trend in the number of people transferring from PP to DSP. Also, the strengthening of requirements for mature age job seekers and the very long-term unemployed under Welfare to Work could have had a similar

effect. If only people most likely to be eligible applied, this could have been a contributing factor to the increase in the grant rate for DSP.

Increase in women's age pension age

During 2006-07, there was an increase in the proportion of older people being assessed for DSP. A contributing factor was the increase in the female age of eligibility for the age pension. As a result, more older women applied for DSP as they could not receive the age pension. Since the grant rate to DSP increases with age (Chart 3.5), this too put upward pressure on the DSP grant rate and hence the sustained entry to DSP.

Chart 3.5 Disability Support Pension grant rate by age group^a



a. The grant rate is calculated as the percentage of people in particular age group granted DSP as a proportion of the total number of claimants for DSP in that age group.

Source: Research and Evaluation Dataset.

Greater opportunities for assessment and eligibility to DSP

The broader application of JCAs following Welfare to Work compared to BA also provided greater opportunities for identifying people with permanent disabilities who may have been eligible for DSP, but who did not otherwise apply. This also had the potential to increase the likelihood that people would be granted DSP.

The proportion of DSP claimants undergoing assessment who had a prior assessment not related to DSP also increased significantly under JCA (to 28 per cent) compared to a similar group under BA (three per cent). This was largely due to the JCA process having a broader application than the earlier BA process.

Prior assessments typically provided a good predictor of the likelihood of success of a DSP claim; and could have encouraged people with a high probability of succeeding to claim DSP (and discourage potential claimants who had applied for DSP but had only a low probability of succeeding).

Analysis of available data indicates that the underlying rate of grant for those assessed under Welfare to Work would have been lower without these additional claimants, as

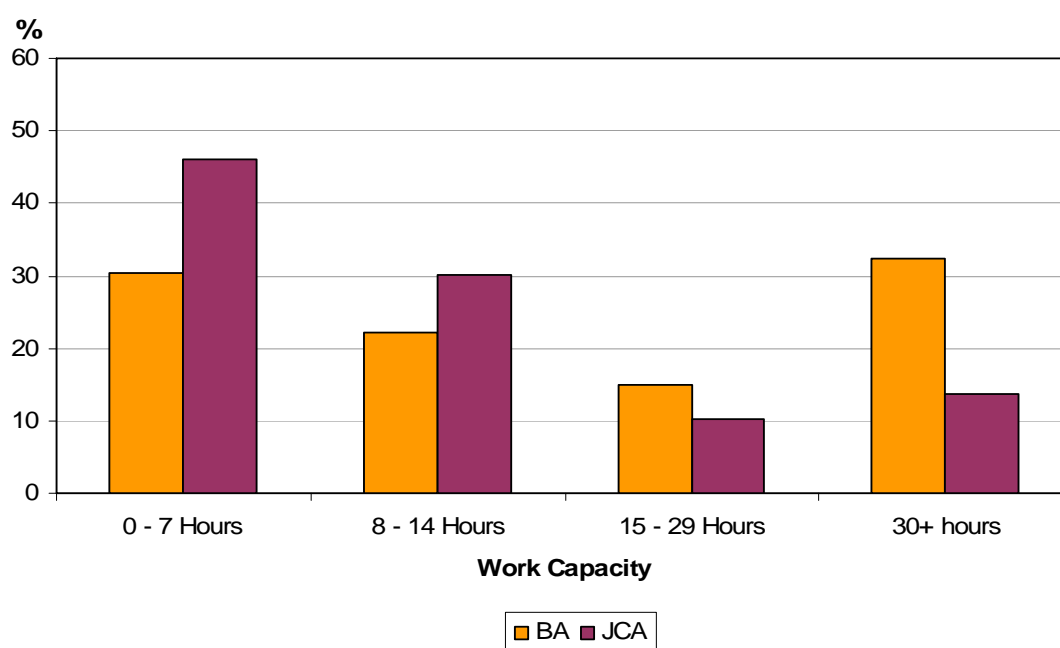
the grant rate for the group with prior assessments (79 per cent) is much higher than for other assessed claimants (70 per cent).¹¹

Changes in the patterns of assessed work capacity

Under Welfare to Work claimants did not qualify for DSP if they were assessed as capable of achieving a work capacity of 15 hours per week or more, with up to two years of assistance including vocational rehabilitation, at any time during the 24 months following assessment. Prior to Welfare to Work, claimants were disqualified if they could achieve a work capacity of 30 hours per week or more within 24 months, with mainstream assistance (excluding vocational rehabilitation). It was expected that as a result of this change DSP grants would fall on the assumption that assessed work capacities of claimants under JCA would be similar to those under BA.

Chart 3.6, however, shows an increase under JCAs in the proportion of people with less than 15 hours work capacity (and a corresponding decrease in the proportion with a higher assessment of work capacity) in comparison to the work capacity ratings under BA.

Chart 3.6 Maximum work capacity of assessed individuals



Source: Survey, Evaluation and Analysis Dataset and Research and Evaluation Dataset

Note: This chart shows the distribution of maximum assessed work capacities of all DSP claimants who underwent a BA between 1 October 2005 and 31 March 2006 or a JCA between 1 October 2006 and 31 March 2007. Maximum work capacity is derived as the highest of all work capacity ratings, with or without intervention, over the 24 months following assessment. Only individuals who were assigned at least one work capacity rating are included.

¹¹ NSA incapacity exemptions and Job Seeker Classification Instrument (JSCI) supplementary assessments were the most common routes leading to a DSP claim assessment: accounting for over three quarters of the group who had a prior JCA assessment not related to DSP.

While it is not completely clear why the proportion of assessed claimants in the 15 to 29 hours bandwidth decreased, a number of contributing factors can be identified.

It is likely that the new DSP eligibility rules in themselves discouraged people with a high work capacity from applying.

In addition, some of the factors discussed above will have increased the inflow of people to assessment who were more likely to be granted DSP under the new rules (that is, have a work capacity of under 15 hours). Indeed, the fact that identification of potential DSP claimants through the broader JCA process led to an influx of applicants with a higher probability of success, could potentially account for up to two-thirds of the growth in clients assessed as having a work capacity of less than 15 hours¹².

Eligibility rules under Welfare to Work placed a strong focus on delineation between the bandwidths below the 30+ bandwidth. If, prior to Welfare to Work, less attention had been paid to delineation between these bandwidths, because they did not affect DSP eligibility, it is possible that the change after Welfare to Work may have caused a shift in the distribution of assessed work capacities. It is not, however, possible to empirically test for the presence of such an effect.

Some evidence of a different response to the changed rules can be seen from a comparison of the relationship between assessed current and future capacity without intervention ratings. Table 3.3 shows that JCA providers appeared less optimistic about how work capacity would change with time for the clients they assessed.

Table 3.3 Change between current and future work capacity

Current work capacity	Future work capacity without assistance (%)			
	0 – 7 hours	8 – 14 hours	15 – 29 hours	30+ hours
BA				
0 – 7 Hours	72.7	10.8	3.8	12.8
8 – 14 Hours	0.9	70.2	13.9	15.0
15 – 29 Hours	0.5	2.3	74.9	22.4
30+ Hours	0.1	0.1	0.9	98.9
JCA				
0 – 7 Hours	98.4	1.3	0.1	0.2
8 – 14 Hours	18.1	80.7	0.9	0.2
15 – 29 Hours	7.5	8.1	82.4	2.0
30+ Hours	4.1	1.6	2.6	91.7

Source: Survey, Evaluation and Analysis Dataset and Research and Evaluation Dataset

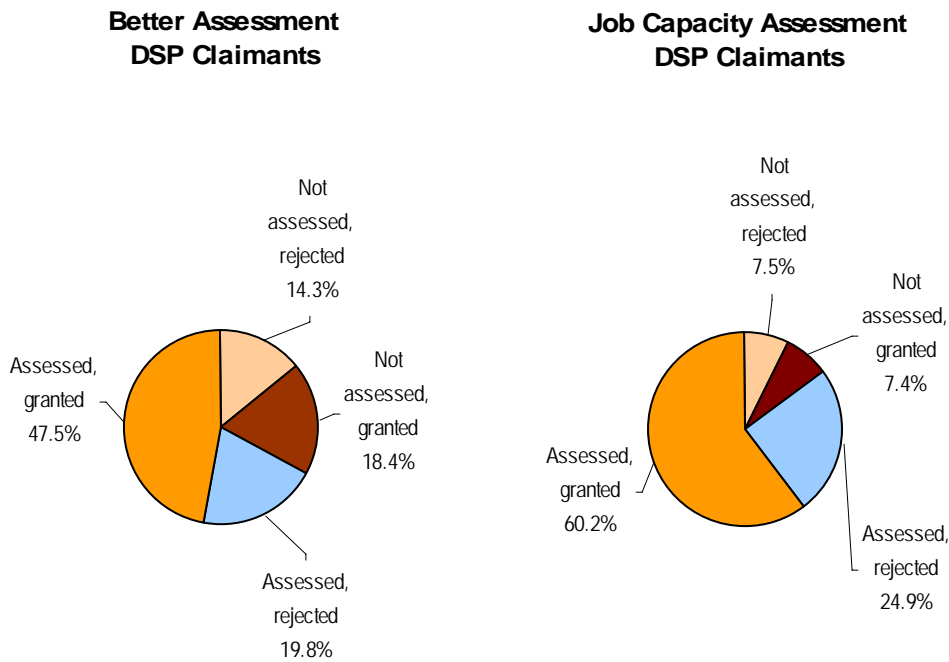
Note: This table is based on all DSP claimants who underwent a BA between 1 October 2005 and 31 March 2006 or a JCA between 1 October 2006 and 31 March 2007 and who were given a rating for both their current and future (without assistance) work capacity.

¹² This indicates that before the start of the Welfare to Work policy changes, a number of people on NSA would have been eligible for DSP.

Changes in DSP eligibility assessment patterns

The proportion of DSP claimants referred for an assessment increased from 67 per cent in 2005–06 to 85 per cent under JCA in 2006–07 (Chart 3.7). The reduction in both grants and rejections without assessment suggests an increased emphasis on ensuring documentary evidence was available to justify DSP claim determinations. This change to assessment referral patterns may have also reinforced the factors discussed above leading to a higher likelihood that people who claimed would be granted DSP.

Chart 3.7 Distribution of assessments conducted before and after the introduction of JCAs



Source: Corporate Management Information System, Survey, Evaluation and Analysis Dataset and Research and Evaluation Dataset.

Note: Data include all DSP claimants who submitted at least one claim in 2005–06 for BA and 2006–07 for JCA.

3.3 Trends in entry to Newstart and Youth Allowance (other)

Other things being equal, the Welfare to Work policy changes would increase NSA/YA(o) numbers, which had trended down in the years prior to Welfare to Work. Table 3.4 presents the number of commencements in NSA and YA(o) recipients across the four financial years 2003–04 to 2006–07. Despite the introduction of Welfare to Work, with the redirection of people to these payments, the number of people who commenced both NSA and YA(o) still declined in line with the trend over previous years, reflecting the continued strong labour market conditions existing across the Australian economy.

Table 3.4 Commencements to Newstart and Youth Allowance (other)

Payment Type	Before Welfare to Work			After Welfare to Work
	2003–04	2004–05	2005–06	2006–07
<i>Activity Tested</i>				
NSA	465,119	450,113	437,025	427,991
YA(o)	125,188	120,152	112,000	101,433

Source: Research and Evaluation Dataset

3.4 Summary

This section reviews changes in the dynamics of entry to the working age income support population before and after the introduction of the Welfare to Work policy changes. As a direct result of these changes and in light of the strong labour market conditions, there is evidence that trends in income support payment commencements changed.

In particular, for principal carer parents:

- there was a decrease of around 30 per cent in the number of people commencing PP;
 - fewer principal carer parents with school age children commenced income support on NSA than was the case before the start of Welfare to Work when they received PP (a reduction of over 50 per cent);
- a contributing factor for single principal carer parents was the difference in the income test between PP and NSA; and
- evidence also indicates that there were some indirect effects of Welfare to Work through higher rates of transfer of principal carer parents to other non-activity tested payments such as DSP and Carer Payment, but other factors could also have contributed.

For people with disability, no significant change in the number of entrants to DSP were observed after the introduction of Welfare to Work, despite changed eligibility rules that would, other things being equal, have shown a decrease. A number of factors could have contributed to an increased grant rate to DSP, including:

- an indirect effect of Welfare to Work due to the changes in participation requirements causing people to apply for and transfer to DSP;
- an increase in the women's age pension age causing older women to apply;
- an increase in the proportion of DSP claimants who had a prior JCA, possibly encouraging people with a high probability of a successful claim to apply (and discouraging those with a low probability of success);
- behavioural change by potential clients and assessors in response to the changed eligibility rules and activity testing; and

- flow on effects from a change in DSP eligibility assessment patterns, contributing to increased flows to assessment of those with a lower work capacity.

It is not clear how much each of these factors contributed to the sustained numbers of new entrants to DSP.

In spite of the redirection of people to NSA and YA(o) resulting from the introduction of Welfare to Work, no significant changes in the trend in the number of entrants to these payments were observed. This most likely reflects the strong economic conditions in which Welfare to Work was introduced.

Chapter 4. Effectiveness of Welfare to Work

4.1 Introduction

This Chapter presents findings from analyses undertaken to assess the effectiveness of Welfare to Work in meeting its objectives during 2006–07. The following questions are addressed:

- Did Welfare to Work increase workforce participation?
 - Did employment increase as a result of Welfare to Work?
 - Did people receive employment assistance through the available support services?
- Did Welfare to Work decrease income support reliance?

These questions are addressed for working age income support recipients in the four Welfare to Work target groups who were directly affected by the policy changes during 2006-07 (refer to Chapter 2).

4.2 Evaluation Approach

The effectiveness of the Welfare to Work policy changes was assessed using a longitudinal comparative analysis where outcome measures for a cohort of people in the Welfare to Work target groups were compared with measures for a similar cohort of people in previous years.¹³

The analysis cohorts comprised people identified during the first six months (July 2006 to December 2006) who were tracked until the end of the financial year. Using this approach, 26 weeks of data was available for each six month cohort. For this reason, comparisons were made at six months (26 weeks) in this report. (See Appendix 2 for further details).

The measures, derived from Centrelink administrative data, reflect workforce participation and income support reliance and are:

- the per cent who have left income support; and
- the per cent employed while on income support.

These measures do not, however, provide complete information as the employment status of those who left income support cannot be accurately measured with the administrative data. Where possible the Longitudinal Pathways Survey (LPS) was used to provide some preliminary descriptive information about employment outcomes regardless of income support status.

Also, descriptive information on participation in employment services and outcomes from this participation gave insight into the extent to which people received employment assistance and its contribution to observed trends. These were drawn from administrative data and Post Program Monitoring (PPM) surveys.

¹³ This approach estimates the effectiveness of the Welfare to Work policy changes for the whole population for which it was intended.

In addition to analysis results for income support recipient groups directly affected by Welfare to Work during its first year, results for similar groups not affected by the policy changes during 2006–07 are also presented to provide an indication of the extent to which other external influences such as the strong labour market conditions could have been driving observed changes.

Appendix 2 presents details about the evaluation approach, including information about the key comparisons made in the evaluation analysis and the main data sources used.

4.3 Evaluation findings

4.3.1 Principal carer parents

As outlined in Chapter 2, three sub-groups of principal carer parents were directly affected by the Welfare to Work during its first year. They are principal carer parents who claimed income support from 1 July 2006 and who are:

- single with a youngest child aged 8 to 15 years;
- single with a youngest child aged 6 to 7 years; and
- partnered with a youngest child aged 6 to 15 years.

Under the Welfare to Work these groups faced new and different policy settings. The analysis for each is discussed in turn.

Single principal carer parents whose youngest child is aged 8 to 15 years

Under Welfare to Work, single principal carer parents whose youngest child is aged 8 to 15 years who claimed income support since 1 July 2006 could have been eligible for Newstart Allowance (NSA).¹⁴ In the past, people in similar circumstances would have been eligible for Parenting Payment single (PPs) which had a more generous rate and income test. There was also no compulsory requirement to participate in the workforce.

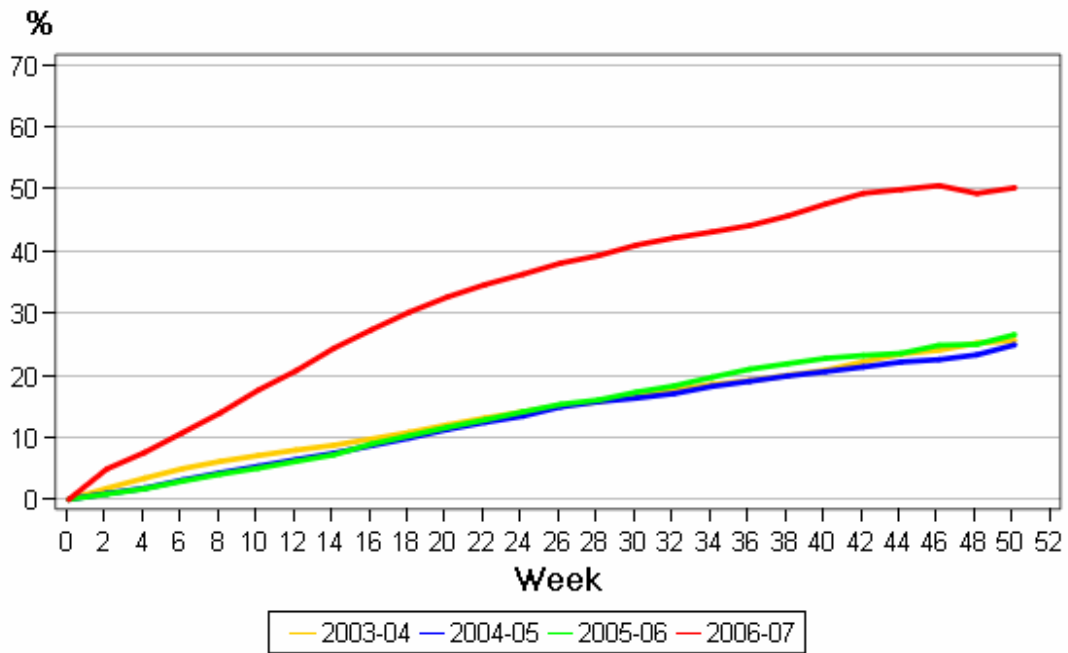
Chart 4.1 shows a comparison of the trends in the percentage of these single principal carer parents who left income support at each week over a 12 month period.¹⁵ After six months (26 weeks) during 2006–07, 38 per cent of single principal carer parents with a youngest child aged 8 to 15 years on NSA had left income support. In comparison, for each of the three previous years, only 15 per cent had left income support after six months.

Chart 4.2 shows the percentage of single principal carer parents whose youngest child is aged 8 to 15 years who remained on income support and who reported earnings from paid work for each year from 2003–04 to 2006–07. Despite a large difference in the income test that applies between PPs and NSA, 40 per cent were in paid employment after six months, a figure which is just below the percentage for similar groups in previous years before Welfare to Work.

¹⁴ Some young people caring for a child can receive Youth Allowance (other).

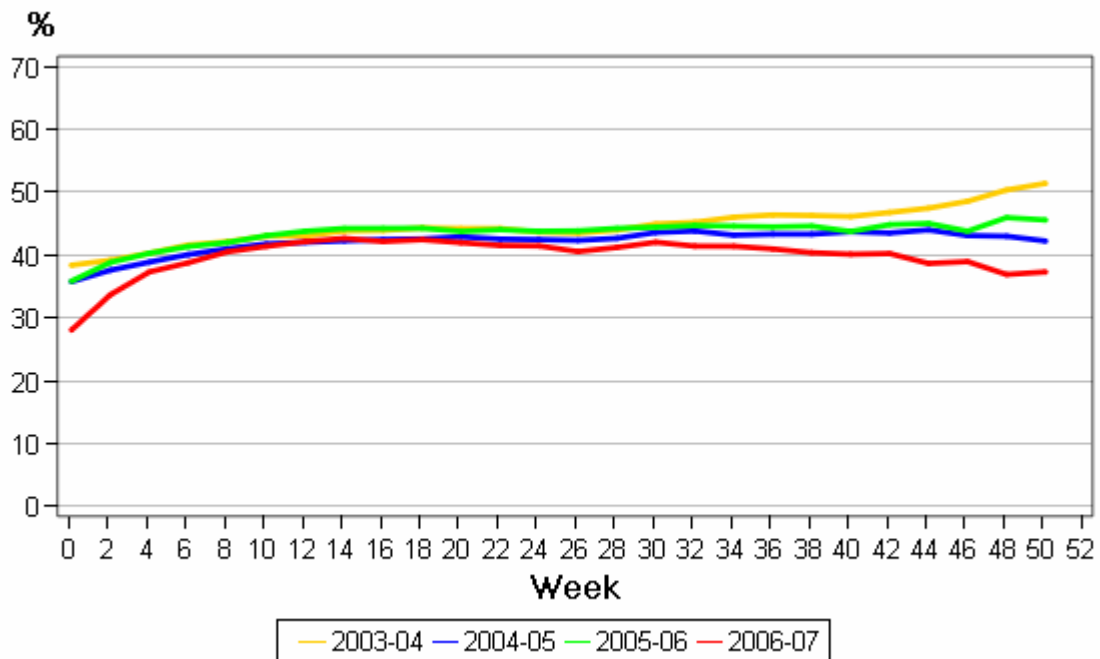
¹⁵ For principal carers during July 2006 and December 2006, the analysis tracks the percentage who had left income support from the time people commenced in the group.

Chart 4.1 Per cent who have left income support – single principal carer parents with youngest child aged 8 to 15 years



Source: Research and Evaluation Dataset

Chart 4.2 Per cent employed while on income support – single principal carer parents with a youngest child aged 8 to 15 years



Source: Research and Evaluation Dataset

These results clearly highlight that there were new emerging trends. Principal carer parents affected by Welfare to Work during its first year were leaving income support

sooner while those who remained on income support still retained high levels of employment.

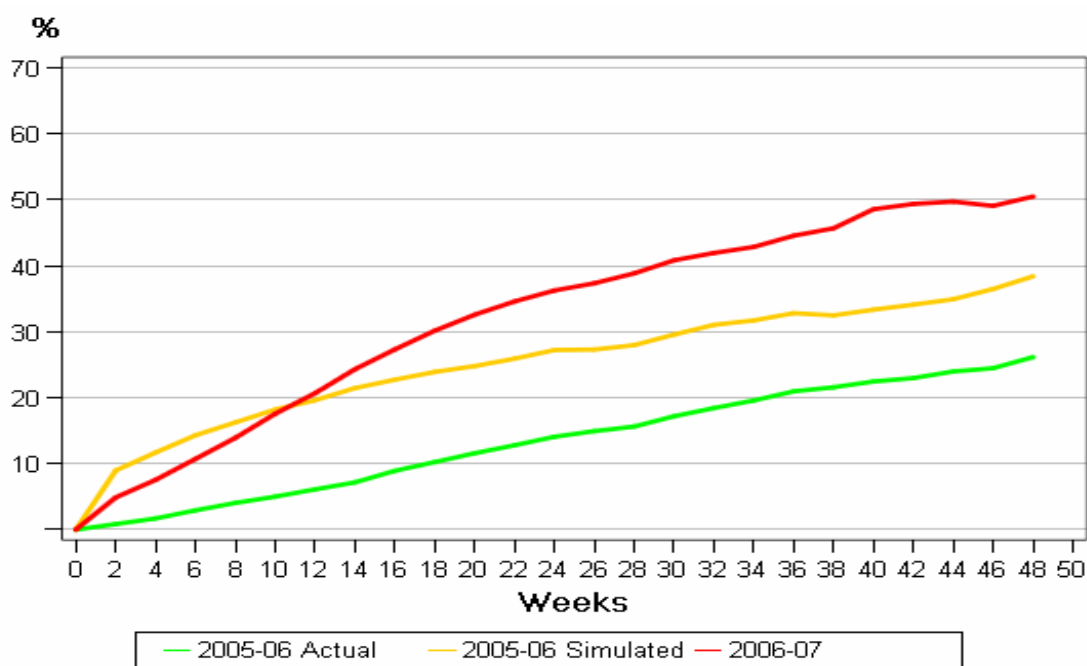
A combination of two Welfare to Work policy changes could have contributed to these trends:

- the change in income support payment from Parenting Payment (PP) to NSA, where people faced different entitlements and income tests; and
- the introduction of part-time participation requirements.

To assess the relative contribution of each of these factors, an analysis was undertaken to determine the effect of the differences in the income test between NSA and PPs. For people who entered PPs in 2005–06, a simulation was undertaken to see what trends would have been like if they faced the same income test that applied to NSA recipients. Chart 4.3 and Chart 4.4 present the findings.

Chart 4.3 shows that, if people on PPs in 2005–06 faced the same income test as applied to NSA, 27 per cent would have left income support after six months, an increase of 12 percentage points over the actual percentage who did leave in 2005–06. This is still lower than the percentage who left in 2006–07 (38 per cent) which means that the income test change did not fully account for observed trends.

Chart 4.3 Per cent who have left income support — single principal carer parents with youngest child aged 8 to 15 years (adjusted for payment cut-off point)^(a)

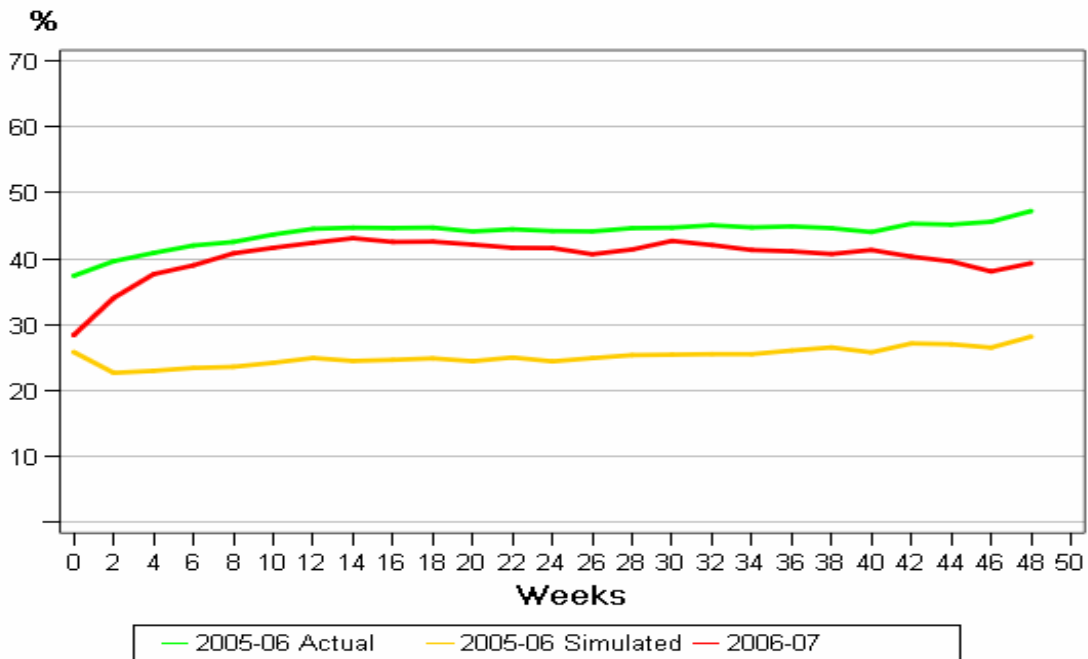


Source: Research and Evaluation Dataset

(a) Due to data limitations Chart 4.3 and Chart 4.4 uses less weeks than other charts

Similarly, Chart 4.4 shows that the percentage of principal carer parents in employment would have been 24 per cent in 2005–06 had the income test been the same as that applied for people on NSA compared to 41 per cent who actually did report employment.

Chart 4.4 Per cent employed while on income support — single principal carer parents with a youngest child aged 8 to 15 years (adjusted for payment cut-off point)



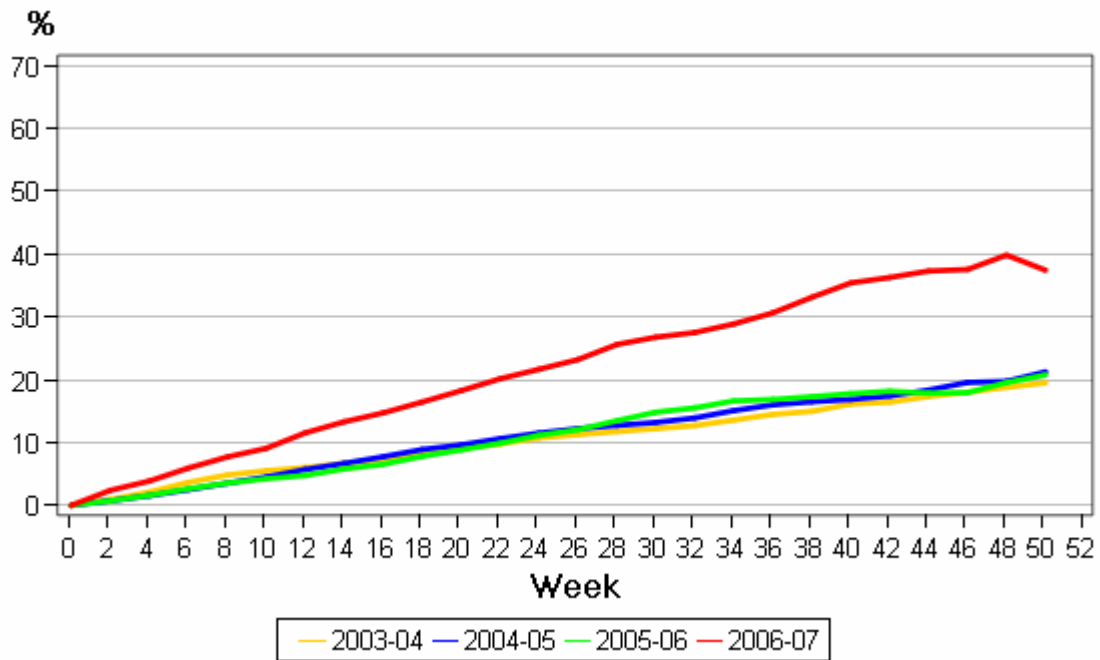
Source: Research and Evaluation Dataset

These results indicate that the change in income support payment from PP to NSA for this group significantly contributed to the observed change in trends accounting for just over half of the change. The new part-time participation requirements introduced under Welfare to Work was also an important contributing factor to observed results.

Single principal carer parents with youngest child aged 6 to 7 years

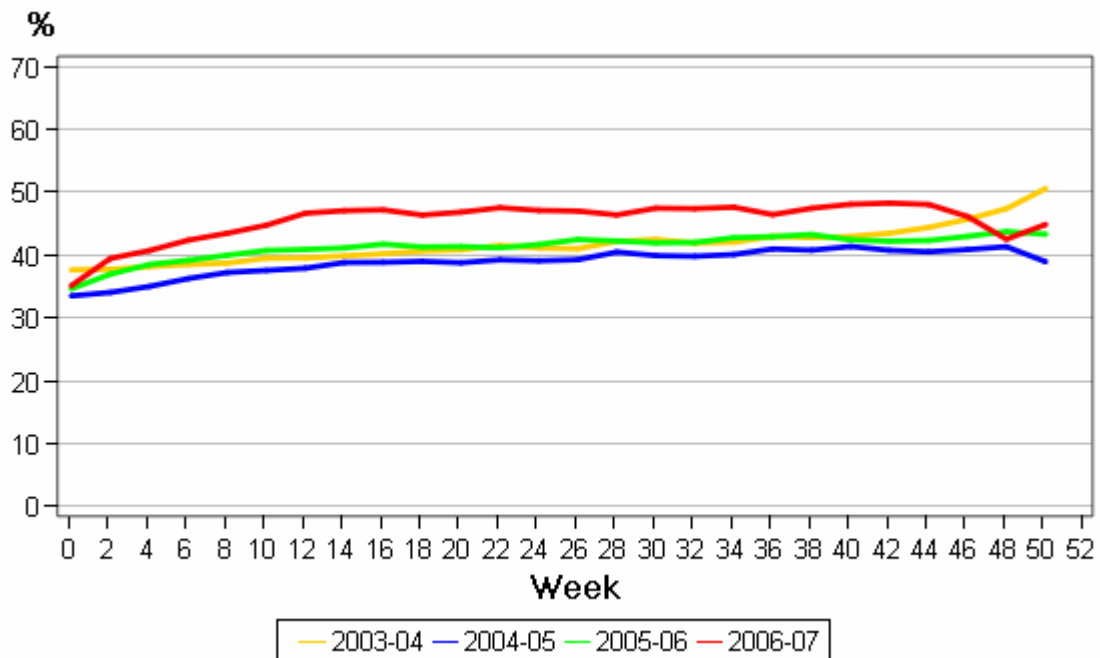
Single principal carer parents with a youngest child aged 6 to 7 years who claimed income support since 1 July 2006 remained on PPs but had part-time participation requirements. Chart 4.5 shows that this group also left income support at a higher rate than in previous years. Specifically, 23 per cent had left after six months, compared to 12 per cent in previous years. Also, Chart 4.6 shows that those who stayed on income support were more likely to be in employment after Welfare to Work than in previous years. Specifically, the percentage of those in employment after six months was 47 per cent compared to 42 per cent in 2005–06.

Chart 4.5 Per cent who have left income support — single principal carer parents with a youngest child aged 6 to 7 years



Source: Research and Evaluation Dataset

Chart 4.6 Per cent employed while on income support — single principal carer parents with a youngest child aged 6 to 7 years

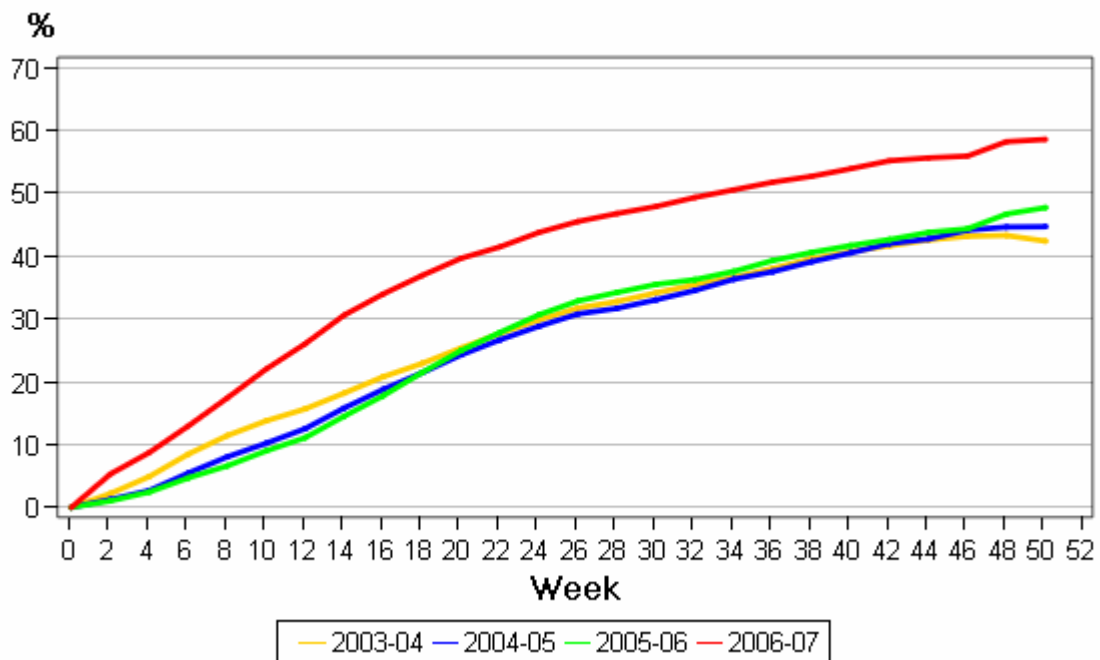


Source: Research and Evaluation Dataset

Partnered principal carer parents whose youngest child is aged 6 to 15 years

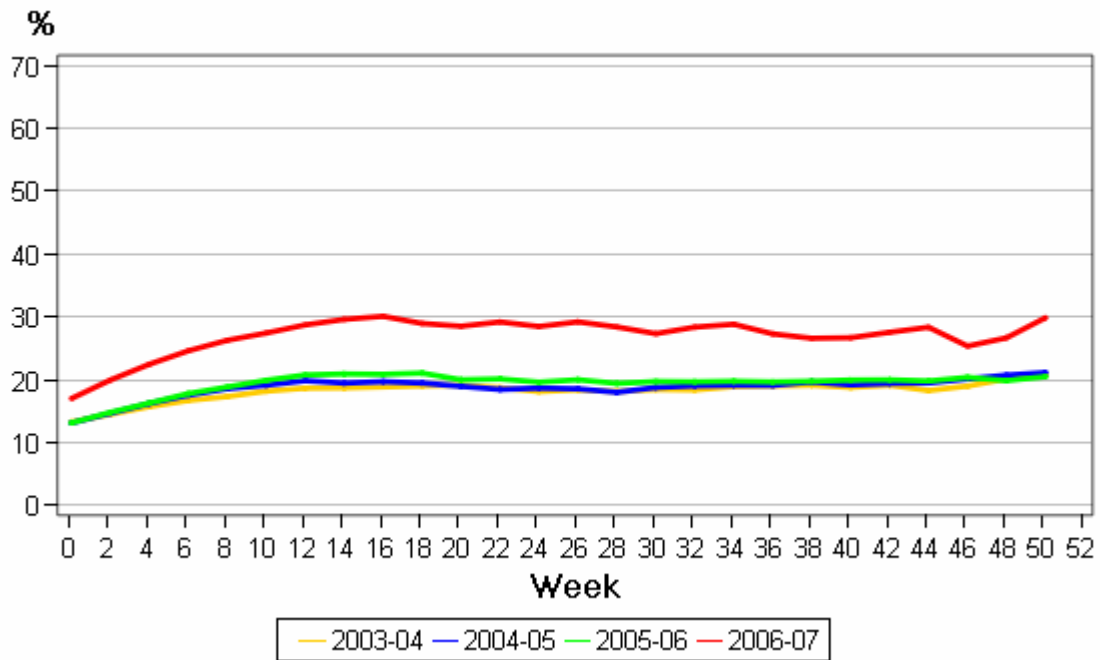
Partnered principal carer parents whose youngest child is aged 6 to 15 years who claimed income support since 1 July 2006 typically received NSA and had part-time participation requirements. Unlike the single parents, their entitlement and income test did not significantly change compared to past years. There was also a change in the percentage leaving income support over time and employment trends for this group. Chart 4.7 shows that 45 per cent of partnered principal carer parents with a youngest child aged 6 to 15 years had left income support after six months under Welfare to Work, compared to 32 per cent of similar groups in previous years. There was also a significant increase for this group in the percentage who remained on income support and who were employed over time, increasing from 20 per cent in 2005–06 to 29 per cent in 2006–07, at six months (Chart 4.8).

Chart 4.7 Per cent who have left income support — partnered principal carer parents with a youngest child aged 6 to 15 years



Source: Research and Evaluation Dataset

Chart 4.8 Per cent employed while on income support — partnered principal carer parents with a youngest child aged 6 to 15 years



Source: Research and Evaluation Dataset

These results indicate increased workforce participation and reduced income support reliance for all principal carer parents who had part-time participation requirements under Welfare to Work. Compared to similar groups in previous years, they left income support sooner and were at least as likely to have employment if they remained on income support.

Employment outcomes from the Longitudinal Pathways Survey

It is not possible from the results presented above to completely measure the level and nature of employment as administrative data only has employment data for people while they are on income support.

Table 4.1 presents the results from the LPS survey for a sample of principal carer parents on NSA (between September 2006 and February 2007). At the time survey participants were interviewed, during May and June 2007, the overall employment rate was 58 per cent for single principal carer parents, and 51 per cent for partnered principal carer parents on NSA. Employment rates for those on income support as measured by the LPS were similar to those calculated by the administrative data: at 48 per cent for single and 40 for partnered principal carer parents; for those off income support at the time they were interviewed, 87 per cent and 70 per cent, respectively, were in paid work.¹⁶

¹⁶ Changes in partner's earnings and/or marital status was the main reason principal carers left income support other than for employment. Reported sources of income for people who left but were not employed included partner's income and child support maintenance payments.

For those employed, the median weekly hours worked in all jobs was 25 hours for singles and 22 hours for partnered, with a median hourly wage being roughly \$18 for both single and partnered principal carer parents, which was above the current national minimum wage of \$13.75.

The additional evidence from the LPS lends support to the administrative data results that a high percentage of people who left income support did so for employment.

Table 4.1 Characteristics of employment — principal carer parents (new entrants)

	Weighted percentages (effective ^(a) standard errors in brackets)			
	Single youngest child aged 8–15		Partnered youngest child aged 6–15	
Income support/employment status				
On income support	74	(3)	62	(4)
Per cent employed (of those on or off income support)	58	(3)	51	(4)
Per cent employed (of those on income support)	48	(4)	40	(5)
Per cent employed (of those off income support)	87	(4)	70	(6)
Employed				
Median hours of working per week	25	-	22	-
Wage or salary earner	87	(3)	87	(4)
Median hourly wage of employed	\$17.90	-	\$18.00	-
Employed and off income support				
Median weekly hours of work	35	-	26	-
Wage or salary earner	90	(4)	95	(3)
Median hourly wage	\$21.00	-	\$19.20	-
Employed and on income support				
Median weekly hours of work	20	-	16	-
Wage or salary earner	85	(4)	79	(6)
Median hourly wage	\$17.10	-	\$16.00	-

Source: LPS, cohort 3 wave 3 (n = 431)

(a) The effective standard error takes into account the sample design.

Grandfathered parents — youngest child aged 6 to 15 years

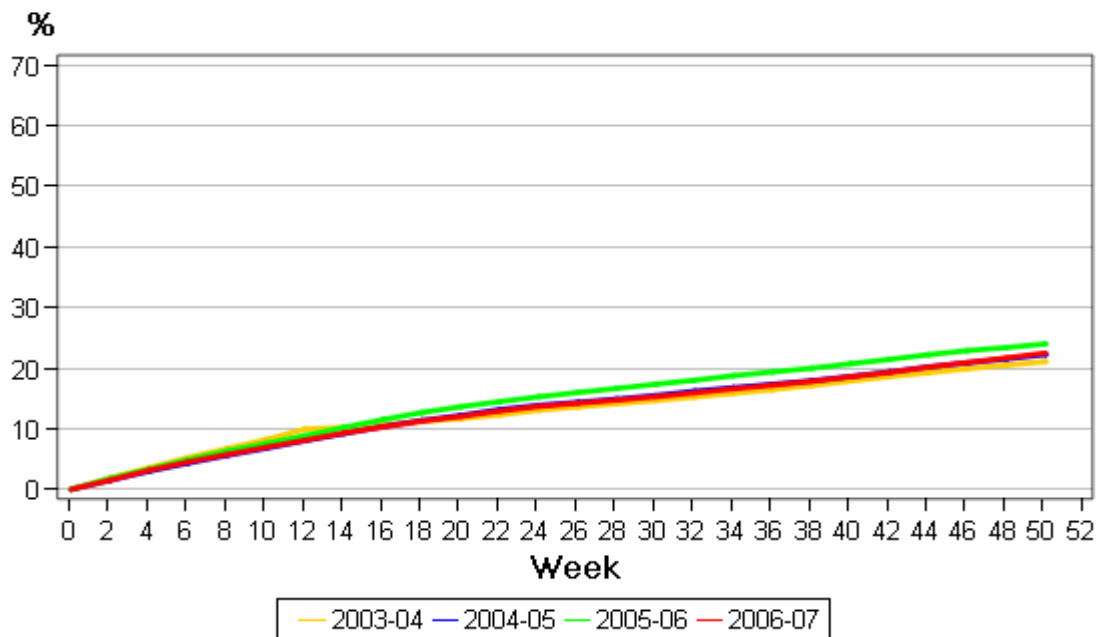
More evidence about the effectiveness of the Welfare to Work policy changes for principal carer parents was found by investigating trends for principal carer parents who had children of similar ages but were not affected by the policy changes during 2006-07.

Chart 4.9 to 4.12 show trends for the grandfathered parents who did not have part-time participation requirements until July 2007. Although they had children of similar ages, there was no major change over the four years in the trends of these people

leaving income support. The percentage of grandfathered parents remaining on income support and in employment increased in each year although the increase was not as great as that reported for the groups directly affected by Welfare to Work. This increase was most likely the effect of continuing strong growth in the Australian labour market.

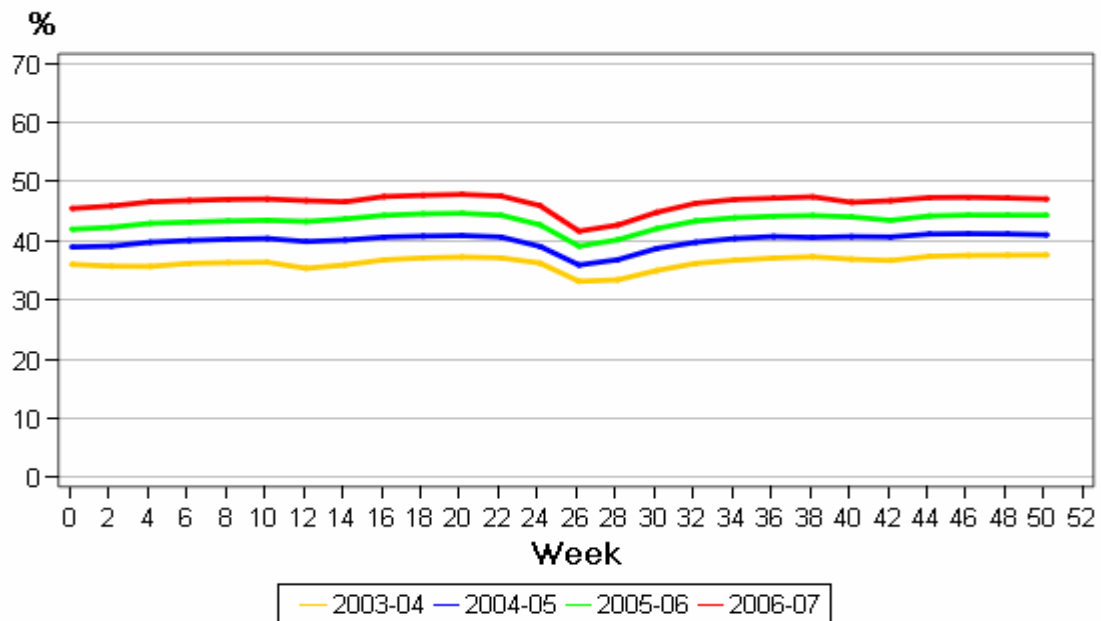
Overall, the lack of a similar change in trends among grandfathered parents with children of the same age provides supporting evidence that the Welfare to Work changes were the main contributor to the changes in employment and income support reliance for principal carer parents directly affected by Welfare to Work during its first year.

Chart 4.9 Per cent who have left income support — grandfathered single principal carer parents with youngest child aged 6 to 15 years



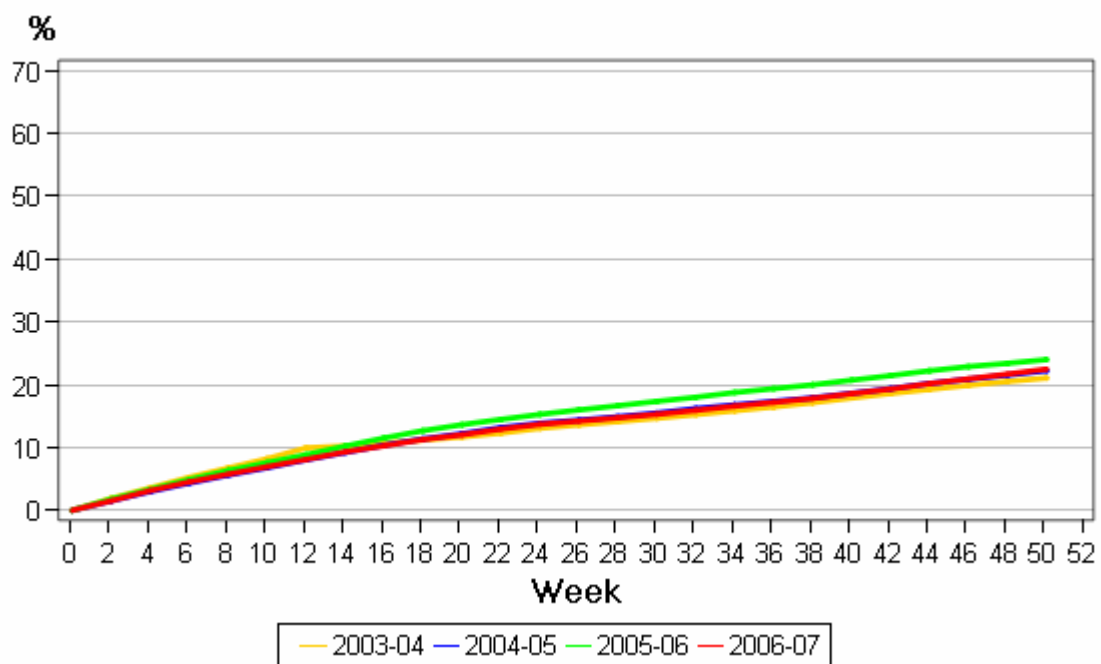
Source: Research and Evaluation Dataset

Chart 4.10 Per cent employed while on income support — grandfathered single principal carer parents with youngest child aged 6 to 15 years



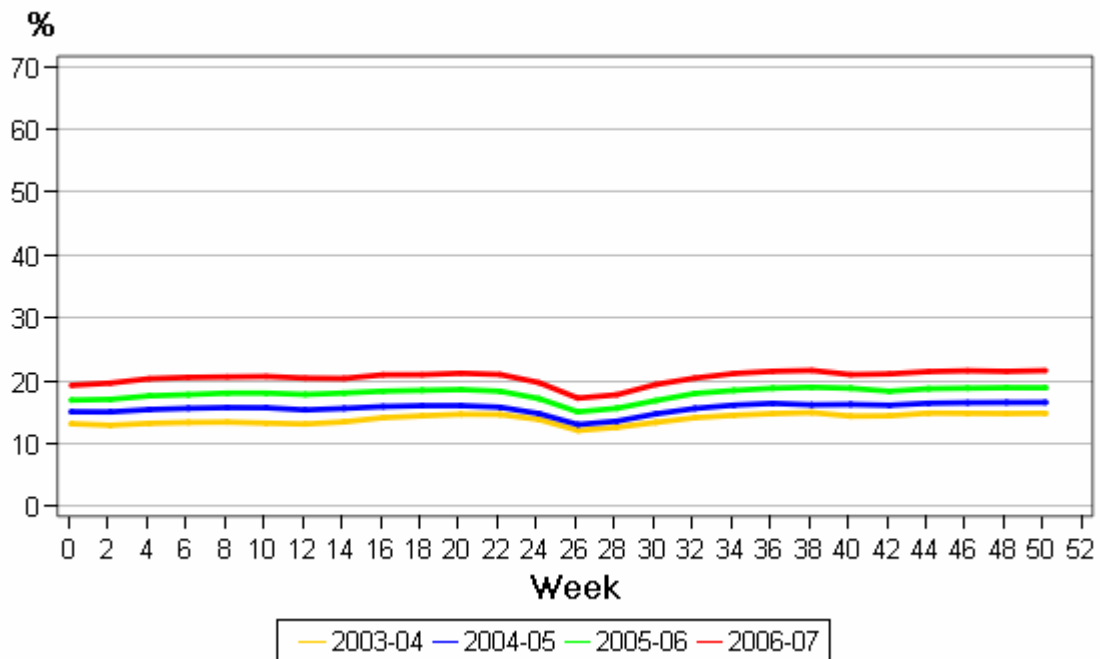
Source: Research and Evaluation Dataset

Chart 4.11 Per cent who have left income support — grandfathered partnered principal carer parents with youngest child aged 6 to 15 years



Source: Research and Evaluation Dataset

Chart 4.12 Per cent employed while on income support — grandfathered partnered principal carer parents with youngest child aged 6 to 15 years



Source: Research and Evaluation Dataset

Participation in Employment Assistance

This section examines participation in employment services by principal carer parents during 2006-07.¹⁷ It also provides some early information about the employment outcomes of principal carer parents who participated and left these services during the year. However, as many people were still receiving assistance, comprehensive conclusions about the performance and effectiveness of services cannot be drawn from the information provided.

Table 4.2 shows the percentage of principal carer parents directly affected by Welfare to Work who participated in employment assistance services during 2006-07. The majority (over 70 per cent for each group) used services provided through the Job Network mainly in its first phase of Job Search Support Only (over 61 per cent of each group participated in this phase). Some principal carer parents also participated in Intensive Support job search training and Employment Preparation.

¹⁷ Participation in employment services is defined as either having commenced in the service since being identified as a principal carer during 2006-07 or already in a service at the time of identification during 2006-07.

Table 4.2 Participation in employment assistance, 2006-07 — principal carer parents

	Single		Partnered
	Youngest child aged 6-7 (%)	Youngest child aged 8-15 (%)	Youngest child aged 6-15 (%)
Employment assistance			
Any employment assistance ^(a)	72.0	81.5	82.4
Job Network	70.8	79.2	80.8
Job Search Support Only	61.1	65.7	71.1
Intensive Support job search training	7.2	11.9	15.6
Intensive Support customised assistance			
first round	9.2	13.2	8.3
second round	1.0	0.5	0.3
Employment Preparation	7.3	3.5	4.7
Disability Employment Network	0.2	0.8	0.7
Personal Support Program	1.8	1.9	0.9
Vocational Rehabilitation Services	0.7	1.8	1.6
Community Development and Employment Projects	1.0	0.5	0.6
New Enterprise Incentive Scheme	0.3	0.6	0.9
Job Placement, Employment and Training	0.0	0.0	0.0

Source: Survey, Evaluation and Analysis Dataset

(a) The sum of the individual programs and services does not reflect the overall percentage recorded for participation in the *Any employment assistance* category as people can participate in more than one program or service.

Qualitative information about principal carer parents' experiences of the Job Network was collected as part of a longitudinal study of the employment assistance provided to job seekers. This study found principal carer parents valued the services provided, particularly the Intensive Support job search training. Others indicated there was a need for more individualised services, and special consideration for their situation, particularly their parenting responsibilities and suitable jobs in their area of interest for which they were suitably qualified.

Some cited their lack of recent work experience as a barrier to finding employment. This indicates that some principal carer parents needed additional help to find employment. However, in general, over the first year, few participated in the specialist services of Disability Employment Network (DEN), Personal Support Program (PSP) and Vocational Rehabilitation Services (VRS).

Information from the Post Program Monitoring survey, which measures a person's employment status three months after leaving a program, is shown in Table 4.3. These data show high rates of employment outcomes for principal carer parents during 2006-07 at levels comparable with results for all job seekers.¹⁸ As expected, there was a higher proportion of part-time employment among this group.

¹⁸ The PPM asks people about their labour force status three months after completing a program. The PPM survey is a sample of job seekers who have completed a program, and which is run by DEEWR

Table 4.3 Per cent employed three months after exiting employment assistance, 2006–07 — principal carer parents

	Single		Partnered	All Job Seekers
	Youngest child aged 6–7 (%)	Youngest child aged 8–15 (%)	Youngest child aged 6–15 (%)	
<i>Employed full-time or part-time</i>				
Intensive Support job search training	68.4	54.1	45.5	50.8
Intensive Support customised assistance	51.4	42.1	39.1	45.1
first round	51.5	44.1	37.9	46.7
second round	n/a	27.0	n/a	41.4
Employment Preparation	63.8	58.1	46.8	n/a
<i>Employed full-time</i>				
Intensive Support job search training	14.7	17.0	13.1	24.0
Intensive Support customised assistance	14.1	15.9	15.9	16.8
first round	12.8	17.3	16.4	18.7
second round	n/a	6.2	n/a	12.6
Employment Preparation	6.4	14.0	17.7	n/a

Source: Post Program Monitoring Survey

Of those who received a job placement through Job Network or a Department contracted Job Placement provider, many were employed after three months indicating a high level of sustainability among principal carer parents who get employment (Table 4.4).

Table 4.4 Per cent employed three months after a job placement, 2006–07 — principal carer parents

	Single		Partnered	All Job Seekers
	Youngest child aged 6–7 (%)	Youngest child aged 8–15 (%)	Youngest child aged 6–15 (%)	
Per cent placed in a job	13.9	20.8	16.8	-
Of those placed:				
Per cent employed after three months	77.7	84.1	85.7	73.0
Per cent employed full-time after three months	33.3	37.4	40.5	46.6

Sources: Survey, Evaluation and Analysis Dataset and Post Program Monitoring Survey

Employment Preparation

Employment Preparation was a new program under Welfare to Work for principal carer parents. All principal carer parents had access to Employment Preparation on demand, with principal carer parents without recent work experience having access

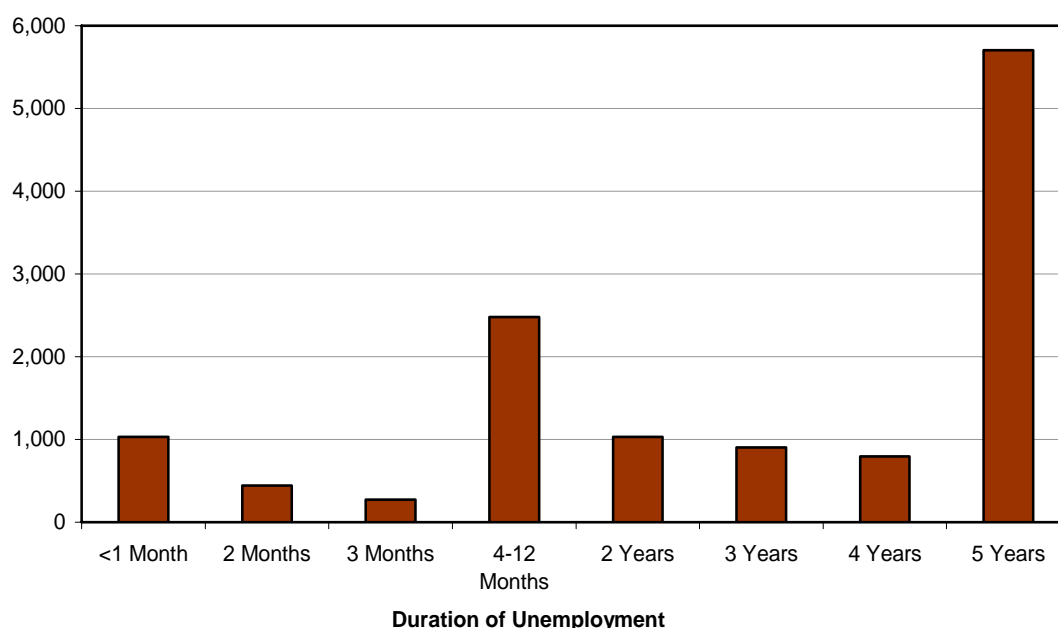
on a regular basis. The survey results used in this report relate to job seekers who completed a program placement before March 2007.

from day one, and those with recent work experience having access after three months (91 days).¹⁹ The type of assistance provided was based on a job seeker’s individual needs.

Principal carer parents represented about 60 per cent of the total Employment Preparation participants in 2006–07. Rates of participation for the three principal carer groups discussed here ranged from 3.5 per cent for single principal carer parents with a youngest child aged 8 to 15 years to 7.3 per cent for single principal carer parents with a youngest child aged 6 to 7 years (Table 4.2). Chart 4.13 shows that the intended target population (that is, those who have long income support durations) received the service.

The Employment Preparation program had high rates of employment outcomes for principal carer parents directly affected by Welfare to Work during 2006–07 (Table 4.3). The highest rate recorded was for single principal carer parents with a youngest child aged 6 to 7 years (63.8 per cent) followed by single principal carer parents with a youngest child aged 8 to 15 years (58.1 per cent). For principal carer parents partnered with a youngest child aged 6 to 15 years, 46.8 per cent obtained employment.

Chart 4.13 Income support duration of Employment Preparation participants, 2006–07 — principal carer parents



Source: Survey, Evaluation and Analysis Dataset

People who participated in the program mainly received financial help for training (63 per cent of expenditure), clothing and equipment (17 per cent), and a range of assistance from transport costs to employer incentives. The Job Seeker Training Account expenditure was also spread over a range of subjects including information

¹⁹ There were also 5,000 uncapped places for parents and mature aged job seekers not on income support.

technology (24 per cent of courses), hospitality (17 per cent), first aid (14 per cent) and office administration (11 per cent).

In summary, during 2006–07, most principal carer parents received help to find employment through services in the Job Network. Although only a small percentage participated in Employment Preparation, the evidence suggested that it was received by those without recent workforce experience.

Results also show that most employment outcomes were part-time and were at levels comparable with results for all job seekers. Also, there was a high level of job sustainability among principal carer parents who were in employment.

Principal carer parents summary

Principal carer parents directly affected by the Welfare to Work policy changes in this first year were those who claimed income support since 1 July 2006, when these changes were introduced. From the analysis results presented above, it is clear that as a result of Welfare to Work more principal carer parents left income support faster, primarily for jobs; and the proportion of those who stayed on income support with jobs increased. Some of this effect could be attributed to changes in payment conditions, but the introduction of new part-time participation requirements also made a significant contribution.

This analysis is based on comparing principal carer parents affected by Welfare to Work with similar groups in previous years. This comparison did not isolate the effect of Welfare to Work from other changes at the same time. However, both the absence of similar changes in the three previous years (while economic conditions had been steadily improving) and the absence of similar changes to principal carer parents who were not affected in 2006–07 strongly suggest that much of this difference was due to Welfare to Work.

During 2006–07, the majority of principal carer parents participated in employment services, nearly all in Job Network. Many principal carer parents received help through services like Employment Preparation. The presented evidence suggests that these services, particularly Employment Preparation, did achieve good outcomes for this group.

4.3.2 People with Disability

Prior to the introduction of Welfare to Work, people with disability who had a capacity to work of 15 to 29 hours per week could receive DSP if they met all eligibility requirements. These people were no longer eligible for DSP but may have received Newstart (NSA) or Youth Allowance (other) (YA(o)) with a part-time participation requirement according to their assessed capacity to work.

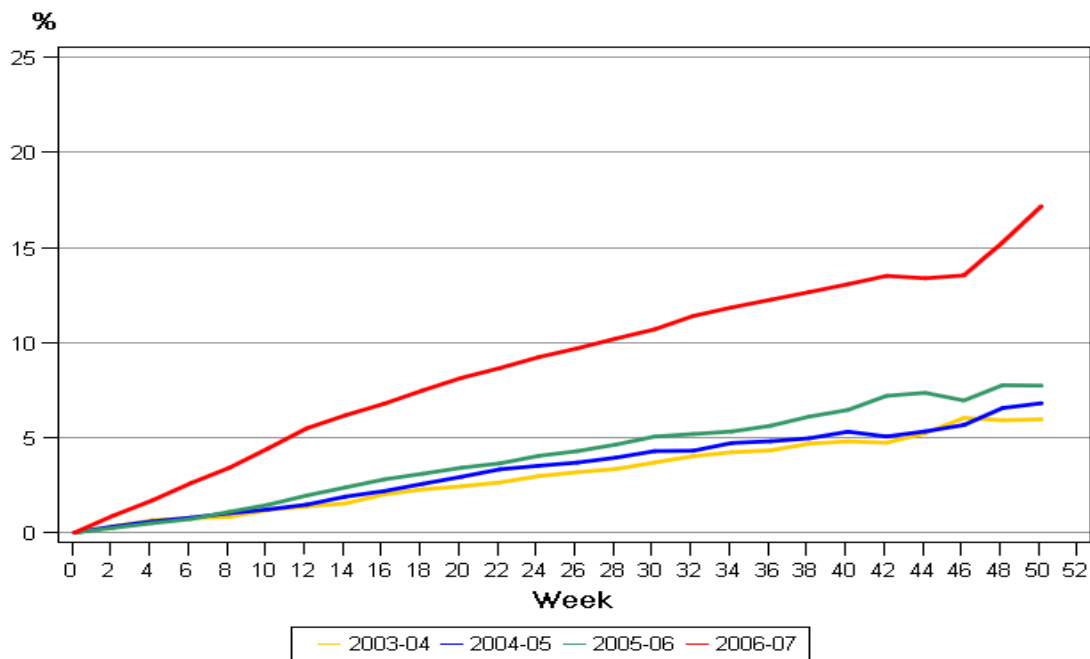
Chart 4.14 and Chart 4.15 present comparative trends for the percentage who had left income support and the percentage of those remaining on income support who were in paid work for this group.²⁰ As with parents, these charts show positive trends of increased workforce participation and reduced income support reliance since Welfare to Work. Compared to people in previous years, people with a partial capacity to work of

²⁰ Data at 46 weeks and onwards are subject to change due to retrospective updates in the administrative data.

15 to 29 hours per week were twice as likely to leave income support and a higher percentage of those still on income support had paid work.²¹

Specifically, 10 per cent of NSA and YA(o) recipients with a capacity to work of 15 to 29 hours per week had left income support after six months, compared to four per cent (an increase of 150 per cent) of a similar group of income support recipients in previous years (Chart 4.14). People with a capacity to work of 15 to 29 hours per week who stayed on income support were also getting better employment outcomes. Chart 4.15 shows that 14 per cent of recipients with a partial capacity to work of 15 to 29 hours reported earnings after six months while receiving income support, compared to 10 per cent of a similar group on income support in previous years.

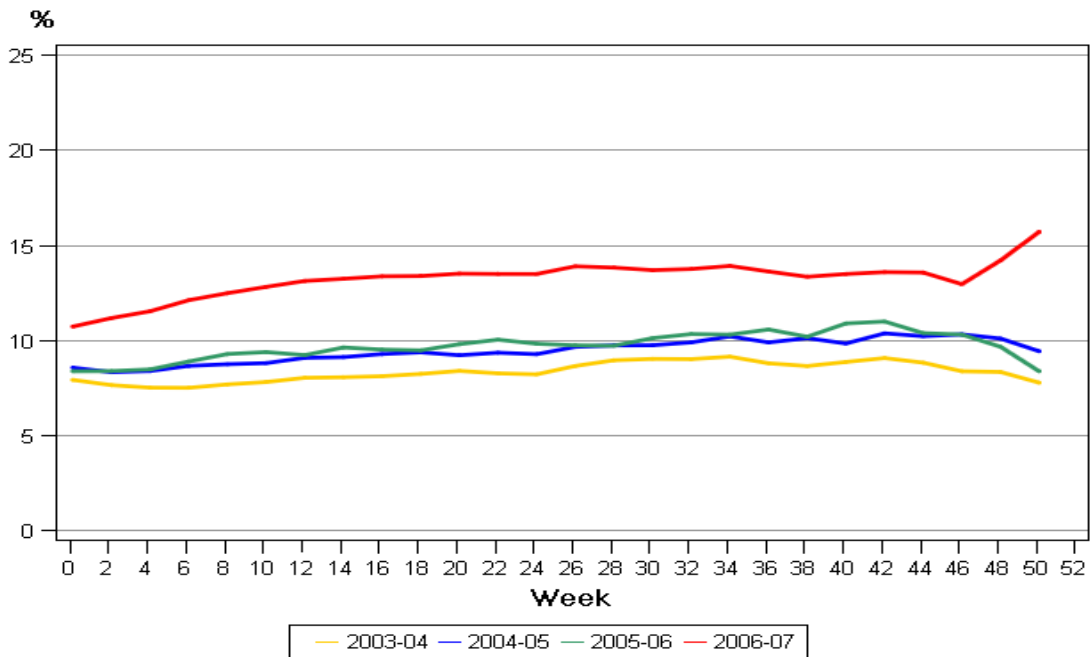
Chart 4.14 Per cent who have left income support — people with a partial capacity to work of 15 to 29 hours per week



Source: Research and Evaluation Dataset

²¹ Comparisons are made with people similarly assessed under the *Australians Working Together* Better Assessment process in previous years.

Chart 4.15 Per cent employed while on income support — people with a partial capacity to work of 15 to 29 hours per week



Source: Research and Evaluation Dataset

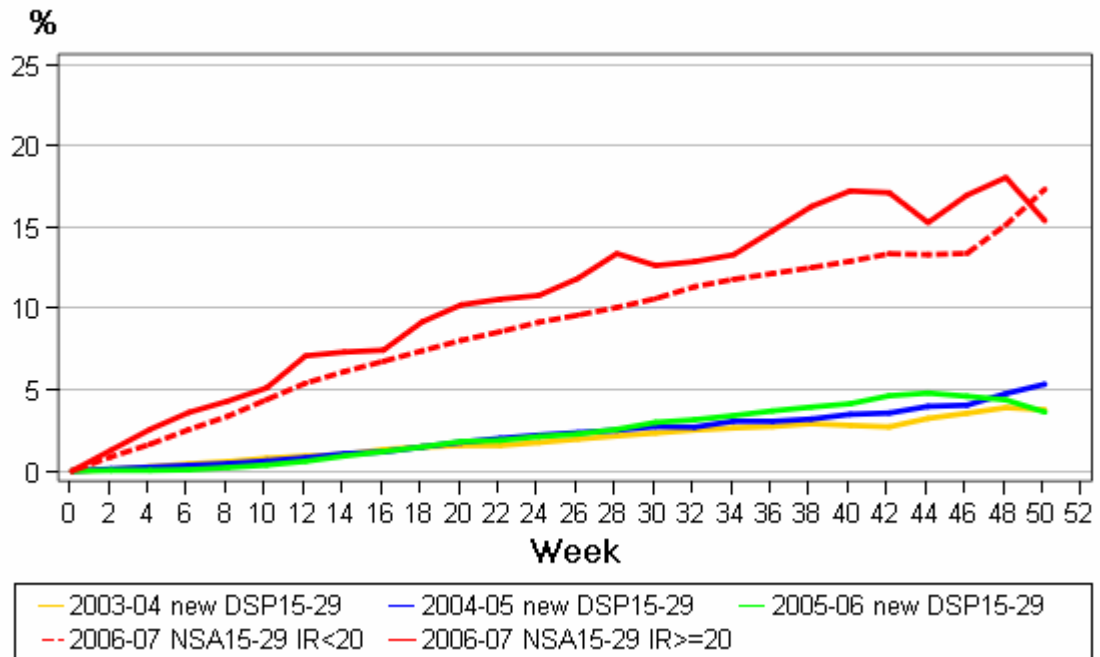
As discussed earlier in Chapter 3, Job Capacity Assessments (JCAs) under Welfare to Work had a broader scope than the assessments carried out prior to Welfare to Work. As a result, the observed trend changes in Chart 4.14 and Chart 4.15 could have been due to the compositional difference in the populations in the before and after comparison rather than the effect of the Welfare to Work changes. To examine if any compositional differences were driving the observed trends, a more refined comparison was undertaken. This compares trends for people who would have satisfied previous eligibility requirements for DSP (that is, they had an assessed partial capacity to work *and* an impairment rating of 20 or more points) with people who entered DSP in previous years with a similar capacity to work.²²

Chart 4.16 and Chart 4.17 provide the results of this comparison. They show similar trends to the charts for all people with a partial capacity to work. Specifically, 12 per cent of those who would have satisfied previous eligibility requirements for DSP but were on an activity tested payment had left income support after six months (Chart 4.16) compared to about 2 per cent in previous years. Also, 16 per cent of the post Welfare to Work group who remained on income support reported earnings after six months, five percentage points higher than in previous years (Chart 4.17).

These results suggest that Welfare to Work was a key driving factor in the observed trends for people with a partial capacity to work although other factors such as compositional differences could also have influenced results.

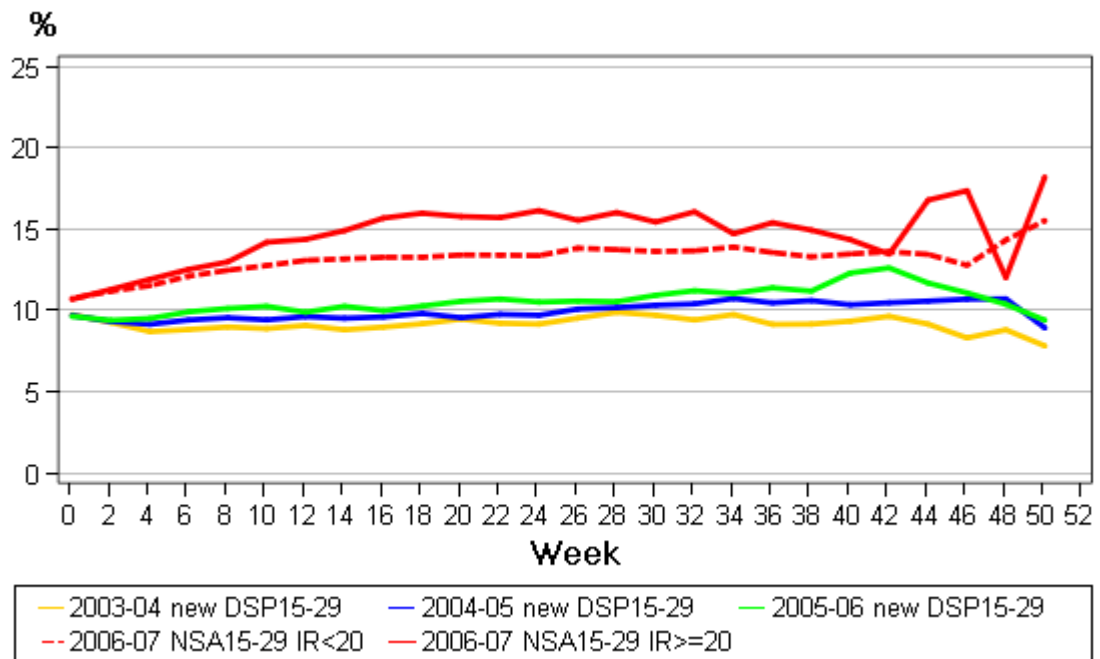
²² Due to data limitations it is not possible to identify everyone in 2006–07 who would have gone to DSP in the past and who now have a partial capacity to work of 15 to 29 hours per week. Only some people could be identified and it is these that are used in the comparisons.

Chart 4.16 Per cent who have left income support — people with a partial capacity to work of 15 to 29 hours per week by impairment rating (for 2006 data)



Source: Research and Evaluation Dataset

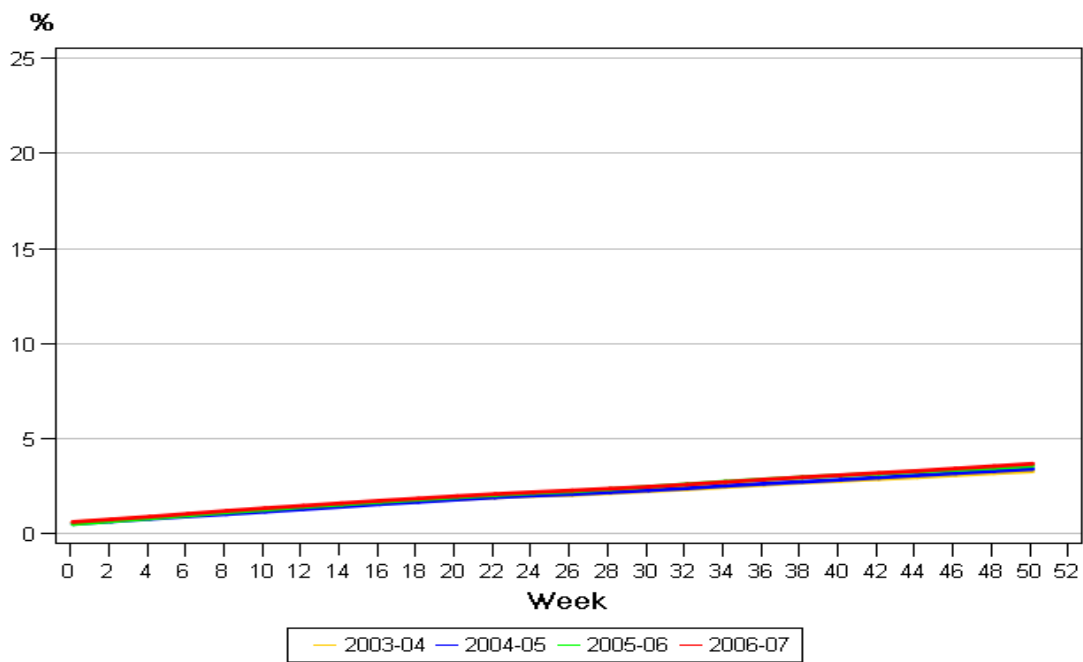
Chart 4.17 Per cent employed while on income support — people with a partial capacity to work of 15 to 29 hours per by impairment rating (for 2006 data)



Source: Research and Evaluation Dataset

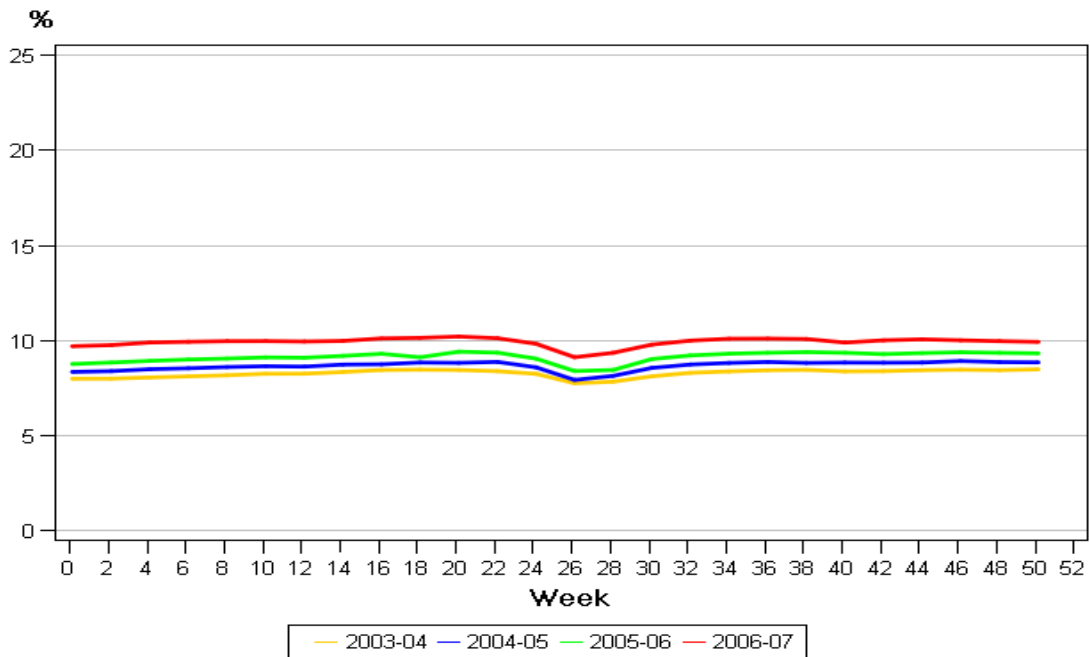
As with principal carer parents, no change in trends was evident for other people with disability who were not subject to the Welfare to Work changes in the first year. Chart 4.18 and Chart 4.19 relate to people with disability who were on DSP at the time Welfare to Work was introduced. Some of these people were grandfathered and others were in the transition group. For both of these groups no change in trends before and after Welfare to Work were present providing further evidence that the changes introduced under Welfare to Work did drive the significant workforce participation changes for those people with disability with a partial capacity to work of 15 to 29 hours per week.

Chart 4.18 Per cent who have left income support — grandfathered/transition DSP recipients who left income support



Source: Research and Evaluation Dataset

Chart 4.19 Per cent employed while on income support — grandfathered/transition DSP recipients



Source: Research and Evaluation Dataset

A sample of people assessed with a partial capacity to work of 15 to 29 hours per week, during September 2006 and February 2007, is available from the LPS (Cohort 3, Wave 3). Table 4.5 contains the results from this survey.

At the time survey participants were interviewed, during May and June 2007, 20 per cent were working. For those on income support, the employment rate was 16 per cent which is similar to that calculated by administrative data. Seventy-seven per cent of those off income support at the time they were interviewed were in paid work.²³ At the time of interview, the median weekly hours of work in all jobs per week was 15 hours, with a median hourly wage being \$17.41 which is above the current national minimum wage of \$13.75.

These data provide additional evidence that people with disability directly affected by Welfare to Work during 2006-07 left income support because they were finding employment. Discussions from case studies associated with the LPS indicated a positive attitude toward the Welfare to Work changes among people with disability, with the belief expressed that the participation requirements helped people with a partial capacity to work to move toward gaining skills and employment.

The LPS data also provide information about barriers to employment for those not working. It indicates that people with disability with a capacity to work had a range of different barriers, some related to their own health and others related to external

²³ Of those who had left income support at the time of interview but were not in paid work, the main reason for leaving was changes in partner's earnings and/or marital status. These people reported that their main source of income included partner income, workers compensation and accident or sickness allowance.

factors. Their own illness or injury was the most dominant reported barrier (22 per cent) keeping them from finding employment. Among other barriers, 15 per cent reported job related barriers saying that insufficient education, training or work experience or the workplace not being flexible enough, was stopping them from getting employment.

These barriers suggest that people with disability with a capacity to work required a range of services and assistance to help them find employment.

Table 4.5 Characteristics of employment — people with a partial capacity to work of 15 to 29 hours per week (new entrants)

	Weighted percentages (effective ^(a) standard errors)	
Income support/employment status		
On income support	94	(1)
Per cent employed (of those both on and off income support)	20	(2)
Per cent employed (of those on income support)	16	(2)
Per cent employed (of those off income support)	77	(6)
Employed		
Median hours of working per week	15	-
Wage or salary earner	86	(3)
Median hourly wage of employed	\$17.41	-
Employed and off income support		
Median weekly hours of work	32	-
Wage or salary earner	79	(7)
Median hourly wage	\$19.59	-
Employed and on income support		
Median weekly hours of work	12	-
Wage or salary earner	88	(4)
Median hourly wage	\$16.67	-
Barriers to employment (for those not employed)		
Job (skill and flexibility)	15	(2)
Health	22	(2)
Personal (circumstance)	9	(2)
Location / transport	8	(1)
Highest qualification year 10 (4 th form) or below	52	(3)

Source: LPS, cohort 3 wave 3 (n = 607)

(a) The effective standard error takes into account the sample design

Participation in Employment Assistance

During 2006-07, people assessed with a partial capacity to work of 15 to 29 hours had access to the full range of vocational and pre-vocational programs to help them with job preparation activities. Referrals and recommendations were made for these people

when they had their JCA. Table 4.6 shows the level of participation across a range of services.

The vast majority (83.1 per cent) participated in employment assistance during 2006–07. Reflecting their varied barriers to employment (as reported in the LPS survey) and the additional assessment of the service needs, many participated in Job Network (64 per cent) but, as expected, a relatively high percentage were also being assisted through disability related services, particularly VRS (25.4 per cent) and the DEN (17.1 per cent).

Table 4.6 Participation in employment assistance, 2006–07 — people with a partial capacity to work of 15 to 29 hours per week

Employment assistance	NSA with partial capacity to work of 15–29 hours (%)
Any employment assistance ^(a)	83.1
Job Network	64.1
Job Search Support Only	50.1
Intensive Support job search training	0.5
Intensive Support customised assistance	
first round	9.2
second round	3.5
Employment Preparation	0.3
Work for the Dole ^(b)	3.1
Full-Time Work for the Dole	0.1
Disability Employment Network	17.1
Personal Support Program	10.3
Vocational Rehabilitation Services	25.4
Community Development and Employment Projects	0.2
New Enterprise Incentive Scheme	0.1
Job Placement, Employment and Training	0.2

Source: Survey, Evaluation and Analysis Dataset

(a) The sum of the individual programs and services does not reflect the overall percentage recorded for participation in the *Any employment assistance* category as people can participate in more than one program or service.

(b) Includes some community work.

The PPM survey data shows post assistance employment three months after leaving assistance (Table 4.7). Although many people were still participating in assistance, these data show relatively high outcomes for those who left a program during 2006-07. Thirty per cent of those who left Income Support customised assistance were employed after three months. Also, of those who received and left Intensive Support job search training 46.2 per cent were employed after three months, compared to 50.8 per cent for all job seekers. The table also shows that almost all employment outcomes were part-time. This was expected due to the fact that these people were assessed as having a partial work capacity.

Employment rates after three months for those who left the three disability services (DEN, VRS and PSP) were similar, with VRS having the highest employment rate at 17.6 per cent and PSP with 13.3 per cent (Table 4.7).

During the year, only 6 per cent of the group received a job placement through the Job Network (Table 4.8). However, after three months almost half of these were still in employment reflecting a high level of job sustainability.

Table 4.7 Per cent employed three months after exiting employment assistance, 2006–07 — people with a partial work capacity of 15 to 29 hours per week

Type of assistance	People with partial capacity to work of 15–29 hours (%)	All Job Seekers (%)
<i>Full-time or part-time</i>		
Intensive Support job search training	46.2	50.8
Intensive Support customised assistance	26.9	45.1
first round	30.3	46.7
second round	17.8	41.4
Disability Employment Network	15.6	n/a
Personal Support Program	13.3	n/a
Vocational Rehabilitation Services	17.6	39.0
<i>Full-time</i>		
Intensive Support job search training	4.2	24.0
Intensive Support customised assistance	4.1	16.8
first round	5.5	18.7
second round	0.6	12.6
Full-Time Work for the Dole	4.7	14.2
Disability Employment Network	4.7	n/a
Personal Support Program	5.0	n/a
Vocational Rehabilitation Services	4.8	14.2

Source: Post Program Monitoring Survey

Table 4.8 Per cent employed three months after a job placement, 2006–07 — people with a partial work capacity of 15 to 29 hours per week

	People with partial capacity to work of 15–29 hours	All Job Seekers
Per cent placed in a job	6.0	-
Of those placed:		
Per cent employed after 3 months	47.6	73.0
Per cent employed full-time after 3 months	14.3	46.6

Source: Survey, Evaluation and Analysis Dataset, Post Program Monitoring Survey

People with disability summary

In summary, people with disability who were directly affected by Welfare to Work during 2006-07 were those with a capacity to work of 15 to 29 hours per week. For these people, increases in workforce participation and decreases in income support reliance emerged. Those assessed with a capacity to work of 15 to 29 hours per week under Welfare to Work left income support at rates twice as high as in previous years and mainly for employment. Also, they had a higher likelihood of being in employment, while remaining on income support.

The evidence presented provides evidence to indicate that Welfare to Work, with its changed payment eligibility conditions for DSP and the introduction of part-time participation requirements, was a key driver of the observed outcomes for this group.

The findings also indicate that people with disability have a wide range of barriers and many required employment assistance to help them find work. Information presented shows that some did get that help, most likely because of the service referrals and recommendations of the JCAs. Over time this should lead to even more people with partial capacity to work finding employment.

4.3.3 Mature Age Job Seekers

Under Welfare to Work, mature age job seekers aged 50 to 54 faced the same job search requirements as younger job seekers. They had to be available for paid work, including full-time work and could no longer meet their job search requirements solely by doing voluntary or part-time work of at least 30 hours per fortnight. Those aged 55 years or over had to be available for paid work, including full-time work but were able to meet their activity test requirements by undertaking 30 hours per fortnight of voluntary work, paid work or a mix of voluntary/paid work. Although all were affected by the Welfare to Work changes during its first year, those most affected were mature age job seekers aged 50 to 54 years.

Mature age job seekers aged 50 to 54 years

Chart 4.20 to Chart 4.23 present outcomes for workforce participation and income support reliance for two groups of job seekers aged 50 to 54:

- those who became a mature age job seeker after Welfare to Work was introduced from 1 July 2006 — hereafter called new mature age job seekers;²⁴ and
- those who were already mature age when Welfare to Work was introduced — hereafter called existing mature age job seekers.

These two groups differ with respect to their duration of time on income support and so may have different results.

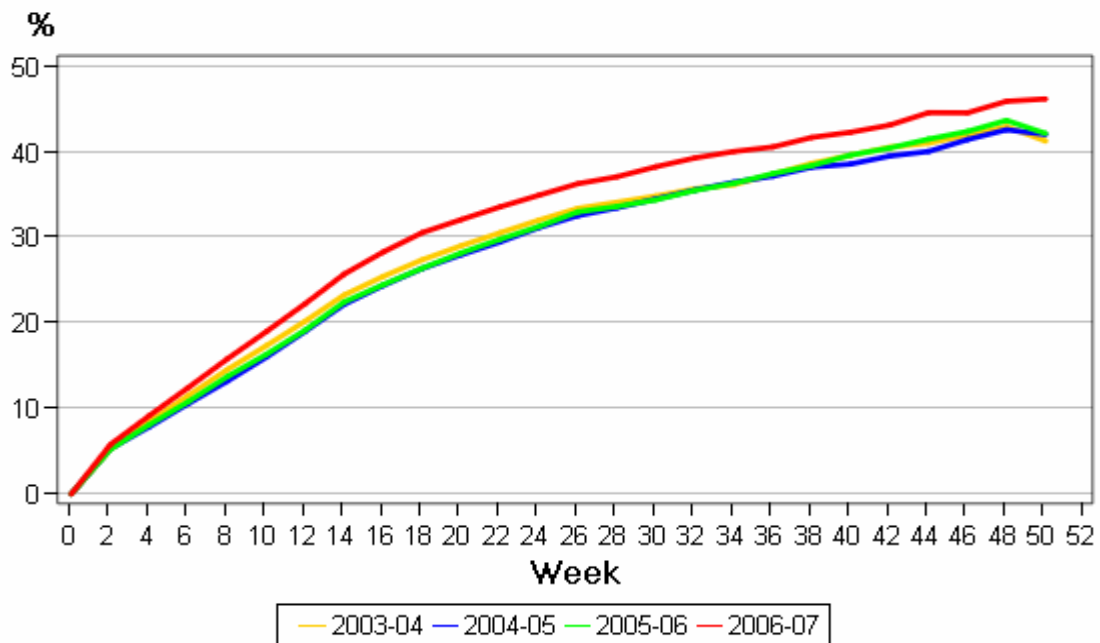
Chart 4.20 and Chart 4.21 present details of the percentage of new and existing job seekers aged 50 to 54 who left income support, respectively. For new mature age job seekers, there was a slightly higher likelihood of leaving income support over time since Welfare to Work was implemented compared with a similar group of people in

²⁴ There are three sub-groups of the new mature aged job seekers: new entrants to income support; NSA recipients who turned 50 during the period; and people transferring from other income support payments to NSA. The new entrants accounted for just over two-thirds of all new mature age job seekers.

previous years. Specifically, Chart 4.20 shows that 36 per cent of new job seekers had left income support after six months compared with 33 per cent in previous years.²⁵ Although the improvement was small, it may have been dampened by the introduction of the more generous income test under Welfare to Work. This change, which was an incentive for people on allowances to take up employment, means that job seekers could earn more before they left income support.

For existing mature age job seekers, there was no change in trends in the percentage who left income support before and after the start of the Welfare to Work. Specifically, after six months, 19 per cent of the group had left income support in all four years 2003–04 to 2006–07 (Chart 4.21).

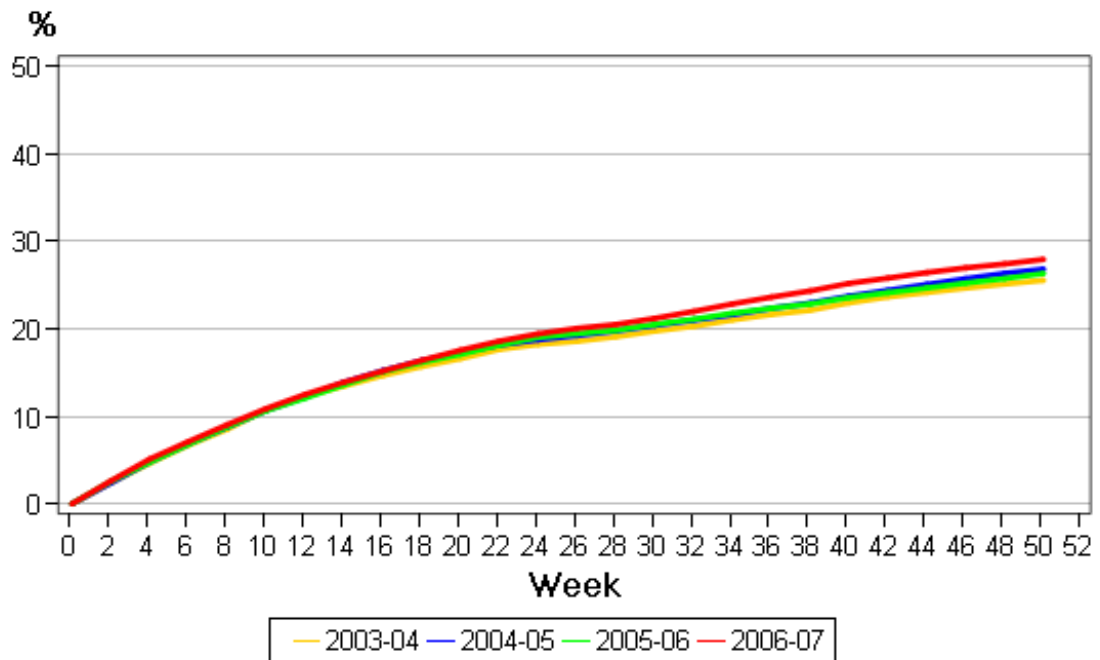
Chart 4.20 Per cent who have left income support — new mature age job seekers aged 50 to 54 years



Source: Research and Evaluation Dataset

²⁵ The improvements that can be seen for the new mature aged job seekers were driven by those who were new to the income support system (not those who turned 50, or transferred from another payment).

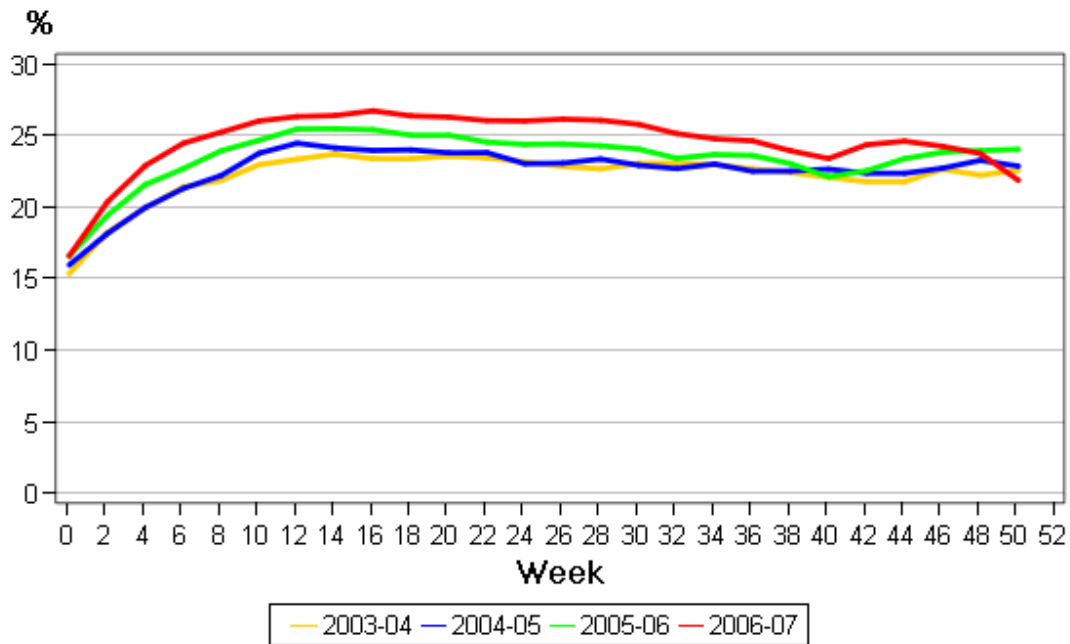
Chart 4.21 Per cent who have left income support — existing mature age job seekers aged 50 to 54 years



Source: Research and Evaluation Dataset

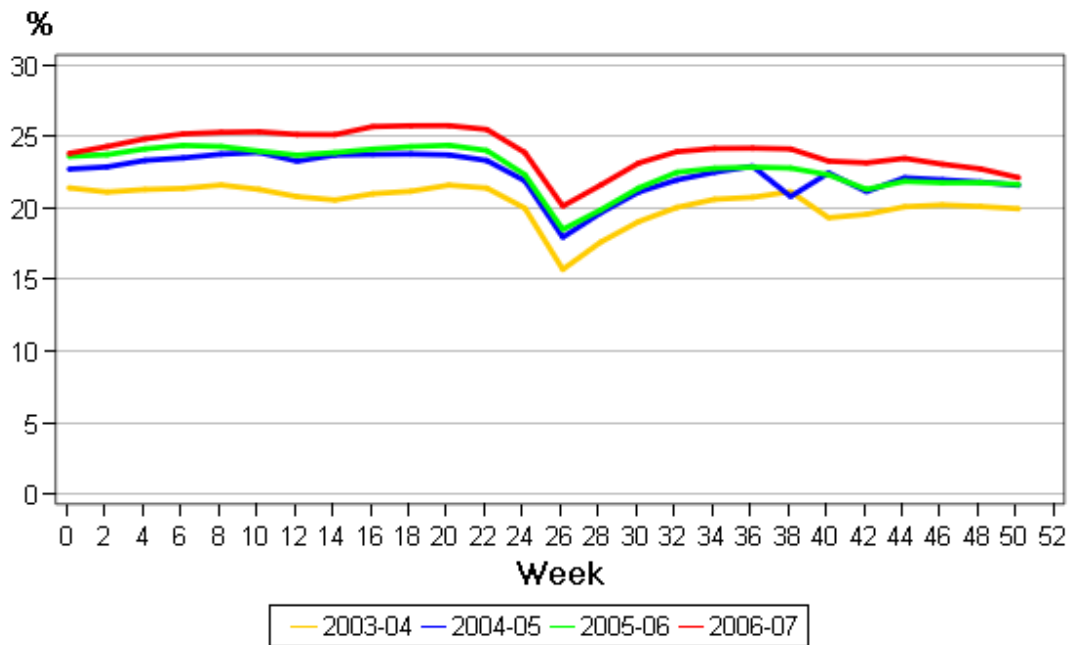
Chart 4.22 and Chart 4.23 show the percentage of mature age job seekers aged 50 to 54 (new and existing respectively) who remained on income support and had a job. The percentage in employment increased from 24 per cent to 26 per cent for new mature age job seekers and from 18 per cent in 2005–06 to 20 per cent in 2006–07 for existing mature age job seekers. While these increases may have been driven in part by the improving economy, they also could have reflected the change in the income test under Welfare to Work which allowed job seekers to earn more while staying on income support.

Chart 4.22 Per cent employed while on income support — new mature age job seekers aged 50 to 54 years



Source: Research and Evaluation Dataset

Chart 4.23 Per cent employed while on income support — existing mature age job seekers aged 50 to 54 years



Source: Research and Evaluation Dataset

To assess whether Welfare to Work policy was a contributing factor to the slightly improved results for the new mature age job seekers, a similar analysis was conducted for job seekers aged 45 to 49 and those aged 55 to 59. Both job seeker groups were

subject to the more generous income test but did not have the same change to their job search requirements under Welfare to Work as those aged 50 to 54. The results for these two comparison groups did not show the same changes as for those in the 50 to 54 age group.²⁶ This provides supporting evidence that the strengthening of the activity test requirements under Welfare to Work for this group did contribute to the observed results.

New mature age job seekers comprise mostly those who were new to income support during 2006-07. As such, they were not subject to the previous activity test environment but were required to find employment from the commencement of their unemployment spell. These results suggest therefore that encouraging people to look for work as quickly as possible through their job search requirements is an important part of increasing workforce participation and reducing welfare dependence for this group.

Some additional information about employment among mature age job seekers is also found in data from the LPS (Table 4.9). At the time of interview, 44 per cent of all new entrants mature age job seekers aged 50 to 54 years had a job. The employment rate for those on income support was 26 per cent, similar to the result from the administrative data. Also, 82 per cent of those who had left income support were in paid employment at the time of interview.²⁷ For those working, the weekly median hours worked in all jobs was 30 hours and the median hourly wage was \$18.33.

As expected, job seekers in this group looking for work reported a range of employment barriers. Many said that insufficient education, training or work experience and inflexibility in the workplace stopped them from getting a job. Also, 19 per cent reported a personal barrier (age, background, history). Additionally, 8 per cent reported health-related barriers, suggesting that their own illness or injury kept them from finding employment. As with other job seekers, almost half of the group were educated to Year 10 or less.

It is interesting to note that only 15 per cent of existing mature age job seekers aged 50 to 54 years were undertaking voluntary work after the Welfare to Work changes. Of those volunteering, 75 per cent had been contributing to voluntary work for six months or more.

LPS data suggest that the main reasons why mature age job seekers become volunteers are diverse. A majority (70 per cent) said that they had wanted to help out and 22 per cent attributed their reasons to personal interest or development.

²⁶ This analysis was carried out for new job seekers who had recently commenced income support. For job seekers aged 50 to 54 who recently commenced, 43.7 per cent left income support after six months compared with 40 per cent in 2005-06, a difference of 3.7 percentage points. The respective difference for those aged 45 to 49 and those age 55 to 59 between 2005-06 and 2006-07, was 1.51 percentage points and just 0.36 percentage points.

²⁷ For those who left income support other than for employment, about a quarter reported that the reason for leaving was their partner's earnings. Their main reported sources of income included their partner's income, workers compensation and accident or sickness allowance.

Table 4.9 Characteristics of employment — mature age job seekers (new entrants)

	Weighted percentages (effective standard errors ^(a))			
	50–54		55 and over	
Income support/employment status				
On income support	67	(4)	74	(3)
Per cent employed (of those on or off income support)	44	(4)	36	(3)
Per cent employed (of those on income support)	26	(4)	20	(3)
Per cent employed (of those off income support)	82	(5)	79	(5)
Employed				
Median hours of working per week	30	-	30	-
Wage or salary earner	88	(4)	76	(5)
Median hourly wage of employed	\$18.33	-	\$18.52	-
Employed and off income support				
Median weekly hours of work	36	-	38	-
Wage or salary earner	85	(5)	76	(7)
Median hourly wage	\$18.75	-	\$19.57	-
Employed and on income support				
Median weekly hours of work	22	-	20	-
Wage or salary earner	92	(5)	76	(8)
Median hourly wage	\$17.26	-	\$16.39	-
Barriers to employment (for those not employed)				
Job (skill and flexibility)	19	(4)	16	(3)
Health	8*	(3)	6*	(2)
Personal	19	(5)	22	(4)
Location / transport	15*	(4)	9*	(3)
Education: Highest qualification year 10 (4 th form) or below	49	(6)	45	(4)
Voluntary work (for those on income support)				
Volunteering	15	(4)	29	(4)
On income support and currently volunteering				
At least 15 hours of voluntary work per week (on average)	#		42	(9)
Length of volunteering (more than 6 months)	75	(12)	61	(8)
<i>Main reasons of volunteering</i>				
Participation requirement / Work for the Dole	#		19*	(6)
Improve job prospect	29*	(12)	#	
General interest/personal development	22*	(11)	31	(7)
Bored at home	#		16*	(6)
Just to help out	70	(13)	66	(7)

Source: LPS, cohort 3 wave 3, (n₅₀₋₅₄ = 214, n_{55 and over} = 254).

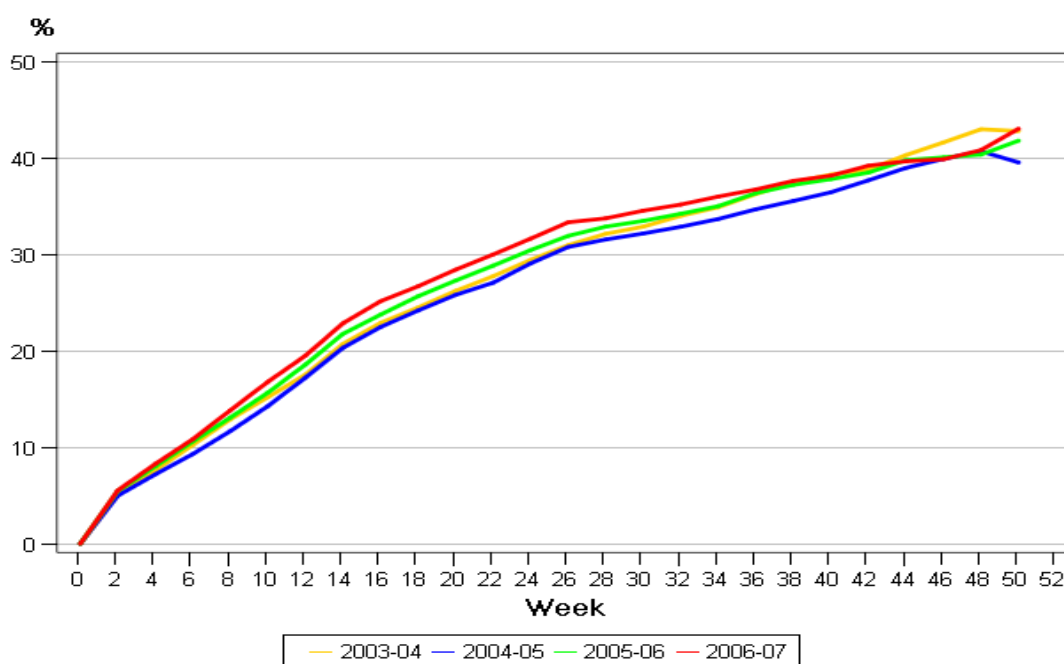
(a) The effective standard error takes into account the sample design

* This estimate has a relative effective standard error greater than 25 per cent but less than 50 per cent. It should be used with caution. # Numbers are not reported here because the sample size was too low.

Mature age job seekers aged 55 and over

While there is some positive evidence of changes for those aged 50 to 54 years, workforce participation and income support reliance trends for job seekers aged 55 to 59 years did not change significantly after the introduction of Welfare to Work (See Chart 4.24 to Chart 4.27). The outcome measures for job seekers aged 60 years to age pension age declined slightly during 2006-07. However, the increase in the age pension age for women means there was a significant compositional change in this group which could have affected the results.²⁸ That is, it consisted of an increasing number of older women, who were less likely to leave income support or find employment.

Chart 4.24 Per cent who have left income support — new mature age job seekers aged 55 to 59 years



Source: Research and Evaluation Dataset

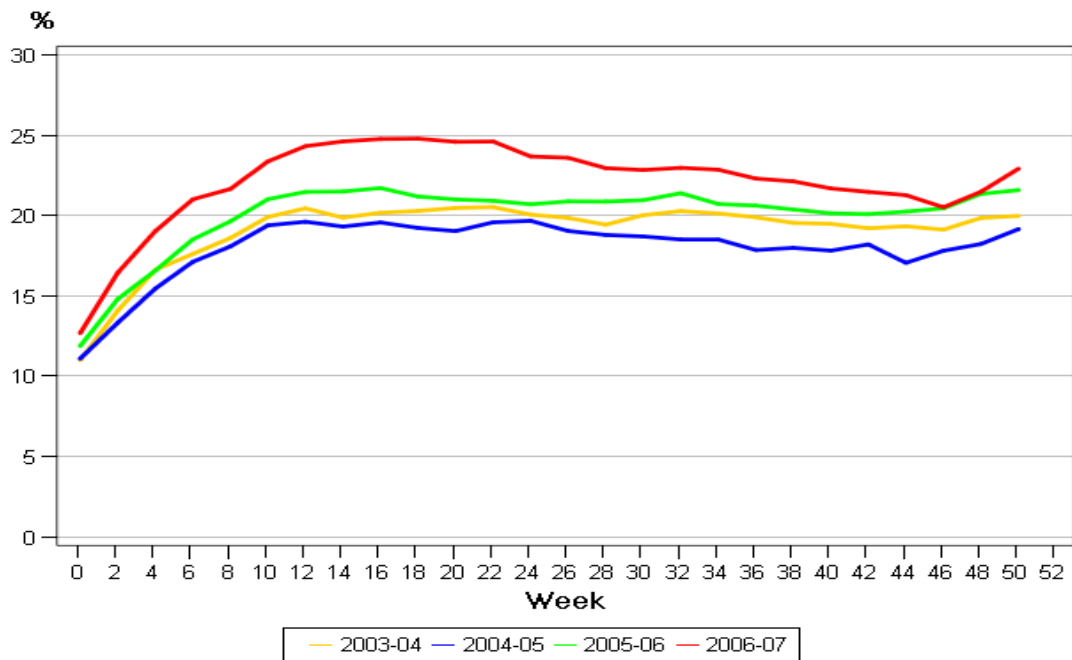
²⁸ On 1 July 2003 the age pension age for females increased by six months from 62 years old to 62 and six months; and on 1 July 2005 it increased again to 63 years old.

Chart 4.25 Per cent who have left income support — existing mature age job seekers aged 55 to 59 years



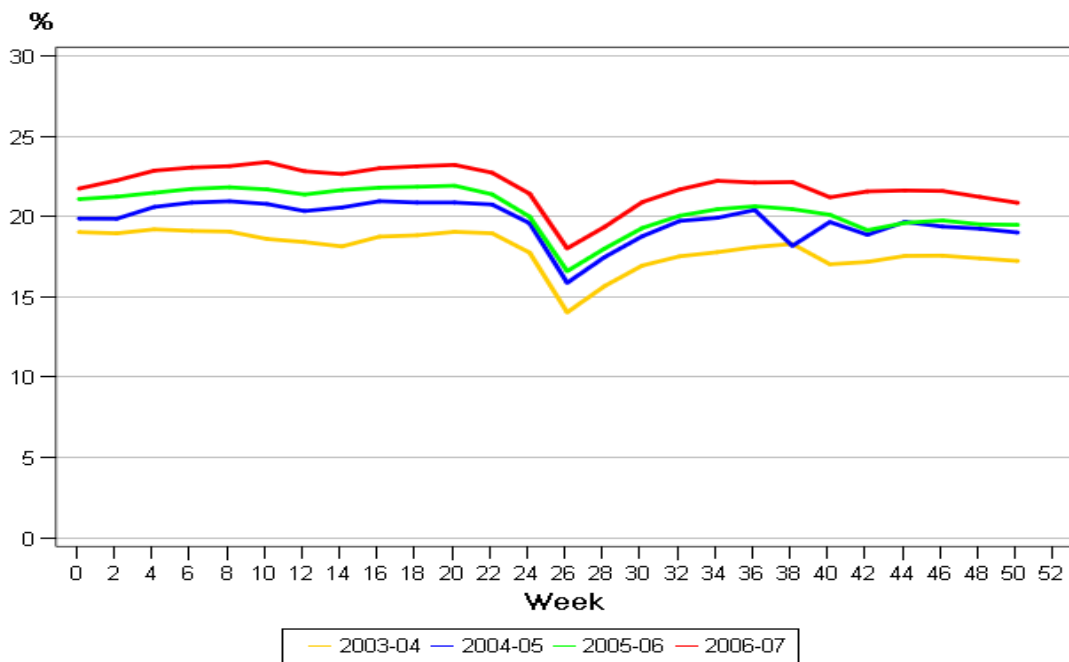
Source: Research and Evaluation Dataset

Chart 4.26 Per cent employed while on income support — new mature age job seekers aged 55 to 59 years



Source: Research and Evaluation Dataset

Chart 4.27 Per cent employed while on income support — existing mature age job seekers aged 55 to 59 years



Source: Research and Evaluation Dataset

Preliminary results obtained from the LPS in Table 4.9 indicate that the overall employment rate for new mature aged job seekers 55 years and over was 36 per cent (20 per cent of those on income support and 79 per cent of those off income support were in paid employment). For those working, their weekly median hours worked in all jobs was 30 hours with a median hourly wage of \$18.52.

Unlike all other target groups, 22 per cent of job seekers aged 55 years and over who did not have a job reported their unfavourable personal circumstances (for example, age, background or history) as a major barrier stopping them from finding employment. Another barrier reported by respondents was a job-related one with 16 per cent saying they had insufficient education, training or work experience, or an inflexible workplace.

Under Welfare to Work, mature age job seekers 55 years and over could still satisfy the activity test through voluntary work and many did that. Nineteen per cent said they were doing voluntary work to fulfil their Centrelink requirements. Forty-two per cent were spending at least 15 hours per week on voluntary work, and most (61 per cent) were contributing to voluntary work for six months or more.

As evident from LPS data, the main reasons for mature aged 55 years and over becoming volunteers are diverse. Sixty-six per cent said that they had wanted to help out, and nearly one-third (31 per cent) attributed their reasons to personal interest or development.

Participation in Employment Assistance

In view of the employment barriers faced by mature age job seekers, a variety of employment services were provided to mature age job seekers to assist them to

overcome these barriers. Table 4.10 presents the percentage of mature age job seekers aged 50 to 54 and 55 to 59 who participated in employment assistance services.

Table 4.10 Participation in employment assistance, 2006–07 — mature age job seekers

Employment assistance	50–54		55–59	
	Existing	New	Existing	New
	(%)		(%)	
Any employment assistance ^(a)	88.0	83.6	79.1	77.7
Job Network	81.4	78.1	73.7	73.0
Job Search Support Only	34.7	54.6	29.2	56.4
Intensive Support job search training	5.4	15.7	4.1	16.1
Intensive Support customised assistance				
first round	23.9	12.4	21.8	13.8
second round	15.3	3.2	13.0	1.0
Employment Preparation	0.9	9.9	0.7	10.2
Work for the Dole	2.9	2.5	1.9	0.3
Full-Time Work for the Dole	0.8	0.2	0.3	0.0
Disability Employment Network	4.1	2.4	3.3	1.9
Personal Support Program	9.4	4.0	6.5	1.3
Vocational Rehabilitation Services	8.6	5.8	7.0	5.2
Community Development and Employment Projects	1.8	1.3	0.9	0.7
New Enterprise Incentive Scheme	0.7	0.7	0.5	0.6
Job Placement, Employment and Training	0.0	0.0	0.0	0.0

Source: Survey, Evaluation and Analysis Dataset

(a) The sum of the individual programs and services does not reflect the overall percentage recorded for participation in the *any employment assistance* category as people can participate in more than one program or service.

Over 75 per cent of mature age job seekers in each sub-group participated in employment assistance in 2006–07. Most of their employment services were administered under the Job Network as they were required to register in Job Network and participate in employment services as part of their activity test requirements.

Participation in employment assistance varied between age group and new and existing job seekers. Those aged 50 to 54 were more likely to participate in some form of employment assistance, and in Job Network programs in particular, than the older job seekers. Also, existing job seekers were more likely to have participated in assistance than new job seekers in most employment assistance programs.

Qualitative information collected as part of a longitudinal study of job seekers' experiences of the Job Network suggests that while mature age job seekers were content with the service received in the Job Network, they preferred to have case managers of a similar age and of their own gender. Some mature age job seekers saw their age as a barrier to participation in employment programs.

Results for mature age job seekers from the PPM survey, which measures employment outcomes three months after participants leave a program, are encouraging. Also, both full-time and part-time employment outcomes for mature age job seekers participating in Job Network services were comparable with outcomes for all job seekers who left the same assistance during the year (Table 4.11).

Overall, employment outcomes for most services were stronger for job seekers aged 50 to 54 years than for those aged 55 to 59, perhaps reflecting the less stringent participation requirements for the latter group under Welfare to Work. This is also reflected in the percentage of mature aged job seekers who received a job placement (Table 4.11).

Of those job seekers who received a job placement with the Job Network, many were still employed after three months, perhaps reflecting a high level of employment sustainability for mature age job seekers. As shown in Table 4.12, in 2006–07, 76 per cent of new mature age job seekers aged 50 to 54 achieved three month job placement outcomes, and 83 per cent of new mature age job seekers aged 55 to 59 were still employed full or part-time after three months. Between half and a third of the job seekers achieved full-time outcomes some three months after leaving employment services. In general, new mature age job seekers had superior three month job placement outcomes than the existing mature age job seekers.

Table 4.11 Per cent employed three months after exiting employment assistance, 2006–07 — mature age job seekers

Type of assistance	50–54		55–59		All job seekers
	New (%)	Existing (%)	New (%)	Existing (%)	
<i>Full-time or part-time</i>					
Intensive Support job search training	49.2	50.0	45.8	45.6	50.8
Intensive Support customised assistance	44.8	43.0	38.7	38.0	45.1
first round	44.9	48.2	38.4	40.6	46.7
second round	47.1	39.5	46.1	36.8	41.4
Employment Preparation	52.3	52.9	45.0	48.2	n/a
Work for the Dole	34.0	21.9	39.8	18.1	31.6
Vocational Rehabilitation Services	47.9	29.0	39.5	29.7	39.0
Disability Employment Network	26.1	16.2	16.7	20.8	n/a
Personal Support Program	19.8	16.9	20.0	13.0	n/a
<i>Full-time</i>					
Intensive Support job search training	23.3	22.2	19.6	19.9	24.0
Intensive Support customised assistance	14.7	12.8	13.2	8.9	16.8
first round	15.7	15.8	13.2	10.5	18.7
second round	10.4	9.4	11.7	7.2	12.6
Employment Preparation	24.0	27.3	19.3	24.1	n/a
Work for the Dole	9.5	4.7	24.5	4.6	14.2
Vocational Rehabilitation Services	20.8	7.9	14.2	8.5	14.2
Disability Employment Network	7.6	2.1	5.0	5.3	n/a
Personal Support Program	4.6	5.0	6.7	2.7	n/a

Source: Post Program Monitoring Survey

Table 4.12 Per cent employed three months after a job placement, 2006–07 — mature age job seekers

	50–54			55–59			All job seekers
	New	Existing	All	New	Existing	All	
Per cent placed in a job	21.6	29.3	-	18.6	22.0	-	-
Of those placed:							
Per cent employed after three months	75.9	71.1	73.5	83.0	65.0	74.0	73.0
Per cent employed full-time after three months	52.3	35.9	44.1	51.4	30.9	41.2	46.6

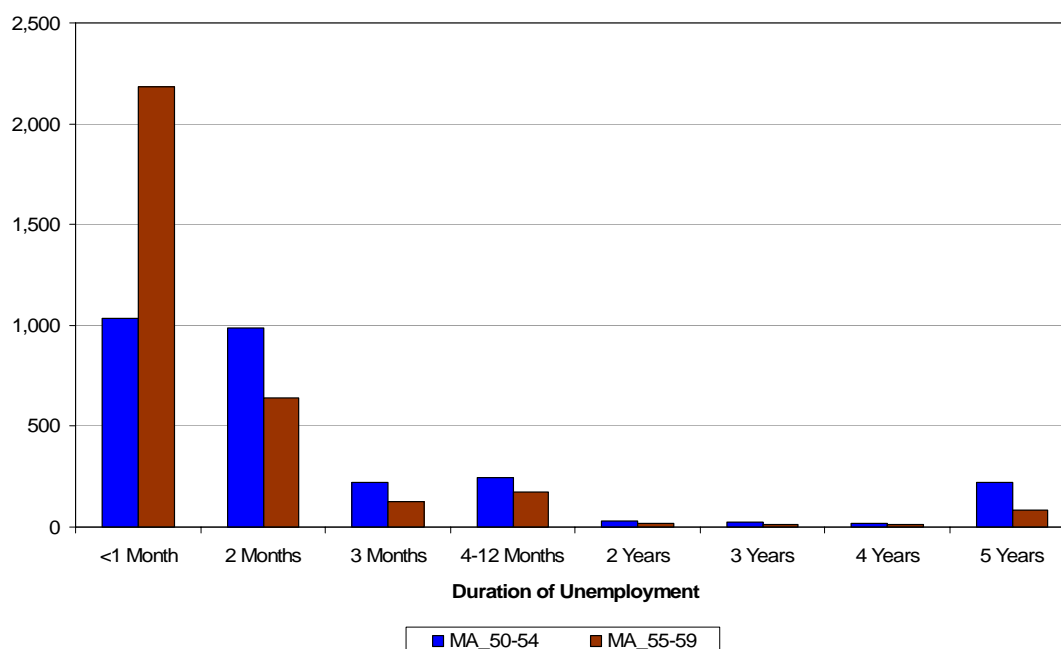
Source: Survey, Evaluation and Analysis Dataset and Post Program Monitoring Survey

Employment Preparation

Under Welfare to Work, Employment Preparation was available for mature age job seekers to assist them to obtain work. A total of 47,663 mature age job seekers participated in this service, which represents 40 per cent of the total Employment Preparation population. During 2006–07, 10 per cent of new mature age job seekers (aged 50 to 54 and 55 to 59) participated in this service (see Table 4.10).

As shown in Chart 4.28, most mature age job seekers in Employment Preparation had been unemployed for two months or less, indicating that people were provided with this assistance early in their unemployment spell.

Chart 4.28 Unemployment durations of employment preparation participants, 2006–07 — mature age job seekers



Source: Corporate Management Information System

The majority of mature age job seekers who undertook Employment Preparation received training in information technology, first aid, construction, hospitality or office administration. As shown in Table 4.13, the mix of training activities received differed across different age groups. Typically, the younger mature age job seekers undertook training in construction and health and community services. In contrast, most of the training for the older job seekers was in information technology.

Table 4.13 Participation in Employment Preparation training activities, 2006–07 — mature age job seekers

Training activities	50-54 (%)	55-59 (%)
Information technology	26	34
First aid	14	14
Construction	13	9
Hospitality	10	8
Office and administration	7	10
Other	30	25
Total	100	100

Source: Corporate Management Information System

For mature age job seekers who participated in Employment Preparation, most of their Job Seeker Account (JSA) expenditure was on training, clothing and equipment and professional services (Table 4.14).

Table 4.14 Job Seeker Account expenditure on Employment Preparation activities, 2006–07— mature age job seekers

Expenditure items	50-54 (%)	55-59 (%)
Training	52	57
Clothing and equipment	18	13
Professional services	10	9
Other	20	21
Total	100	100

Source: Corporate Management Information System

Mature age job seeker summary

Mature age job seekers aged 50 to 54 were most affected by the introduction of Welfare to Work. During 2006-07, there was some positive change in workforce participation and income support reliance for this group, although the change was small and only evident for those new to income support. These people were slightly more likely to be leaving income support sooner. Also survey results indicate that many of these people did leave income support for employment.

Mature age job seekers reported a range of barriers stopping them from getting employment. However, they were getting a range of assistance, mostly through the

Job Network, to help them overcome their barriers. Participation in Employment Preparation was highest for those with no recent workforce experience.

Overall, results for mature age job seekers were not positive compared with results for parents and people with partial capacity to work.

4.3.4 Very Long-Term Unemployed

The Welfare to Work target group of the very long-term unemployed (VLTU) are job seekers who have completed a second period of Intensive Support customised assistance (ISca2) with Job Network. Under Welfare to Work, they were required to have a review with their Job Network member to determine their future service needs. Two new employment programs — Full-Time Work for the Dole (FT-WfD) and Wage Assist — were introduced specifically for this group to assist these job seekers to overcome their employment barriers and assist them to take up work as quickly as possible.

Chart 4.29 to Chart 4.32 present the changes in workforce participation and income support reliance for two groups of VLTU job seekers:

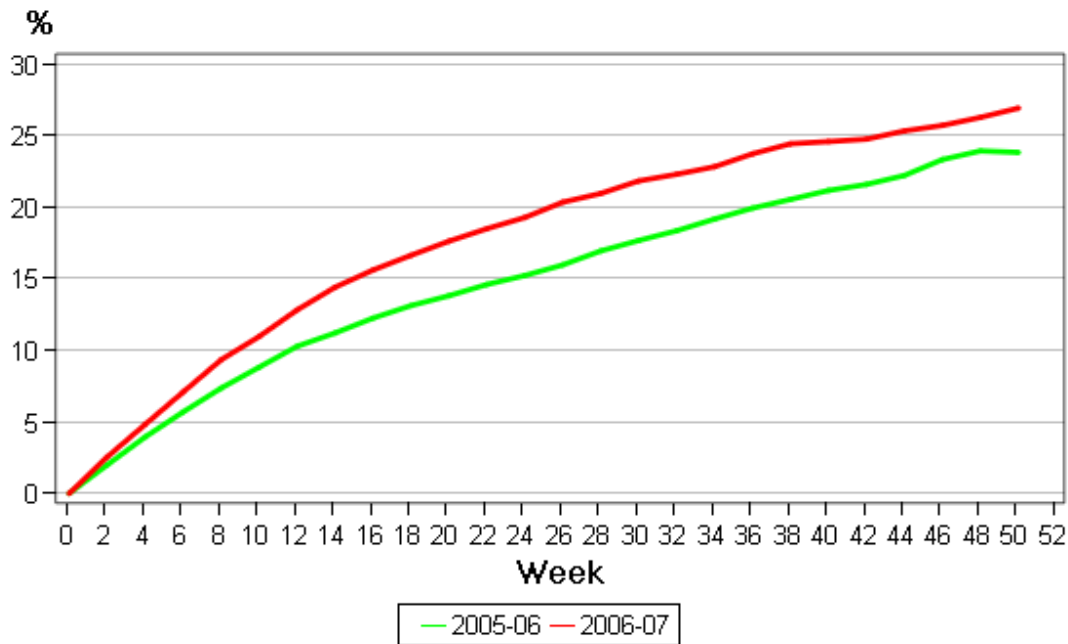
- those who completed ISca2 and became very long-term unemployed after 1 July 2006 (called new VLTU job seekers); and
- those who were already very long-term unemployed when Welfare to Work was introduced (called existing VLTU job seekers).

The analysis is disaggregated into these two groups to disentangle the effect of Welfare to Work from compositional effects. There is a high overlap between the before and after Welfare to Work groups of existing VLTU job seekers. People become, on average, more disadvantaged as they spend time on income support, so the post-Welfare to Work existing VLTU are arguably more disadvantaged than the pre-Welfare to Work comparison group. The comparative analysis for new VLTU job seekers is less likely to be affected by such differences in job seeker characteristics and so provides a clearer indication of the effect of Welfare to Work on VLTU job seekers.

Chart 4.29 to Chart 4.32 compare changes in the percentage of job seekers who left income support and the incidence of employment while on income support before and after Welfare to Work for the two VLTU job seeker groups.²⁹

²⁹ As ISca2 was only introduced in June 2003, the comparison is limited to one year pre-Welfare to Work, ie 2005–06. It took approximately one and half years from June 2003 before a full cohort of VLTU was available for analysis.

Chart 4.29 Per cent who have left income support — new very long-term unemployed



Source: Research and Evaluation Dataset

Note: only two years are included here, unlike the other target groups, since ISca2 is a relatively new program and people only started to complete it late in the 2004–05 financial year.

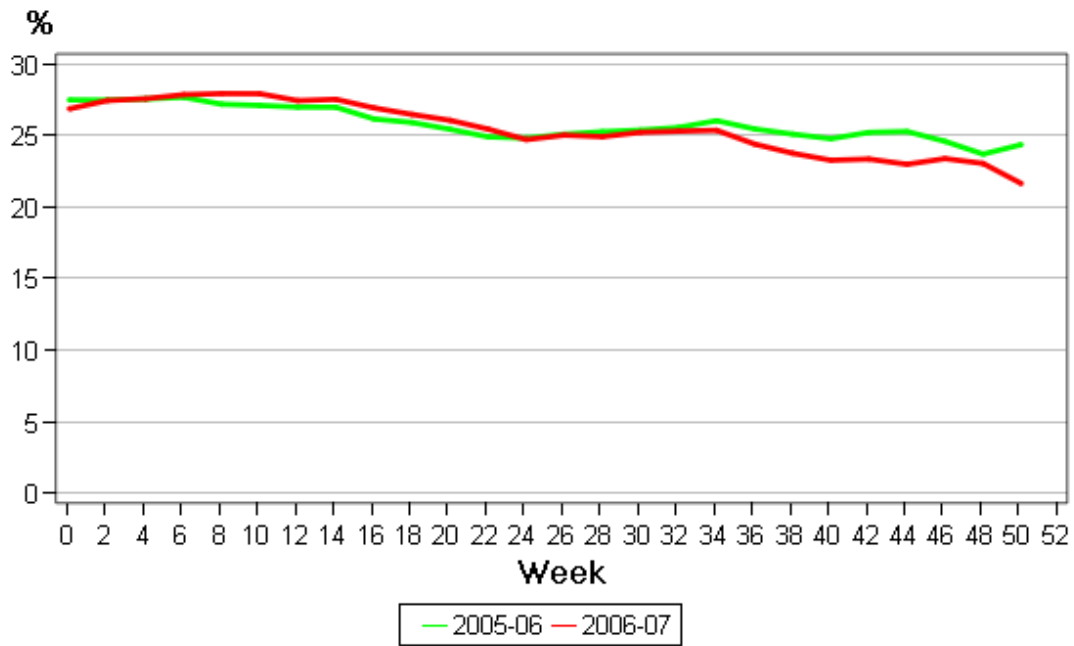
For new VLTU job seekers, Chart 4.29 shows a higher percentage had left income support compared with a similar group in the previous year before Welfare to Work was introduced. Specifically, 20 per cent had left income support after six months compared with 16 per cent in the previous year, an increase of four percentage points.

Chart 4.30 reports the percentage of new VLTU job seekers who remained on income support and were in paid work. These show no change before and after Welfare to Work. Specifically, 25 per cent of new VLTU job seekers who remained on income support were employed in 2005–06 and 2006–07.

There were no changes in trends for the existing VLTU job seekers. In Chart 4.31, the percentage of existing VLTU who left income support post-Welfare to Work remained about the same at just under 15 per cent after six months. The percentage of those on income support who were employed decreased by about two per cent (Chart 4.32). It is likely that the driving factor for this small decrease for the existing VLTU group is a compositional effect, where people who remained in this group became on average more disadvantaged over time.

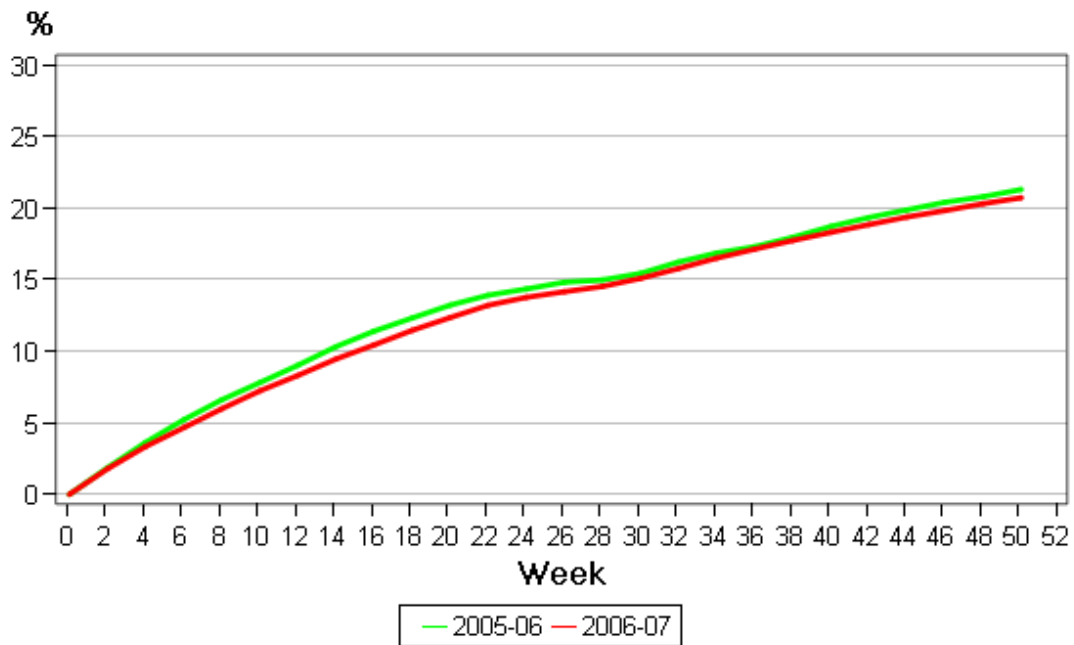
The results for the new VLTU group provide evidence of a small positive trend in the likelihood of leaving income support for people who were identified as very long-term unemployed. This is despite the more generous income test for recipients introduced under Welfare to Work, which allows people to earn more before leaving income support.

Chart 4.30 Per cent employed while on income support — new very long-term unemployed



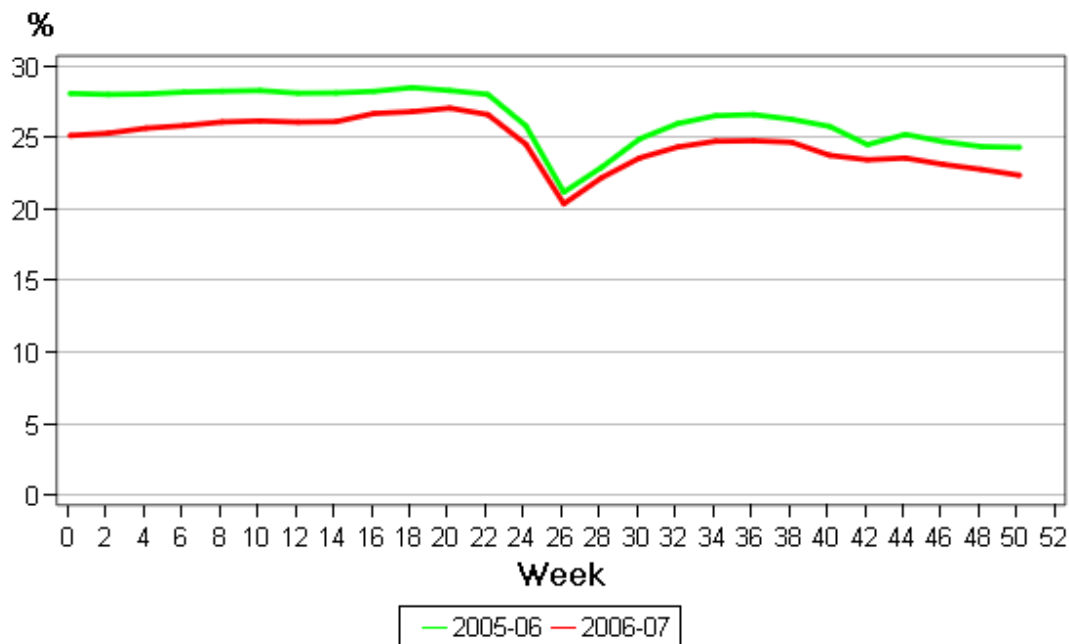
Source: Research and Evaluation Dataset

Chart 4.31 Per cent who have left income support — existing very long-term unemployed



Source: Research and Evaluation Dataset

Chart 4.32 Per cent employed while on income support — existing very long-term unemployed



Source: Research and Evaluation Dataset

The LPS results provide information about employment status of the VLTU (new entrants) regardless of whether they remained on income support or left. Table 4.15 shows that, at the time of interview during May and June 2007, 42 per cent were employed. Eighty-five per cent of those who were not on income support at the time of interview reported they were working and the employment rate for those on income support was 32 per cent, a level similar to the administrative data results. Their median weekly hours worked was 25 and the median hourly wage was \$18.13.

Table 4.15 Characteristics of employment (May–June 2007) — very long-term unemployed job seekers (new entrants)

	Weighted percentages (effective ^(a) standard errors)	
Type and quality of jobs (for those working)		
On income support	81	(3)
Per cent employed (of those on or off income support)	42	(3)
Per cent employed (of those on income support)	32	(3)
Per cent employed (of those off income support)	85	(6)
Employed		
Median hours of working per week	25	-
Wage or salary earner	88	(3)
Median hourly wage of employed	\$18.13	-
Employed and off income support		
Median weekly hours of work	35	-
Wage or salary earner	93	(5)
Median hourly wage	\$18.60	-
Employed and on income support		
Median weekly hours of work	20	-
Wage or salary earner	85	(4)
Median hourly wage	\$17.14	-
Barriers to employment (for those not working)		
Job (skill and flexibility)	24	(4)
Health	7*	(2)
Personal	16	(3)
Location / transport	29	(4)
Education: Highest qualification year 10 (4 th form) or below	59	(4)

Source: Longitudinal Pathways Survey, cohort 3 wave 3 (n = 414)

(a) The effective standard error takes into account the sample design.

* This estimate has a relative effective standard error greater than 25 per cent but less than 50 per cent. It should be used with caution.

The VLTU who were not working did report a range of major barriers to employment. A quarter said that they faced job related barriers such as insufficient education, training or work experience, or that the workplace was not flexible enough. As in most other target groups, over half of them (59 per cent) had year 10 or less education. Twenty-nine per cent reported transport a major barrier to work. Among other barriers, 16 per cent reported that their personal circumstances (for example, age, background, history) were keeping them from finding employment and for another 7 per cent their own illness or injury was stopping them from becoming job ready.

Participation in Employment Assistance

The Welfare to Work policy changes, in particular the introduction of the new range of services, were designed to stream VLTU job seekers with different barriers to the right assistance to help them find employment.

Table 4.16 shows the range of participation in services for existing and new VLTU job seekers during 2006–07. As shown in the table, virtually all VLTU job seekers were registered with Job Network.³⁰ Between 26.2 (for new VLTU) and 34.5 (existing VLTU) per cent participated in Work for the Dole.³¹ Apart from this, participation across the full range of services available to VLTU job seekers under Welfare to Work was low.³² Only a few received assistance from DEN, PSP and VRS. Just three per cent participated in FT WfD, a program under Welfare to Work specifically designed for these job seekers.

³⁰ Note: to be identified as VLTU a job seeker must be, or have been, registered with the Job Network. This means that most will participate in at least one phase of the Job Network (specifically, an intensive support contacts or mutual obligations phase). However, the participation is less than 100 per cent because a small number of the VLTU will have been *placed* in (referred to) a phase but have not *commenced*.

³¹ This reflects the fact that many VLTU have Mutual Obligations shortly after completing ISca2.

³² The high participation in ISca2 by the new VLTU simply reflects the data which indicates that they had completed the program during the year.

Table 4.16 Participation in employment assistance, 2006–07 — very long-term unemployed job seekers

Employment assistance	New (%)	Existing (%)
Any employment assistance ^(a)	99.3	96.6
Job Network	99.1	95.7
Job Search Support Only	15.0	25.0
Intensive Support job search training	0.5	0.9
Intensive Support customised assistance		
first round	0.6	1.1
second round	87.7	0.1
Employment Preparation	0.0	0.1
Work for the Dole ^(b)	26.2	34.5
Full-Time Work for the Dole	3.4	3.0
Disability Employment Network	1.2	2.6
Personal Support Program	1.9	6.0
Vocational Rehabilitation Services	1.9	4.4
Community Development and Employment Projects	4.6	2.3
New Enterprise Incentive Scheme	0.3	0.4
Job Placement, Employment and Training	0.5	0.1

Source: Survey, Evaluation and Analysis Database

(a) The sum of the individual programs and services does not reflect the overall percentage recorded for participation in the *any employment assistance* category as people can participate in more than one program or service.

(b) These figures include a small proportion of people undertaking community work through a Community Work Co-ordinator.

For those who completed a service during the year, employment outcomes three months after leaving assistance was gauged by the PPM survey (Table 4.17). These outcomes were low compared to the post assistance outcomes for all job seekers and other target groups with the exception of people with disability. The table also shows that most employment outcomes for this group were part-time.

Table 4.17 Per cent employed three months after exiting employment assistance, 2006–07 — very long-term unemployed job seekers

Type of assistance	New (%)	Existing (%)	All job seekers (%)
<i>Full-time or part-time</i>			
Intensive Support job search training	37.6	39.9	50.8
Intensive Support customised assistance	31.8	23.8	45.1
first round	31.6	25.3	46.7
second round	n/a	n/a	41.4
Work for the Dole	25.5	23.8	31.6
Disability Employment Network	9.3	14.0	n/a
Personal Support Program	7.1	10.4	16.9
Vocational Rehabilitation Services	18.9	13.9	39.0
<i>Full-time</i>			
Intensive Support job search training	14.1	20.2	24.0
Intensive Support customised assistance	13.4	9.8	16.8
first round	12.7	10.9	18.7
second round	n/a	n/a	12.6
Work for the Dole	9.5	8.6	14.2
Disability Employment Network	2.3	2.2	n/a
Personal Support Program	4.8	2.8	6.6
Vocational Rehabilitation Services	4.2	3.0	14.2

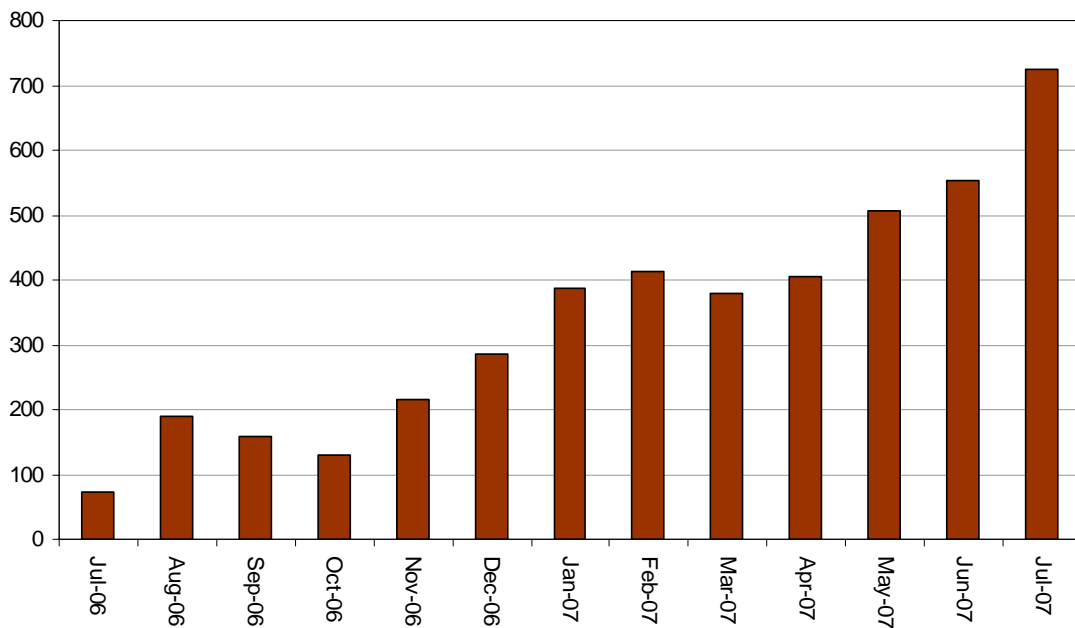
Source: Post Program Monitoring Survey

Full-Time Work for the Dole

Full-Time Work for the Dole (FT WfD) was introduced as part of Welfare to Work to ensure that VLTU job seekers retained and learnt vital work skills that enhanced their employment prospects (for more details about the program see Appendix 3).

As reported earlier, during 2006-07, few VLTU job seekers were referred to, or participated in, this program. However, Chart 4.33 shows that participation in this program did rise significantly over time and continued to increase as more people became eligible. In July 2007, just over 700 job seekers commenced FT WfD, the highest level of participation since its inception (Chart 4.33).

Chart 4.33 Full-Time Work for the Dole commencements, 2006–07



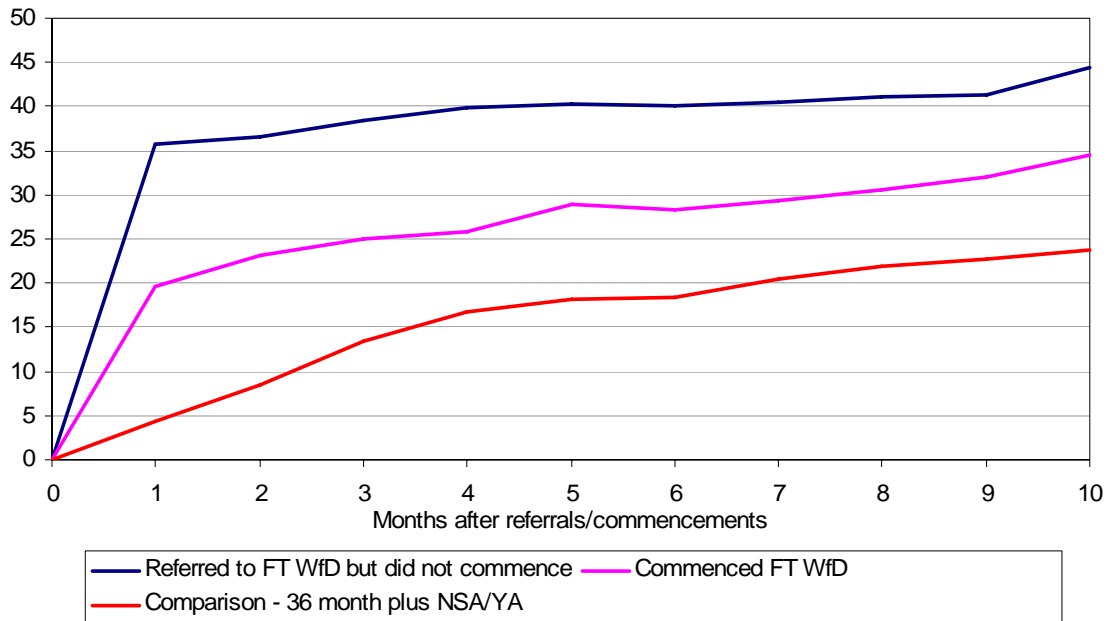
Source: Survey, Evaluation & Analysis Database

Despite low participation levels, initially at least, analysis shows increased employment outcomes for those who were referred to and/or participated in FT WfD. In this analysis, off income support or part-rate of payment outcomes (which usually means they had income above the income test threshold of \$62 per fortnight³³) was examined for two groups — those who were just referred to FT WfD and those who also commenced in the program.

Results presented in Chart 4.34 show high off benefit or part rate outcomes both for those referred to the program and those who also commenced when compared with NSA/YA(o) recipients who had durations on income support of three years or more. Specifically it shows that 44 per cent of those referred were either off income support or on a part-rate after 10 months. In addition, people who commenced had outcomes substantially higher after 10 months than those for the comparison group: 35 per cent of those commencing FT WfD were off income support or had a part rate after 10 months, compared with 24 per cent of the comparison group.

³³ If a person has working credits, this will not immediately apply.

Chart 4.34 Full-time for Work for the Dole off/part benefit outcomes — July 2006 to December 2007^(a)



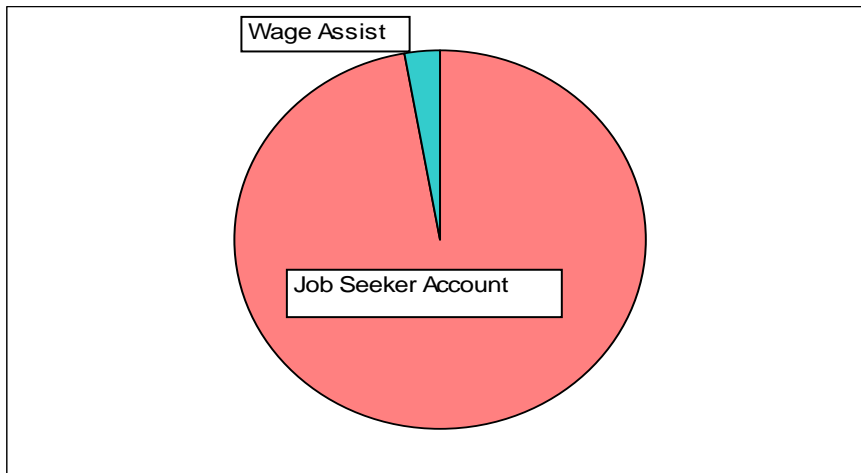
Source: Survey, Evaluation & Analysis Database

(a) These results do not constitute a full net impact study. Data covers the referrals and commencement period from July 2006 to March 2007.

Wage Assist

Wage Assist was also introduced as part of Welfare to Work to provide help for the VLTU to enter employment. It provides ongoing, full-time work opportunities for the VLTU through providing a wage subsidy to employers equal to the basic rate of Newstart. However, as Chart 4.35 shows, Job Network did not make extensive use of this service: the vast bulk of wage subsidies paid for the VLTU were funded out of the JSKA (around 8,000 such wage subsidy jobs, of which around 3,000 were eligible for Wage Assist). The key reason for the low take up may be associated with the relative complexity of Wage Assist as compared with that available through the JSKA. Discussions with providers indicated that, faced with limited Wage Assist places (often only one or two per site) and the need to keep additional records, employment consultants preferred the flexibility of the JSKA.

Chart 4.35 Wage subsidies paid July 2006 to August 2007 — very long-term unemployed

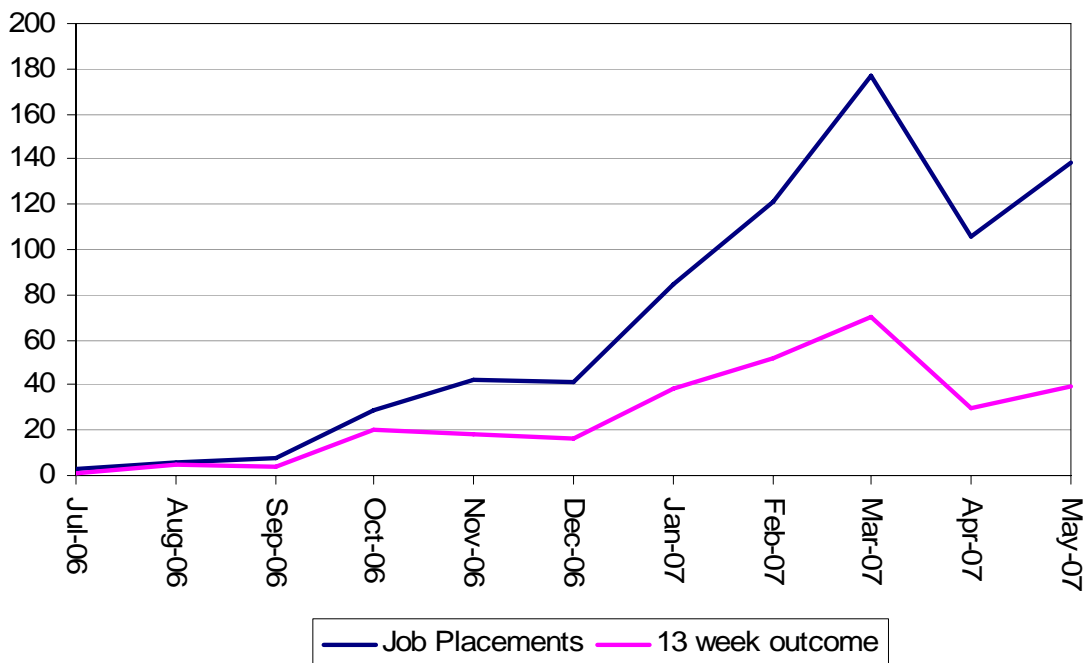


Source: Survey, Evaluation & Analysis Database

As with the recent pick up in commencements in FT WfD, Chart 4.36 shows a rising number of Wage Assist job placements taken up since July 2006. The majority of these commencements were in relatively low skilled jobs with labourers, sales assistants and process workers being the most common.

During 2006-07 only around one-third of these placements translated into the payment of the subsidy at 13 weeks, and about 15 per cent obtained a 26 week payment.

Chart 4.36 Number of Wage Assist placements per month, July 2006 to August 2007



Source: Survey, Evaluation & Analysis Database

Overall, during 2006-07, VLTU job seekers did not participate in the full range of available employment assistance services. Evidence presented in this report indicates that participation in services, and in particular, in FT WfD and Wage Assist, needs to be lifted for VLTU job seekers.

Very long-term unemployed summary

Under Welfare to Work during 2006-07, the review process for VLTU job seekers was strengthened to determine future service needs. Specifically, two new employment programs — FT WfD and Wage Assist — were introduced to ensure these job seekers could overcome their employment barriers and assist them to take up work as quickly as possible.

During 2006-07, there were some signs of improvement in workforce participation and income support reliance, but this was only for those who became VLTU job seekers since Welfare to Work began. These results were observed even though changes in the income test allowed them to earn more before leaving income support. Compositional changes could also have influenced results as there is a lack of evidence of any change for existing VLTU job seekers. Survey data again confirms that most VLTU job seekers left income support for employment.

Also, evidence about their participation in employment assistance indicates that for assistance specifically designed for VLTU, participation was lower than expected. A higher level of participation could lead to better outcomes for this group, as suggested by the strong outcomes for those who were referred to or participated in FT WfD.

4.4 *Newstart Allowance and Youth Allowance (other)*

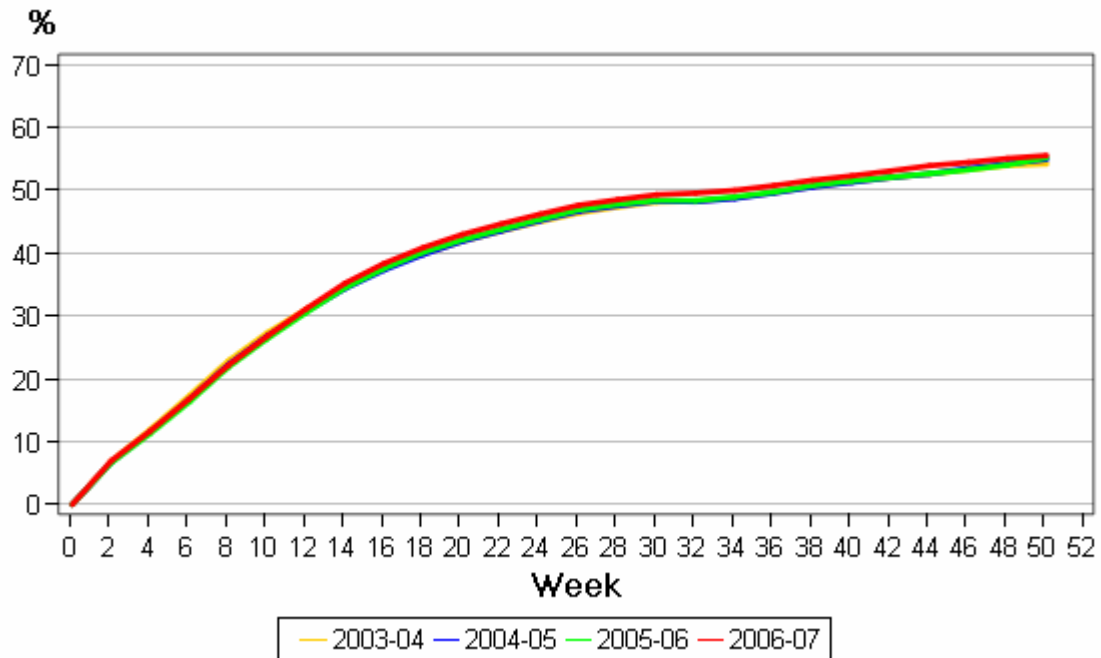
Results from the analyses presented above provide evidence that during 2006-07, the Welfare to Work policy change was the major factor contributing to changes in workforce participation and income support reliance for some groups of people directly affected by Welfare to Work in its first year. To provide further supporting evidence, a similar comparative analysis using administrative data was undertaken for all job seekers on NSA and YA(o). The results of these analyses provide a baseline for the observed changes for those directly affected by Welfare to Work and help determine the extent to which other factors such as the improving economy and strong labour market could also have contributed.

Under Welfare to Work, all job seekers on NSA or YA(o), along with people on other allowances, retained more of their income support payment before losing it as a more generous income test was applied. This reduces the disincentive to work part-time, but also allowed people to stay on income support longer, other things being equal.

Chart 4.37 to Chart 4.40 show the comparative analysis results for all NSA/YA(o) job seekers. They show that neither the rate at which NSA/YA(o) recipients left income support nor the incidence of earnings while on income support substantially changed in 2006-07 from previous years. And, unlike the mature aged and the VLTU, there is no difference between the new entrants to these payments and those who were already on NSA/YA(o) at 1 July 2006.

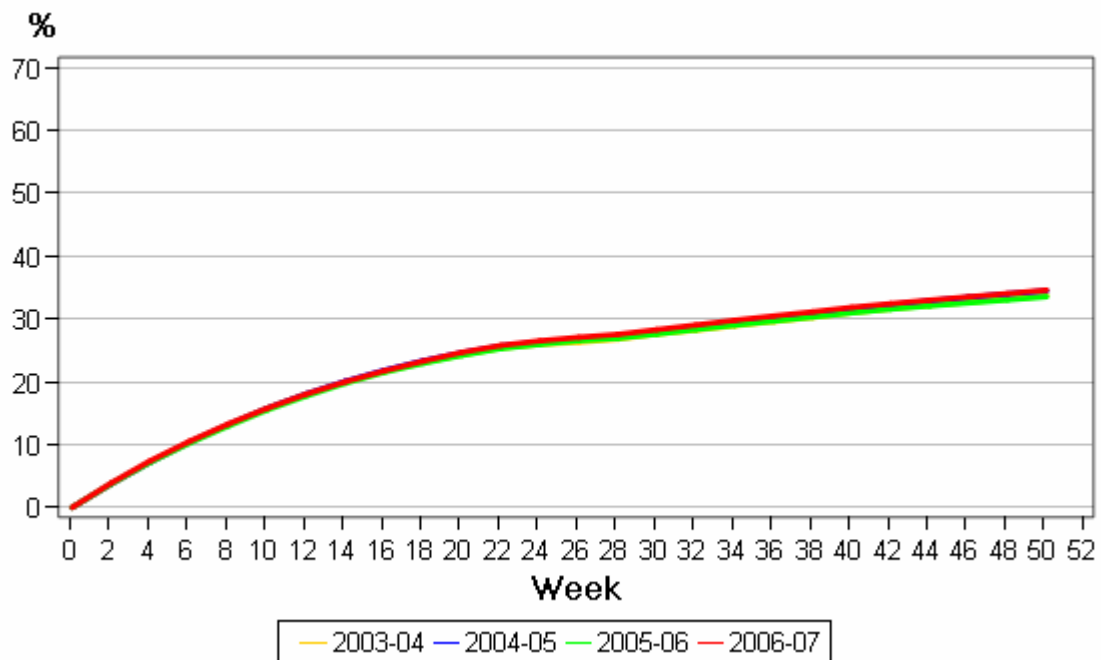
The lack of change in observed trends for all job seekers is further supporting evidence that Welfare to Work was a major factor driving results for those directly affected in its first year, rather than being the result of strong economic conditions.

Chart 4.37 Per cent who have left income support — new NSA/YA(o) recipients



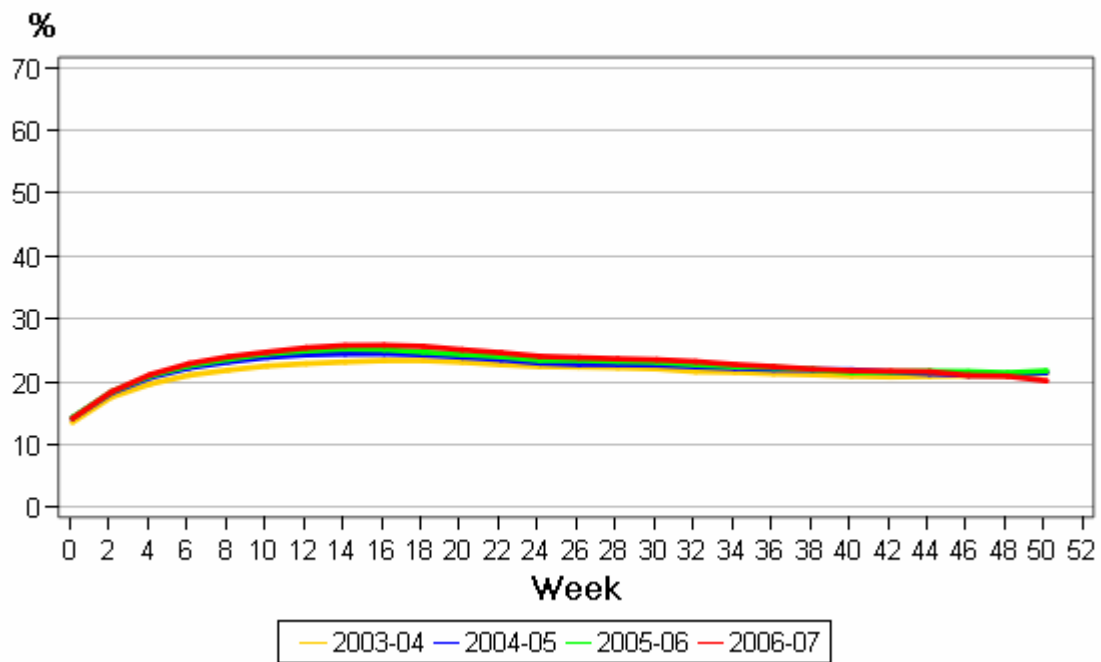
Source: Research and Evaluation Dataset

Chart 4.38 Per cent who have left income support — existing NSA/YA(o) recipients



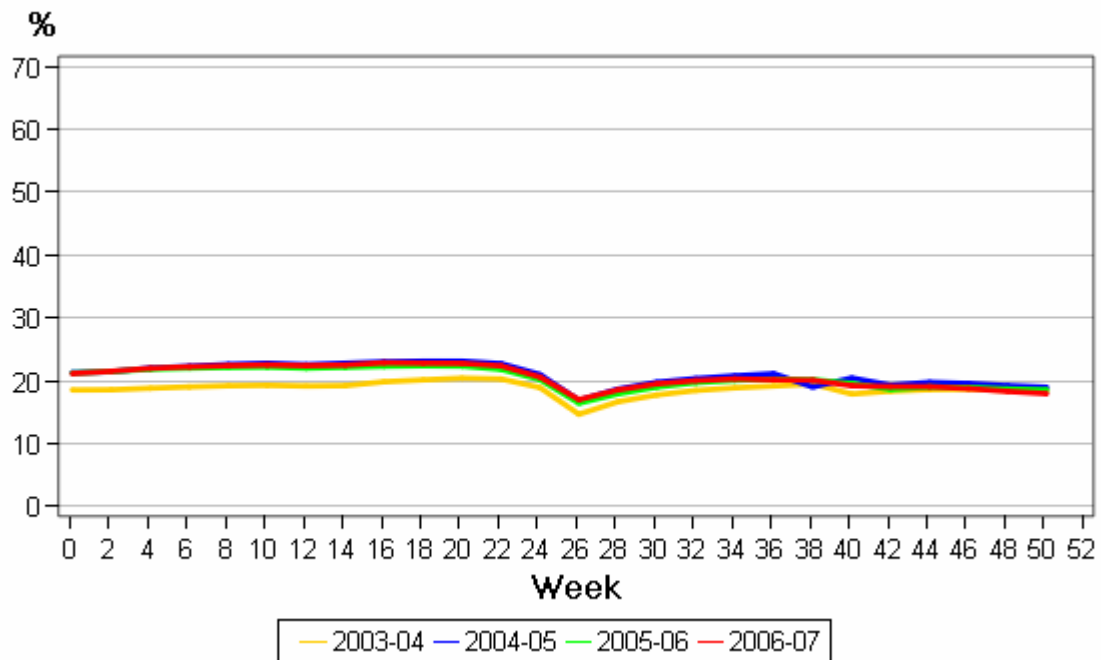
Source: Research and Evaluation Dataset

Chart 4.39 Per cent employed while on income support — new NSA/YA(o) recipients



Source: Research and Evaluation Dataset

Chart 4.40 Per cent employed while on income support — existing NSA/YA(o) recipients



Source: Research and Evaluation Dataset

4.5 Target groups and Newstart and Youth Allowance (other)

The results for all job seekers on NSA and YA(o) also provide a benchmark to assess the variation of results across target groups directly affected by Welfare to Work.

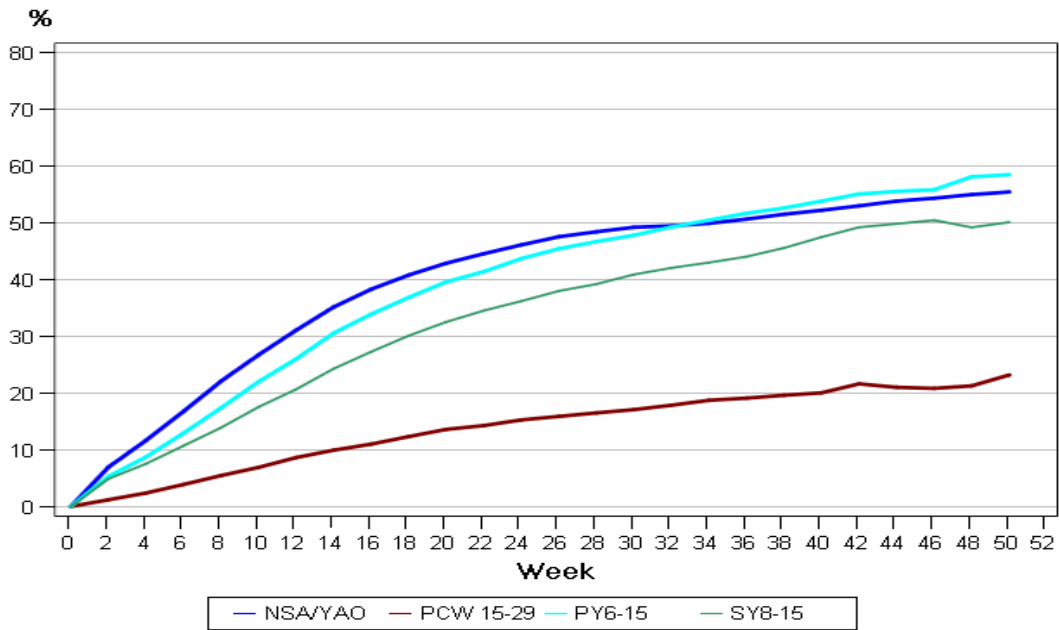
Chart 4.41 and Chart 4.42 compare outcomes of all groups directly affected by Welfare to Work in 2006-07 with those for NSA/YA(o) job seekers.

Chart 4.41 and Chart 4.42 compare results for new principal carer parents and people with disability with capacity to work of 15 to 29 hours per week with all new NSA/YA(o) job seekers. Trends in the percentage of principal carer parents (both single and partnered) who left income support over time are comparable to results for all NSA/YA(o) recipients. As expected, those with a disability were the least likely group to leave income support. Trends in the percentage who remained on income support reflect the extent to which principal carer parents took up part-time employment over full-time employment (Chart 4.42). Single and partnered principal carer parents were both more likely to remain on income support and be in paid work than job seekers more generally. Again people with disability with a partial work capacity were the least likely to report earnings while remaining on income support.

While the evaluation results are generally encouraging, the likelihood of most target groups (all except principal carer parents) leaving income support was still significantly lower than for jobseekers on NSA/YA(o). People with disability had a particularly high risk of remaining on income support compared to this benchmark, suggesting they required considerable further assistance to build their capacity to leave income support. The likelihood of people with disability to earn, while still on income support, was also considerably lower than NSA/YA(o) recipients.

Chart 4.43 and Chart 4.44 compare outcomes for existing mature age job seekers and the VLTU with all NSA/YA(o) recipients who were on income support when Welfare to Work was introduced. These Welfare to Work target groups are less likely than all NSA/YA(o) to have left income support. However, both the VLTU and mature age job seekers aged 50 to 54 had a higher likelihood of remaining on income support and reporting employment. This shows that these groups required further support before being able to leave income support at levels comparable with NSA/YA(o) recipients.

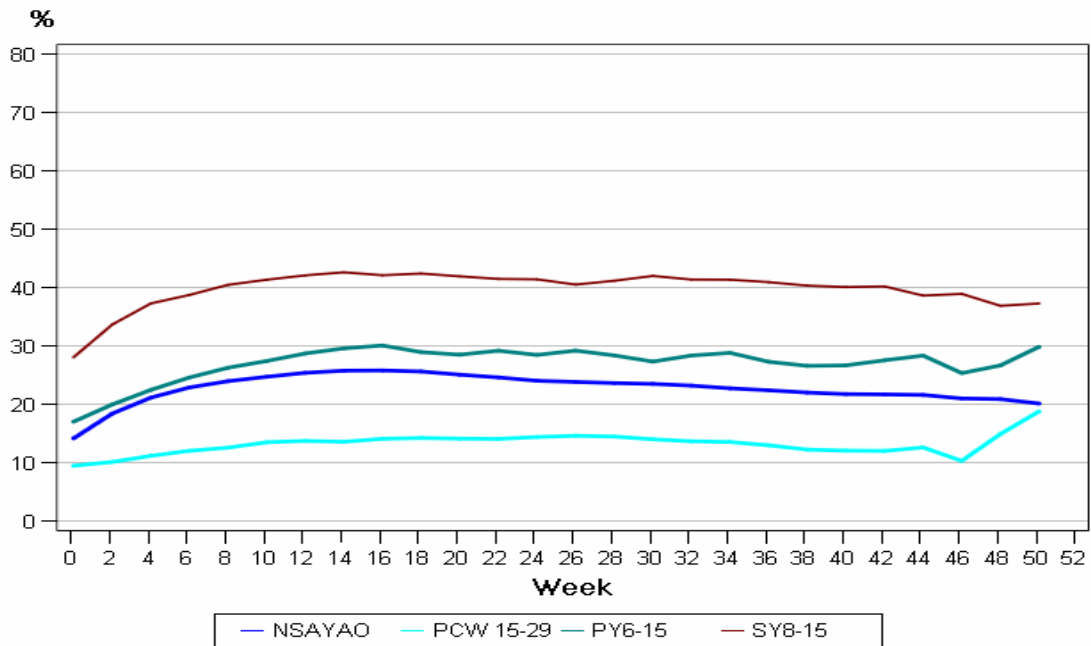
Chart 4.41 Per cent who have left income support, 2006–07 — new entrants to NSA/YA(o) compared to new entrants to selected groups



Source: Research and Evaluation Dataset

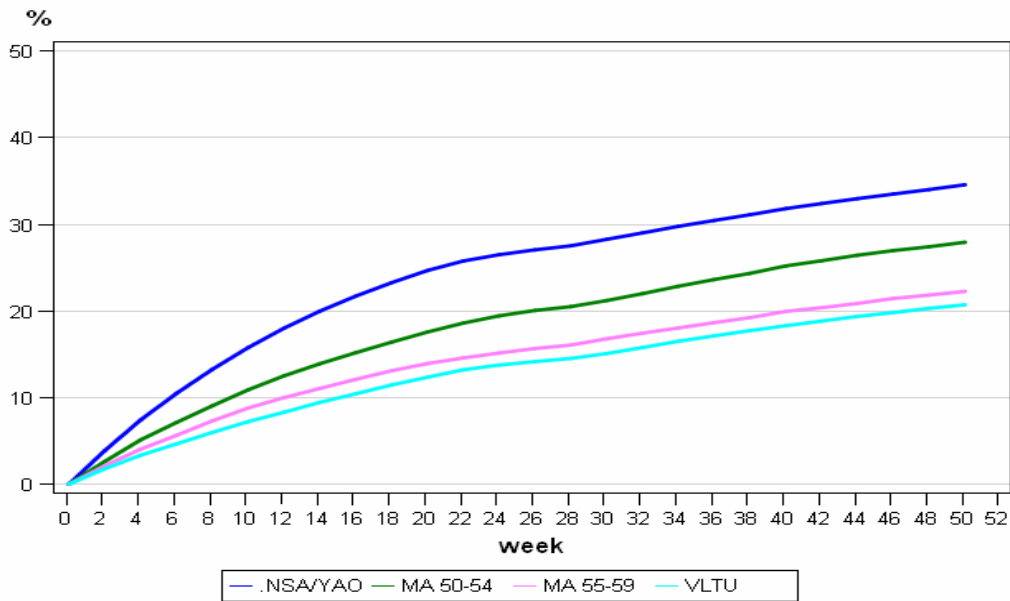
PCW 15–29 — partial capacity to work of 15–29 hours per week;
 NSA/YAO – new Newstart and Youth Allowance (other) job seekers;
 PY6–15 — partnered principal carer parents whose youngest child is aged 6–15 years;
 SY8–15 — single principal carer parents whose youngest child is aged 8–15 years.

Chart 4.42 Per cent employed while on income support, 2006–07 — new entrants to NSA/YA(o) compared to new entrants to selected groups



Source: Research and Evaluation Dataset

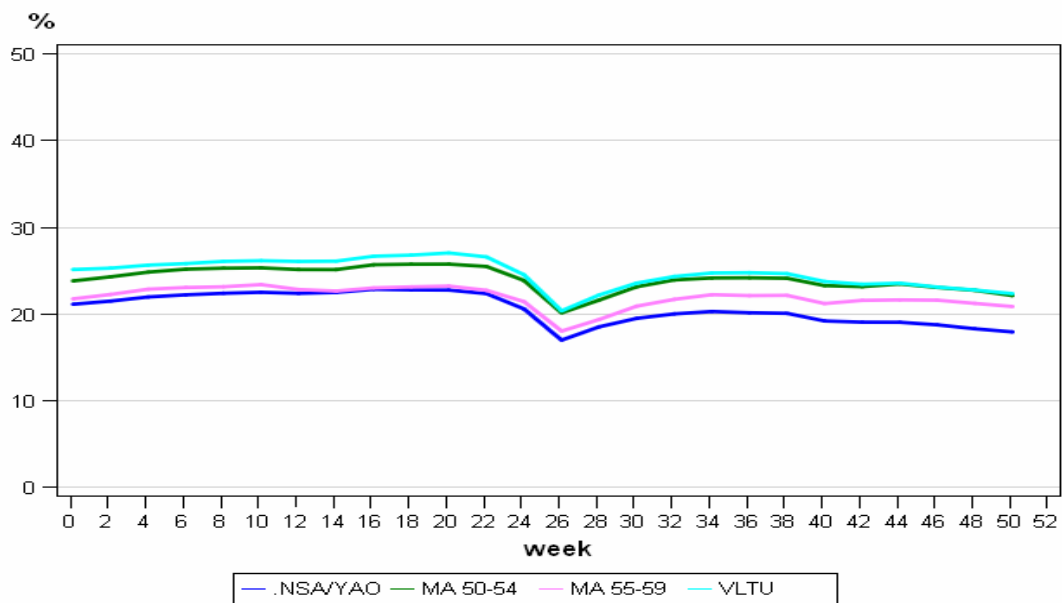
Chart 4.43 Per cent who have left income support, 2006–07 — existing NSA/YA(o) recipients at 1 July 2006 compared to selected groups of existing recipients



Source: *Research and Evaluation Dataset*

MA 50–54 — existing mature age job seekers aged 50 to 54 years;
 MA 55–59 — existing mature age job seekers aged 55 to 59 years;
 NSA/YAO — existing Newstart and Youth Allowance (other) job seekers;
 VLTU — existing very long-term unemployed.

Chart 4.44 Per cent employed while on income support, 2006–07 — Existing NSA/YA(o) recipients at 1 July 2006, compared to selected groups of existing recipients



Source: *Research and Evaluation Dataset*

4.6 Summary

This chapter has assessed the effectiveness of Welfare to Work as a package on increasing workforce participation and reducing income support reliance among the Welfare to Work target groups over 2006–07. Those directly affected by the Welfare to Work policy changes are the focus of the analysis.

The results provide evidence that Welfare to Work did achieve its objectives of increasing workforce participation and decreasing income support reliance for some groups.

Specifically, for the principal carer parents and people with disability directly affected by the changes, there were marked changes in the percentage of people who left income support. Also, their likelihood of being in employment while remaining on income support increased. For mature age job seekers and VLTU who were new to these groups since the introduction of Welfare to Work, there were positive shifts in the percentage who left income support. This is despite the income test change under Welfare to Work which allowed them to earn more before they had to leave income support.

Also, it is clear from the evidence provided through the LPS that the majority of people who left income support in all target groups did so for employment. This was particularly the case for mature age job seekers and the VLTU.

Information on participation in employment assistance also indicates people did access available employment assistance programs. Across all groups, many participated in the Job Network but people with employment barriers such as people with disability also received assistance through the specialist services of DEN and Vocational Rehabilitation. Nevertheless, it was also clear that a greater level of participation in the available assistance was required.

Taking results across all target groups together, the analysis highlights the importance of early activation, that is, having a welfare system where people who have capacity to work are encouraged to do so as quickly as possible. During its first year, Welfare to Work affected principal carer parents and people with disability from the time of their income support commencement. Trends on the key outcome measure for these people changed markedly from previous years when they did not have to seek employment and their outcomes were higher than those who were grandfathered on payment. With mature age job seekers and the very long-term unemployed, although both new and existing job seekers were affected by Welfare to Work, improvements in workforce participation and income support reliance were almost entirely for new entrants.

In summary, the results provide evidence that, in the first year of being introduced, Welfare to Work did achieve its dual objectives of increasing workforce participation and reducing income support reliance for some groups directly affected by the policy change. However, all target groups except principal carer parents will require further support before they are likely to leave income support at levels comparable to NSA/YA(o).

Chapter 5. Welfare to Work and Income Support Population Trends

The previous chapters present evidence that the Welfare to Work policy changes were a driving factor in increasing workforce participation and reducing income support reliance among some groups most affected by these changes. As noted in Chapter 2 however, many people in the Welfare to Work target groups were not directly affected by the changes during its first year. Also, no marked changes in workforce participation and income support reliance trends were found for the groups not directly affected during Welfare to Work's first year.

This chapter examines long term trends in the populations of working age income support recipients in order to gauge whether the introduction of Welfare to Work has contributed to these trends. The section begins by examining the share of income support recipients on activity tested payments. It then examines the changes observed in populations of major Welfare to Work target groups.

5.1 Activity Tested Income Support Population

In Chapter 2, it was noted that the working age income support population has trended downwards over recent years and this continued through 2006–07 as Welfare to Work was introduced. While this was mainly driven by strong economic and labour market conditions, some of the downward trend in key income support payments during 2006–07 could have been related to Welfare to Work. Under Welfare to Work, the eligibility criteria for some non-activity tested payments were tightened, and to ensure that people with capacity to work do so, more groups of people were activity tested.

Table 5.1 presents the share of working age income support recipients on activity tested and non-activity tested payments and the compositional change of recipients by payment types over the four years 2003-04 to 2006-07.

As shown in Table 5.1, prior to Welfare to Work, the share of income support recipients on activity tested payments had been decreasing steadily from 30 per cent in 2003–04 to 29 per cent in 2005–06. However, since the introduction of Welfare to Work, this downward trend was reversed. During 2006-07, the share of income support recipients on activity tested payments increased. Although the magnitude of this increase was small, it does show that the share of income support recipients on activity tested payments had started to increase (by 0.7 per cent) in the first year of Welfare to Work. This upward trend is expected to continue and accelerate in the second year of Welfare to Work, as more people (for example, grandfathered principal carer parents) start to face participation requirements. To present a detailed picture of the effects of Welfare to Work, the remainder of this chapter analyses the changes observed on populations of major Welfare to Work target groups.

Table 5.1 Activity tested and non-activity tested income support recipients as a percentage of the total working age income support population

Payment Type	2003–04 (%)	2004–05 (%)	2005–06 (%)	2006–07 (%)
<i>Activity Tested</i>				
Newstart	24.9	24.5	24.2	24.8
Parenting Payment single				0.3
Special Benefit (under Newstart conditions)	0.2	0.1	0.1	0.1
Youth Allowance (other)	4.9	4.9	4.7	4.5
Total activity tested payments	30.0	29.5	29.0	29.7
<i>Non-Activity Tested</i>				
Carer Payment	2.7	3.0	3.4	3.9
Disability Support Pension	21.2	22.0	22.9	24.0
Parenting Payment partnered	6.9	6.8	6.9	6.2
Parenting Payment single	14.5	14.9	15.0	14.4
Other non-activity tested payments	24.8	23.7	22.7	21.8
Total non-activity tested payments	70.0	70.5	71.0	70.3
Total working age payments	100.0	100.0	100.0	100.0

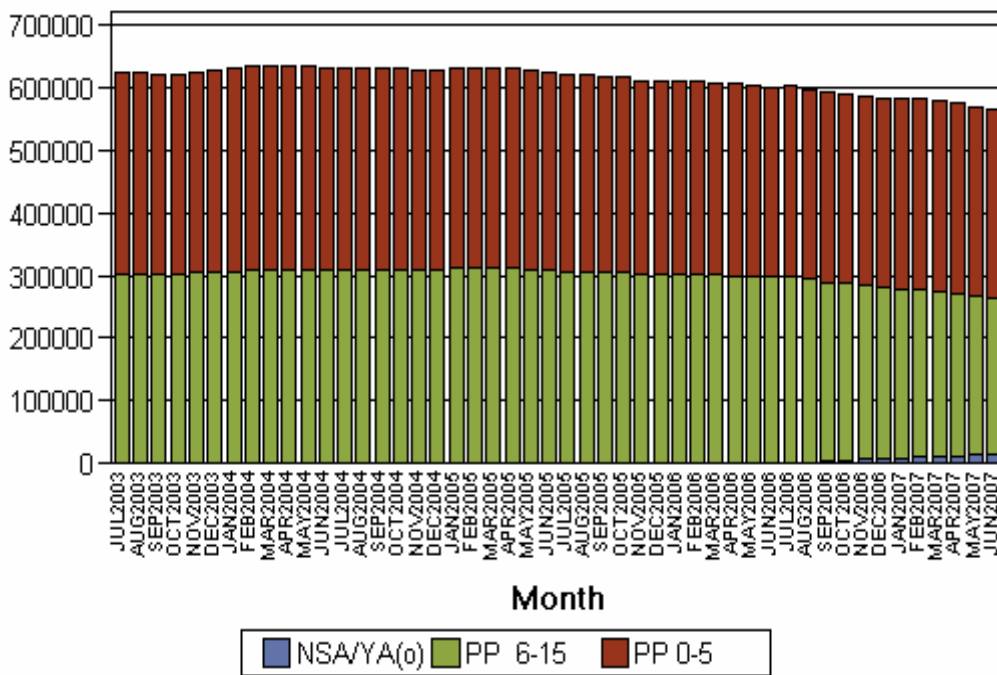
Source: Research and Evaluation Dataset

5.1.1 Principal carer parents

Findings from Chapter 3 indicated that after the introduction of Welfare to Work, fewer principal carer parents, in particular those with children aged 6 to 15 years, entered income support. Also, there were changes relating to these people leaving income support at a faster rate over the year.

Chart 5.1 shows trends in the population of the key principal carer payments of Parenting Payment (PP) and Newstart Allowance (NSA) at the beginning of each month from July 2003 to June 2007, grouped by age of youngest child — PP recipients with a youngest child less than 6, and recipients with a youngest child 6 years or older.

Chart 5.1 Population of principal carer parents on income support, by payment type and age of youngest child, July 2003 to June 2007



Source: Research and Evaluation Dataset

Since the introduction of Welfare to Work, there was an overall decline in the total number of principal carer parents on income support from around 610,000 (monthly average from July 2005 to June 2006) to roughly 582,000 (monthly average from July 2006 to June 2007). The decrease was driven by a change in trend of those with a youngest child aged 6 or over, some of whom faced the new participation requirements and changed payment eligibility criteria under Welfare to Work. In June 2006, just before the introduction of Welfare to Work, the ratio between the number of principal carer parents with a youngest child aged 6 or over and the number of principal carers with a youngest child aged 0 to 5 was 98 to 100. In June 2007, one year after the introduction of Welfare to Work, this ratio changed to 83 to 100.

As noted in Chapter 3, as a result of the Welfare to Work changes for principal carer parents, there was a significant reduction in the number commencing income support and also, as seen in Chapter 4, significant positive changes in trends in the percentage leaving income support for this group. Both of these changes are likely contributors along with the continued favourable labour market conditions to the observed drop in the population of principal carer parents on income support.

Only those who claimed income support since Welfare to Work was introduced were activated during the first year of Welfare to Work, and at the end of the year, there still remained a substantial proportion of principal carer parents who were not activated but had capacity to work. From 1 July 2007, grandfathered principal carer parents began to be activity tested once their youngest child turns 7. This change could lead to continued decline in trends.

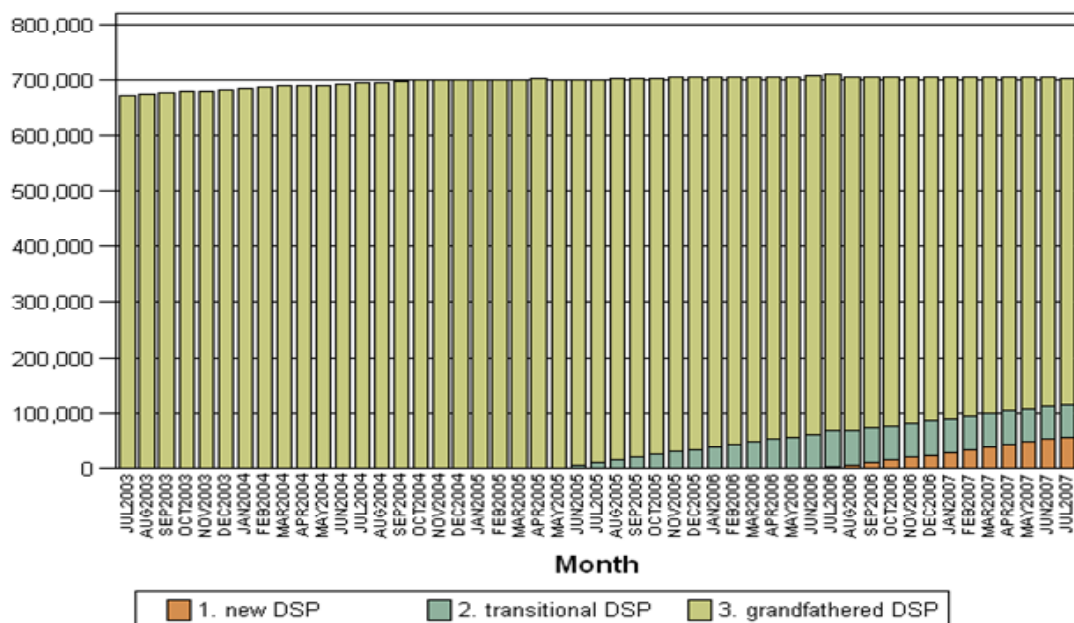
5.1.2 People with Disability

Welfare to Work also changed the eligibility criteria for Disability Support Pension (DSP), and introduced part-time participation requirements for people with disability with a capacity to work to encourage them to seek and take up employment. The two income support populations affected under Welfare to Work were DSP and NSA/Youth Allowance (other) (YA(o)).

Chart 5.2 shows the number of people on DSP over time by Welfare to Work sub-groups. As shown in Chart 5.2, prior to Welfare to Work, the population of DSP increased gradually over time. As indicated in Chapter 3, trends in entry to DSP did not decrease as perhaps was expected with the introduction of Welfare to Work. As discussed, this was due to a number of offsetting factors keeping the number of people entering DSP at similar levels to the previous year. Hence, since the introduction of Welfare to Work, there was no decrease in the size of the DSP population which remained relatively steady during 2006–07.

Chart 5.2 also disaggregates the DSP population into three Welfare to Work related subgroups of people with disability — the ‘grandfathered’ group, the ‘transition’ group, and those who entered DSP after the introduction of Welfare to Work, classified as ‘new entrants’ (see Chapter 2 for detailed definition). Chart 5.2 clearly shows that the majority of recipients of DSP are in the ‘grandfathered’ group, who will not be affected by Welfare to Work. Most in the ‘transition’ group will only start to face the Welfare to Work changes in the second year of Welfare to Work, when they are reviewed under the new eligibility criteria and then may be required to seek employment. Taken together, all of these indicate that only a gradual decrease in the population of DSP recipients over the next few years could be expected under Welfare to Work.

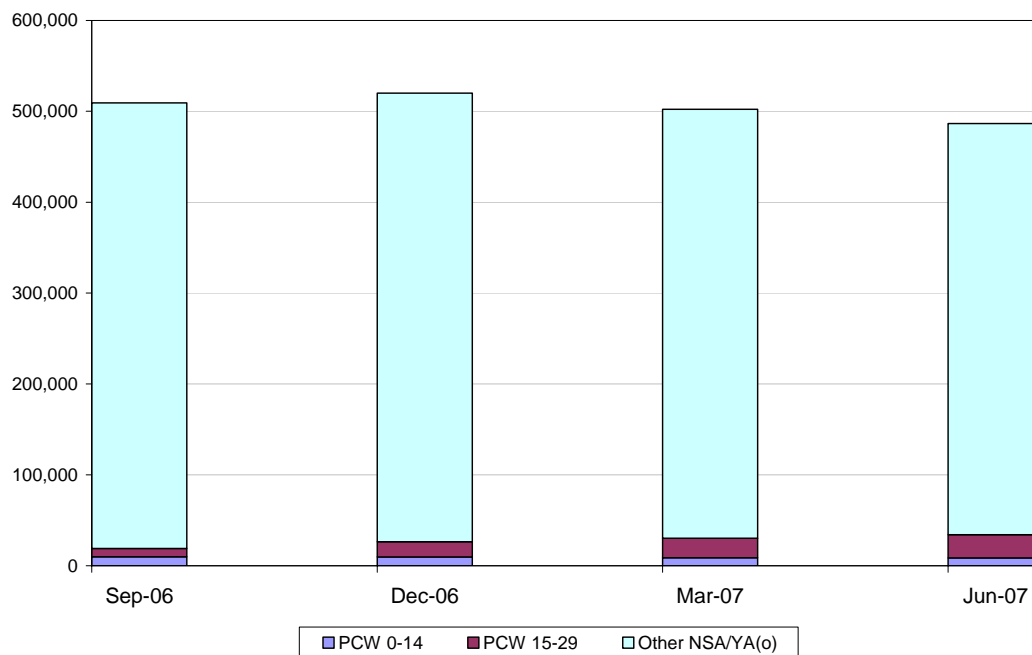
Chart 5.2 DSP population, by Welfare to Work sub-category, July 2003 to July 2007



Source: Research and Evaluation Dataset

Chart 5.3 shows the number of people on NSA and YA(o) over time, grouped by their assessed work capacity. As illustrated, the size of the overall NSA/YA(o) population continued to trend downwards since the introduction of Welfare to Work, largely driven by strong growth in labour demand. Also, after Welfare to Work, there was a gradual increase in the percentage of NSA/YA(o) who were assessed with a partial capacity to work. As at 1 July 2007, seven per cent were assessed with a partial capacity to work. This is a result of the introduction of the Job Capacity Assessments (JCA) and the changed eligibility to DSP. Under Welfare to Work, many of these people were activated for the first time, and evidence indicates that Welfare to Work had a positive effect on this group.

Chart 5.3 Number of people on NSA/YA(o) with a partial capacity to work

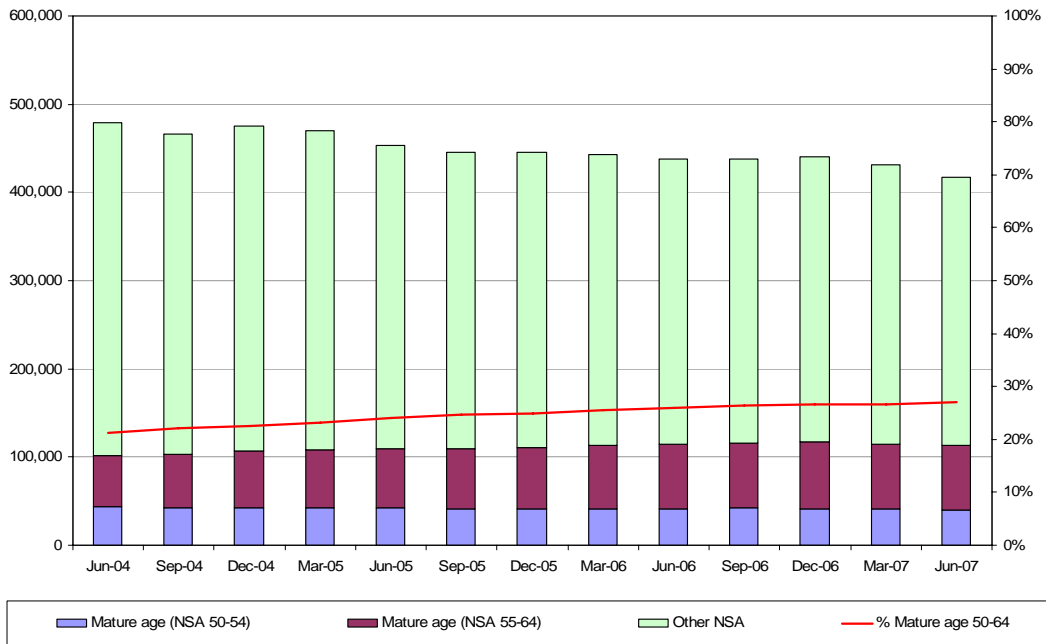


Source: Research and Evaluation Dataset; Blue Book Dataset

5.1.3 Mature Age Job Seekers

Chart 5.4 shows the population trends of NSA categorised by age. While the total number of job seekers on NSA had been decreasing, the number of mature age job seekers on income support remained steady over the last few years in line with the general ageing of the population. Since the introduction of Welfare to Work, therefore, the share of mature aged job seekers on NSA continued to increase and at the end of 2006-07 represented almost 30 per cent of the total population.

Chart 5.4 Number of mature age job seekers to the total number on NSA recipients



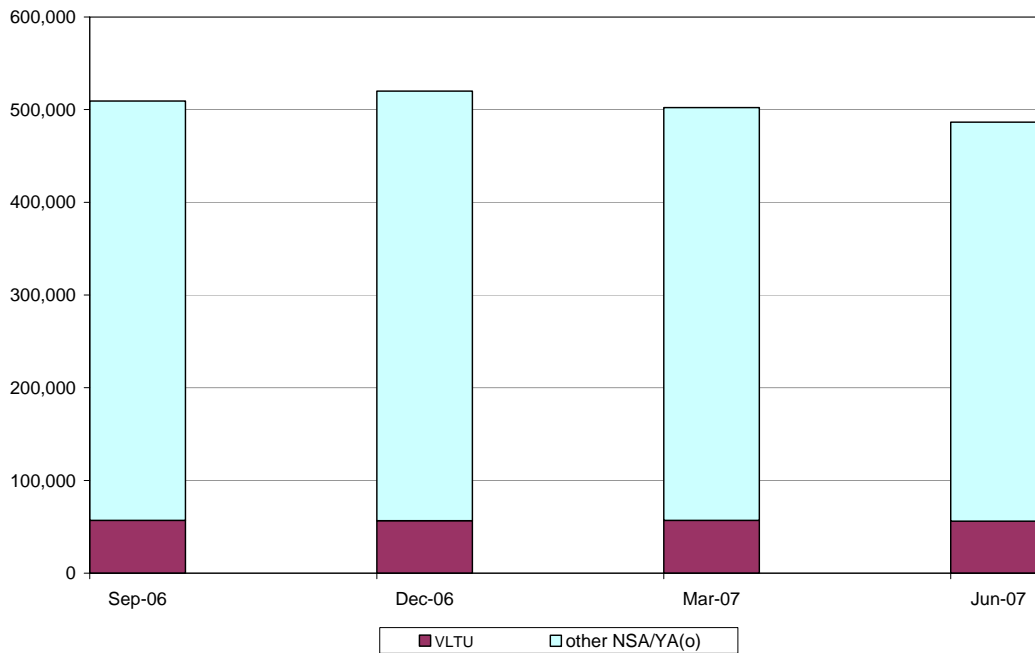
Source: Blue Book Dataset

5.1.4 Very Long-term Unemployed

Chart 5.5 shows the number of people on NSA/YA(o) who were classified as very long-term unemployed (VLTU). As shown in the chart, the number of VLTU job seekers remained steady over 2006-07. As at 1 July 2007, the VLTU group represented 11.5 per cent of all NSA/YA(o) recipients.

As reported in Chapter 4, some small positive changes in income support reliance trends were observed for ‘new’ VLTU job seekers, that is, those who entered the group since the introduction of Welfare to Work. This change in trends is likely to have had only a small effect on the VLTU population during 2006–07. As noted in Chapter 4, the VLTU group required specialised employment assistance to help them seek and find work. As Welfare to Work progresses and help is provided to more job seekers in this category, it may result in decreasing trends in the number of VLTU job seekers.

Chart 5.5 Number of very long-term unemployed to the total number of NSA/YA(o) recipients



Source: Survey, Evaluation and Analysis Dataset; Blue Book Dataset; Research and Evaluation Dataset

5.2 Summary

In summary, during 2006-07 after the introduction of Welfare to Work, there was an overall decline in the working age income support population. However, it is difficult to disentangle the policy effects of Welfare to Work from established trends driven by strong labour market conditions and the ageing of the population.

As noted earlier, only a small percentage of people in the target groups were directly affected during the first year of the changed Welfare to Work policy. There was a slight shift towards activity tested payments among income support recipients, reversing a previously declining trend. Some changes in these target group populations were also observed, particularly for principal carer parents. However, the DSP population did not decrease to the extent that may have been expected under Welfare to Work. Both the mature age and VLTU job seeker populations remained steady, despite strong labour market growth and an overall reduction in total number of people on unemployment benefits.

All this taken together indicates that Welfare to Work only contributed modestly at best to any changes in income support populations during 2006-07. The full effects of the policy changes were expected to materialise gradually over the next few years, when grandfathered principal carer parents and people with disability with capacity to work also faced requirements under the Welfare to Work policy.

Part Three

Components of Welfare to Work

Part three of this report examines three major components of Welfare to Work. Chapter 6 presents data on the Welfare to Work compliance framework and Chapter 7 provides some qualitative information about employer hiring and staff retention practices, a key aspect of the Welfare to Work Employer Demand Strategy. Information about the performance of Job Capacity Assessments (JCAs) during the first year of Welfare to Work is presented in Chapter 8.

Chapter 6. Welfare to Work Compliance Framework

Under Social Security legislation, all activity tested income support recipients must meet certain requirements in order to demonstrate to Centrelink that they are actively looking for work or undertaking activities to improve their employment prospects. If a job seeker does not comply with these participation requirements, a failure is recorded and a financial penalty may be imposed.

From 1 July 2006, a different compliance framework replaced the previous breaching system for job seekers who failed to meet their activity test requirements without a reasonable excuse. Under the previous breaching system, job seekers could incur fixed financial penalties that they generally had to serve regardless of any subsequent compliance on their part.

This section examines the different compliance framework in the first year of Welfare to Work. It comprises two components. First it explains the compliance framework and discusses its potential effects on the Welfare to Work target groups. Second, it examines the number of failures that were applied during the first year of Welfare to Work, and the proportions of people that received penalties.

6.1 *The new compliance framework*

As part of the Welfare to Work policy changes, a different compliance framework was implemented, allowing job seekers to avoid incurring a financial penalty by re-engaging with their employment service providers or Centrelink.

Under the old compliance framework, job seekers would be penalised every time they failed to comply with their participation requirements without a reasonable excuse (that is, they committed a 'breach'). Penalties varied depending on the nature of the breach, and the number of breaches committed in the preceding two years. Most breaches would result in a partial loss of payment, but three or more activity test breaches (or participation breaches) during a two-year period could incur a penalty of an eight-week non-payment period.

Under the Welfare to Work compliance framework, all penalties were non-payment periods, and there were no partial payment reductions. Penalties were applied to job seekers who failed to re-engage, repeatedly failed to comply, or committed a serious failure. Under Welfare to Work, breaches were replaced by participation failures (PAF) and serious failures (SEF). PAFs and SEFs operated separately from one another, and were applied for different reasons. Most reasons for non-compliance incurred a PAF. For the first two PAFs, job seekers had an opportunity to avoid any penalty by rapidly re-engaging. By doing so, the system provided job seekers with an

incentive to re-engage. However, third or subsequent PAFs within 12 months did incur an eight week non-payment period, during which the person was not subject to requirements.

A SEF is committed if a person, without a valid reason, voluntarily leaves full-time employment, is dismissed from employment due to misconduct, refuses to accept a suitable offer of employment, or, for the very long-term unemployed, fails to participate in Full-Time Work for the Dole. All SEFs received a penalty of an eight week non-payment period, which could not be avoided by re-engaging.

The compliance framework only applied to people who were activity tested or had participation requirements. All Newstart (NSA) and Youth Allowance (other) (YA(o)) recipients, including all mature age job seekers and the very long-term unemployed (VLTU) were subject to the activity test³⁴ (unless they had a recognised exemption). For principal carer parents in the first year of Welfare to Work, only those with a youngest child 6 to 15 years who claimed income support on or after 1 July 2006 were activity tested. Most of these were on Newstart, but new principal carer parents on Parenting Payment single (PPS) with a youngest child 6 to 7 years were also activity tested. For people with disability only those on NSA or YA(o) with a partial capacity to work of less than 30 hours per week were activity tested.³⁵ For these income support recipients, failing to meet the activity test requirements may have incurred a PAF or SEF.

6.2 Compliance framework and Welfare to Work target groups

6.2.1 All activity tested income support recipients

During 2006–07, a total of 1.1 million activity tested income support recipients were subject to the Welfare to Work compliance framework. Over the whole year, about 213,000 failures were applied³⁶ (PAFs and SEFs), of which 13.5 per cent resulted in the application of a penalty.

Chart 6.1 presents the number of applied PAFs and SEFs during 2006–07 by month.³⁷ This is broken down by whether the PAF received a penalty or not (as noted earlier, all SEFs are penalised).

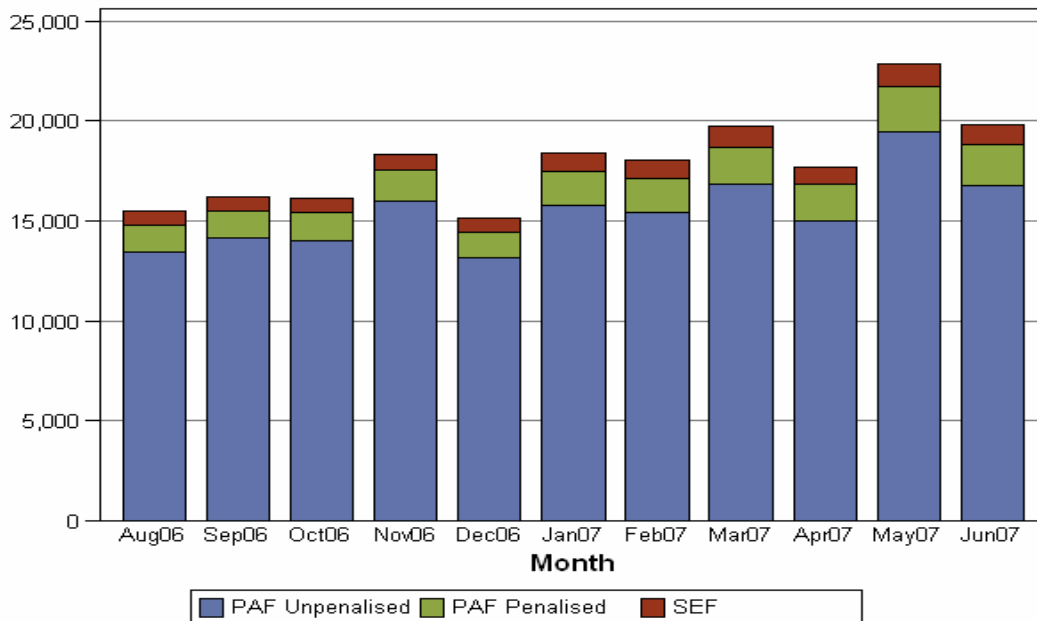
³⁴ In this report, ‘activity test payments’ refers to payments where the requirements are *work* related. Students (YA(student) and AUSTUDY recipients) are also subject to the activity test, where they are required to commit to full-time study, but they are not included here.

³⁵ While there are some people with disability with an assessed partial capacity to work of 0–14 hours who are activity tested, we will only be reporting those with a partial capacity to work of 15–29 hours, since only these people are new to the activity test.

³⁶ There are a number of stages in the PAF/SEF investigation process. For the following analyses, we will only be looking at applied failures (that is, those with a status of either ‘applied’ or ‘reapplied following review’).

³⁷ July 2006 data is unreliable and not reported separately in this chapter.

Chart 6.1 Number of PAFs and SEFs (by penalty status) applied in 2006–07



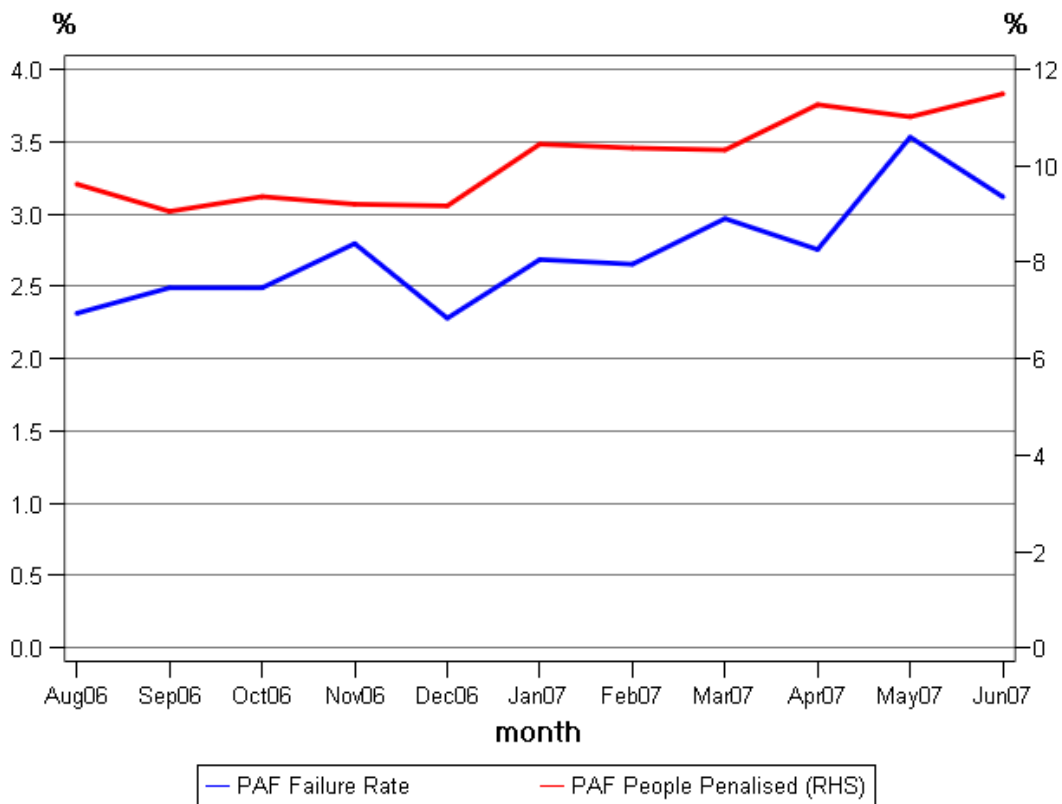
Source: Research and Evaluation Dataset

As illustrated, there was a generally rising monthly trend in the number of PAFs and SEFs through the year. However, a steady proportion of PAFs received penalties. Similarly, there was a low number of SEFs applied during each month of the year.

It is possible that the rising trend could have been related to the size of the activity tested population. As such, it is relevant to look at the impact of the compliance framework in terms of the number of people affected.

Chart 6.2 displays the monthly trend in the PAF failure rate (the number of people with an applied PAF as a proportion of the activity tested population) over 2006–07. It also displays the proportion of activity tested people who received a penalised PAF (that is, a PAF that incurred a penalty), relative to the proportion of activity tested people who received a PAF.

Chart 6.2 Activity tested income support recipients: PAF failure rate, and the incidence of penalised PAFs among people who received a PAF



Source: Research and Evaluation Dataset

The PAF failure rate rose steadily through the year (from 2.3 per cent in August 2006 to 3.1 per cent in June 2007). There was an increasing percentage of people who incurred a PAF during the year. This was perhaps related to implementation issues such as Centrelink and employment service providers becoming familiar with the operation of the new framework. Chart 6.2 also shows that, of those people who received a PAF, the percentage of people who incurred a penalty increased from 9.6 per cent in August 2006 to 11.5 per cent in June 2007. Despite these rising trends, the percentage of people with penalties remained low over the first year of Welfare to Work.

As implied in Chart 6.1, the number of people who incurred a SEF was low. Specifically, there were around 9,900 people who received a SEF in 2006–07, which represents a SEF failure rate of 0.9 per cent for the whole year. All SEFs received an eight-week non-payment period.

6.2.2 Variation across Welfare to Work target groups

There was considerable variation in the effect of the compliance framework on the Welfare to Work target groups. In particular, there were differences in the number and rate of failures across target groups, as well as in the proportion of failures that were penalised. To some extent, this could be attributed to inherent differences in the

nature of the target group populations and the different level of requirements imposed upon them.

Table 6.1 examines the effect of the compliance framework on people in the different target groups during 2006-07. The VLTU had the highest PAF failure rate over the 2006–07 financial year (19 per cent), which is almost twice as high as for all NSA/YA(o) (9.6 per cent). By comparison, mature age job seekers, principal carer parents, and people with disability all had PAF failure rates roughly a third of NSA/YA(o).

Of those who received a PAF in 2006–07, only a small percentage of these people incurred a penalty. Among the target groups, the VLTU were most likely to have served a penalty if they had received a PAF (13.4 per cent) which is slightly higher than the rate for NSA/YA(o) (10.9 per cent). In contrast, people with a partial capacity to work of 15 to 29 hours were the least likely (1.4 per cent) to have received a penalised PAF.

A similar story applies to serious failures, with the likelihood of serving a serious failure varying across the different target groups. A slightly higher proportion of VLTU had SEFs (0.9 per cent) than in the total NSA/YA(o) population (0.7 per cent). The SEF failure rates for the other groups were very small (0.1 per cent of mature age job seekers, 0.02 per cent of principal carer parents and people with disability). This translated into fairly small numbers of people receiving SEFs in these target groups.³⁸

Table 6.1 Participation and serious failures by target groups, 2006–07

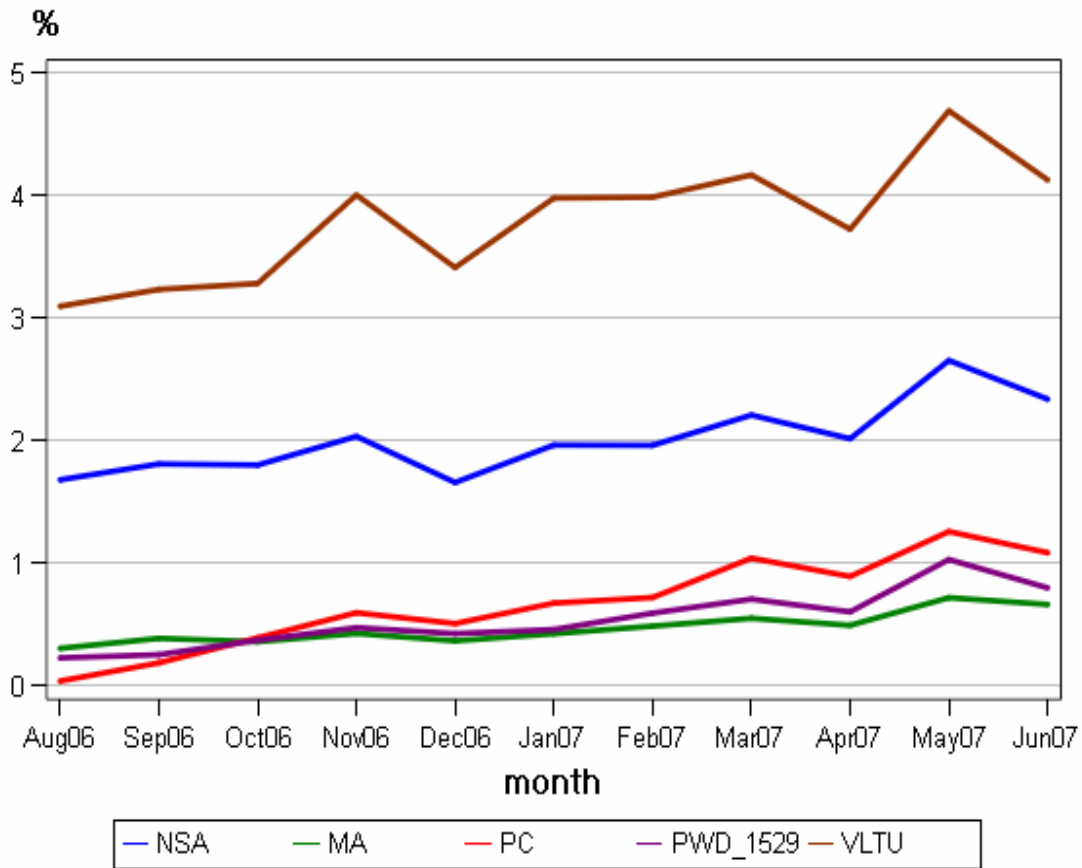
	Newstart/ Youth Allowance (other)	VLTU	Mature age job seekers	Principal carer parents	People with disability 15–29
Number of people with a PAF	104,395	19,519	5,955	1,187	1,052
Proportion of people with a PAF (%)	9.6	19.0	3.1	3.4	3.1
Number of people with a PAF who served a penalty	11,354	2,606	235	42	15
Proportion of people with a PAF who served a penalty (%)	10.9	13.4	3.9	3.5	1.4
Number of people with a SEF	8,026	899	236	7	7
Proportion of people with a SEF (%)	0.7	0.9	0.1	0.02	0.02

Source: Research and Evaluation Dataset

Chart 6.3 displays the PAF failure rates across different Welfare to Work target groups through the year. There was an upward trend in the PAF failure rates for all of the target groups, consistent with the results for the activity tested population.

³⁸ A very small number of these people received more than one SEF.

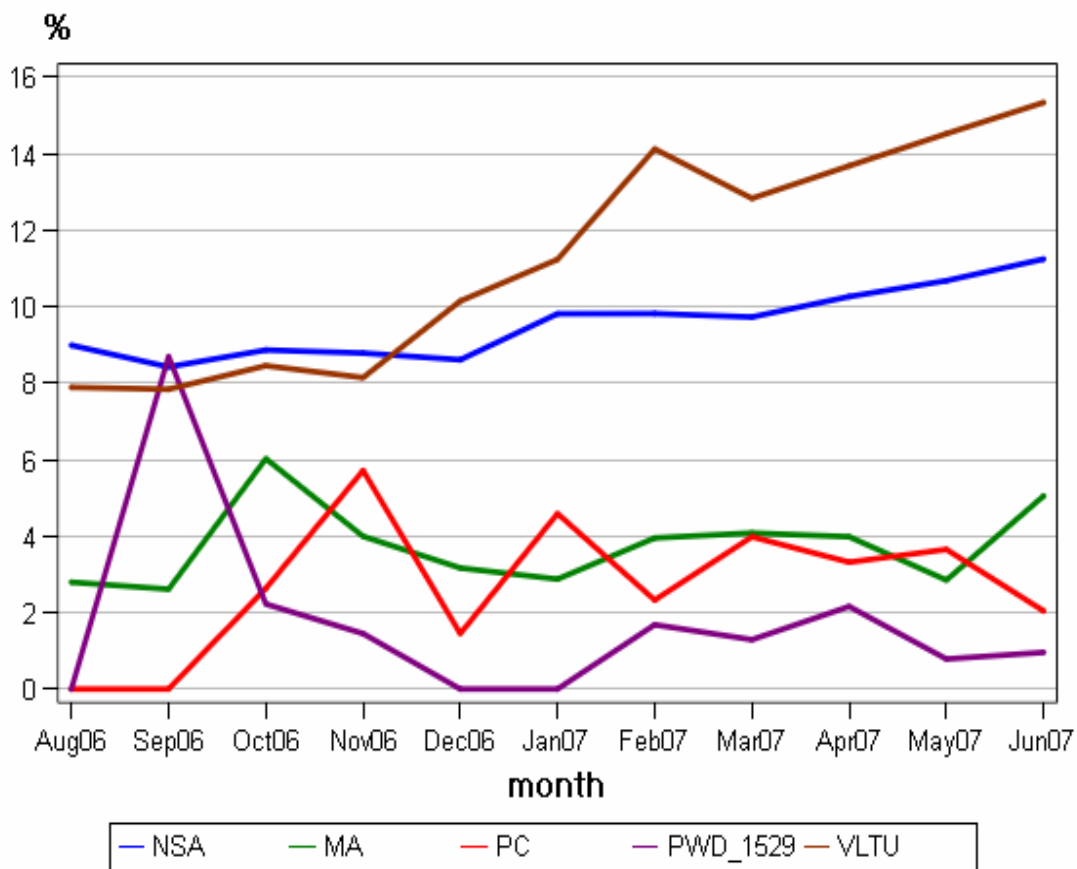
Chart 6.3 PAF failure rates by Welfare to Work target group



Source: Research and Evaluation Dataset

Chart 6.4 shows the proportion of people with a penalty, relative to the population of people within a target group who received a PAF. The rate was reasonably steady for the mature age target group, while it fluctuated significantly for principal carer parents and people with disability (reflecting the relatively small size of these target groups, and the number of penalties applied). Only the VLTU and NSA/YA(o) were increasing through the year. The chart also illustrates the relative difference in the incidence of PAF penalties between the target groups, with VLTU and NSA/YA(o) being more frequently affected by PAF penalties than mature age job seekers, principal carer parents and people with disability.

Chart 6.4 Incidence of penalised PAFs among people who received a PAF, by Welfare to Work target group



Source: Research and Evaluation Dataset

6.3 Summary

Overall, there was an upward trend in PAFs, penalised PAFs, and SEFs as a percentage of activity tested people during 2006-07. In general, however, fairly low numbers of people were subject to a penalty in the first year of the Welfare to Work compliance framework.

Looking at the target groups, the VLTU were the least compliant group of income support recipients. The VLTU had the highest PAF and SEF failure rates, as well as the highest incidence of penalties among those who received a PAF. By comparison, the activity tested principal carer parents and people with disability had fairly low failure rates.

To some extent, the steady increase in the PAF and SEF failure rates, as well as in the proportion of PAFs that were penalised during the first year of Welfare to Work could be attributed to issues in the implementation of the new compliance framework including Centrelink and employment service providers becoming familiar with the operation of the new framework. It is possible that the results will be different in 2007-08, once the new system is bedded down³⁹.

³⁹ Note that the failure rates have increased substantially throughout 2007-08.

Chapter 7. Welfare to Work and Employer Attitudes

7.1 Introduction

The Employer Demand and Workplace Flexibility Strategy, introduced as part of Welfare to Work, was designed to improve employer awareness of the benefits of hiring people from Welfare to Work target groups and of the need for a diversified and flexible workplace. While the strategy had a focus on the Welfare to Work target groups, it also had a broader purpose, including:

- targeted and improved industry and workplace flexibility strategies;
- training for employers to manage an ageing workforce; and
- strategies to increase employment for workers with a disability.

This chapter presents some qualitative information about the hiring and retention practices of employers and their attitudes towards people in Welfare to Work target groups. Based on the Department's Survey of Employers, it draws on information collected through focus group discussions and in depth interviews with employers in June 2007 (Appendix 1 has more detail on the Survey of Employers).

While the information presented in this chapter is not specifically related to employer responses to the Employer Demand and Workplace Flexibility Strategy, it does provide some general indications of the attitudes and experiences employers may have in hiring and retaining people similar to the Welfare to Work target groups.

7.2 General attitudes about recruitment and staff retention

The discussions with employers about their general attitudes to and experiences with recruitment and staff retention were held in the context of a tight labour market and a general skills shortage. Consequently, almost all employers reported problems, particularly the loss of trained and skilled employees. In response, some, but not all employers had changed their recruitment practices trying new recruitment methods and taking a 'saturation' approach — using multiple methods for the same job. Some employers also considered alternatives beyond financial remuneration to retain staff, such as providing greater flexibility in the workplace. However, many were still reluctant to spend money on training staff as a strategy for addressing the skill shortage, for fear that these trained staff would leave the business after this investment was made. In addition, small businesses faced particular challenges in their capacity to implement new or innovative practices.

7.2.1 Attitudes to hiring people in the Welfare to Work target groups

Employer attitudes varied in terms of their openness to different types of employees. Some were desperate and willing to recruit anyone, while others were closed to taking on anyone other than their 'ideal' employee. There were many common, often stereotypical, employer attitudes and perceptions towards working age income support recipients and other equity groups. Consequently, most employers did not see hiring Welfare to Work target groups as a way of solving their problems of skill

shortage (although they generally expressed support for the policy). Tackling these perceptions is a key component of the Employer Demand Strategy. These results, suggest that there is a great deal that needs to be done in this area.

There were some employers, however, who were willing to consider employing job seekers in these groups. However, those employers who were willing to hire people from the Welfare to Work target groups would only do so if the person had the capacity to do the job, the right attitude to work and the ability to fit in.

The general perception as to whether the Welfare to Work groups could meet these provisos varied across target groups. Table 7.1 provides a summary of responses to questions about hiring people similar to those in the Welfare to Work target groups.

Principal carer parents

Parents returning to work were deemed more readily equipped to make the transition into the workforce than other Welfare to Work target groups. The stereotypical parenting payment recipient was seen to be an at-home mum with school aged children. These mothers would typically have had some prior workplace experience and may have been out of the workforce for a limited period, so their skills may not be as out-of-date as those in other income support groups. The advantages in employing parents that were discussed included their good work attitude, productivity, skills acquired from parenting, and heightened levels of responsibility making them more reliable and loyal.

However, in accepting a ‘mother’ into the workplace, employers know that they may need to make some changes such as altering work patterns to accept part-time employees, making it possible to confine work times to within school hours, being more flexible in approach to accommodate parental leave at short notice. At times, this can be challenging to the business and restrictive towards the employability of parents.

In short, while there was general enthusiasm for employing parents returning to work, the extent to which employers were actually facilitating this was limited, but it was recognised that increased employer flexibility will be needed in the future to recruit and retain parents. And some employers expressed a willingness, now, to take back mothers on a part-time basis after maternity leave.

People with Disability

In general, employers displayed a lack of familiarity with the breadth and diversity of disabilities. The stereotypical person with a disability was generally seen as either someone in a wheelchair or someone with an intellectual disability. There were few spontaneous mentions of mental health issues, and illnesses or other health conditions were even lower in salience as sub-categories of ‘disability’.

Whilst employers were open to taking on someone with a disability, this was generally on the proviso that they could carry out the roles or tasks required. Some advantages of employing a person with a disability were recognised, including having a good attitude to work and being loyal and committed. Several employers who had employed people with a disability were impressed with their productivity and standard of work.

Table 7.1 Summary of employer attitudes by Welfare to Work target groups

Target group	Strengths	Challenges	Intentions
Mature age	Stability / reliability Willingness Experience Integration Professionalism	Inflexible Segregated Confrontational Slow Lacking capability	Many positive attitudes towards this group though employment conditional on meeting skill / business needs. Some employers are restrictive in roles offered to mature aged although often looking to maintain their presence through mentoring or part-time roles.
Parents returning to work	Good attitude and work ethic Life skills Reliable and loyal	Inflexible Greater absence / time off Can be less productive	Positive attitudes towards this group, especially if hold relevant skills or worked previously in business / industry. Recognition that employer flexibility is needed to increase recruitment and retention of this group.
People with disability	Good attitude Loyalty & commitment Productive	Incapable of certain tasks Unreliable Present logistical challenges Insurance implications Segregated Require extra support	Generally there were narrow and stereotypical views of 'disability'. Employers were open to recruiting this group as long as they could carry out the tasks required . Would be more likely to consider employment if the individual had experience / skills required. Sometimes seen as a burden to employ.
Very long-term unemployed	Source of cheap, available labour Appreciative of opportunity	Lack work ethic Lack of basic skills Poor demeanour and attitude	Of all groups, employers were least favourable to employing VLTU. They were often considered a last resort or bottom of the barrel. In some instances, intention to employ relied on the applicant having a good work ethic but this was often felt to be lacking.

Source: Employer Survey

However, in general, employers did not regard people with a disability as a potential labour pool to help fill shortages. Perceived barriers to their employment included an inability to perform certain tasks, unreliability and unpredictability, lack of assimilation or integration into the workplace, potential insurance implications, and the need to allocate additional resources to deal with them. A particular issue was the

extra time and investment which was needed with people with a disability: employers claimed that they just did not have the time required.

Mature age

Employers were open towards employing mature age job seekers — they were thought both to be more likely to be work ready and have the ‘right’ attitude. The stereotypical mature age person was thought to have had many years of experience in the workforce and therefore would have a good work ethic. Their current skill levels may be inadequate (especially in technology related areas) but it was generally perceived that this was counteracted by their having a great deal of ‘life experience’. While the perception was that there were some other advantages to employing a mature age person — such as their long experience, reliability, and willingness to work — there were also some particular challenges to face when doing so — namely, being less adaptable, less productive, more confrontational and lacking in current skills.

In relation to the retention of mature age employees, some employers did say they had proposed, or implemented strategies for, phased retirement or other ways of keeping their older employees, especially those with experience.

Very long-term unemployed

The stereotypical view of the very long-term unemployed (VLTU) person was someone who has no skills, does not really want to work and is thus virtually unemployable, even in the current strong labour market. Only one common advantage was mentioned and that was as a source of cheap labour: some employers did consider the benefits of VLTU as a source of available labour, able to fill in on menial, casual jobs.

A few elaborated on some positive experiences they had had with VLTU employees, however there were a number of perceived challenges, namely that they did not want to work, lacked basic skills, and their general unsuitability due to poor appearance, inappropriate demeanour, and disappointing attitude. In short, there remain significant barriers to the uptake of the VLTU in workplaces.

7.3 Summary

This chapter has presented some qualitative information from the Survey of Employers about the attitudes and experiences of employers in hiring and retaining staff. Questions were specifically asked about their perceptions and attitudes towards income support recipients, especially those in the Welfare to Work target groups.

These discussions, undertaken in a tight labour market, revealed many common stereotypical attitudes to hiring income support recipients and also those in the Welfare to work target groups. Attitudes did vary by target group from positive for parents returning to work and mature age job seekers to generally negative attitudes towards the very long-term unemployed.

Chapter 8. Job Capacity Assessments

Under Welfare to Work people with disabilities, injuries or illnesses were encouraged and assisted to participate in the workforce to the extent that they were able. Job Capacity Assessments (JCAs) were introduced, together with other Welfare to Work changes, as part of an assessment process that would support this objective.

From 1 July 2006 JCAs replaced a range of assessments that were used by Centrelink prior to the introduction of Welfare to Work to determine eligibility for income support payments, activity test requirements, and activity test exemptions on the grounds of temporary incapacity. JCAs also replaced other assessments used by Centrelink and Employment and Related Services Providers to determine eligibility for employment assistance, employment support requirements, and the level of assistance required from these services.

JCAs provided assessments of work capacity, permanency of medical conditions and impairment ratings against the eligibility criteria for Disability Support Pension (DSP). Under Welfare to Work, the eligibility criteria for entry to DSP were changed to encourage people with a capacity to work to take up jobs. Specifically, people assessed as having a capacity to work of 15 to 29 hours per week were no longer eligible for DSP. Instead, they typically received Newstart Allowance/Youth Allowance (other) NSA/YA(o) and were subject to participation requirements. Clients who were granted DSP did not have participation requirements but, where appropriate, JCAs could recommend they participate in suitable assistance.

Job seekers on activity tested payments had participation requirements. These requirements could have included looking for work and undertaking programs and other activities designed to improve their prospects of gaining employment. Information from assessment reports on permanent partial capacity to work and temporary incapacity were used to determine participation requirements for job seekers on activity tested payments.

JCAs were conducted by Job Capacity Assessors who were qualified, allied or other health professionals. The Assessors were employed by the 18 organisations that were contracted as Job Capacity Assessment Providers (JCAPs). JCAPs included both government and non-government providers, with around 80 per cent of assessments being conducted by government JCAPs.

The primary focus of this chapter is the JCA's role in determining participation requirements and access to appropriate assistance. First it examines why people were referred to JCAs and the assessments' impact on individuals' participation requirements. It then considers the extent to which JCA assistance recommendations could alter patterns of participation in assistance. The chapter concludes with a brief overview of income support outcomes achieved after assessments.

8.1 Reasons for assessments

Under Welfare to Work, JCAs undertook assessments of a diverse range of clients within a single process. This process was used to assess clients who:

- made claims for DSP;
- were required to have their continuing eligibility for DSP reviewed;

- sought exemption from activity requirements due to temporary incapacity;
- indicated to Centrelink or employment service providers that they had a medical condition or disability that impacted on their work capacity and/or employment assistance needs;
- had barriers to employment, possibly revealed by the standard Jobseeker Classification Instrument (JSCI) process, that needed to be assessed in order to determine the most appropriate service provision;
- had not achieved their expected level of work capacity two years after a previous assessment; or
- independently sought access to the Supported Wage System and required the pre-requisite assessment to determine medical eligibility for DSP.

In total, in the first year in which JCAs were conducted (2006–07) over 450,000 referrals were made to JCAs (Table 8.1). In all, these referrals translated into 363,261 assessments in the year.

Table 8.1 JCA referrals by reasons for referral, 2006–07

Referral reason	Number of referrals	Share of total referrals (%)
JSCI related reasons	148,155	33
NSA/YA related reasons	99,678	22
DSP related reasons	114,628	26
Change of circumstance	58,927	13
Other	28,870	6
Total	450,258	100

Source: Survey, Evaluation and Analysis Dataset and/or Corporate Management Information System

Around 80 per cent of referrals to JCAs in 2006–07 were made for one of three broad reasons: JSCI related reasons; NSA/YA related reasons; and DSP related reasons.

8.2 JCA role in providing advice on participation requirements

The JCA process played an important role in determining an individual’s participation requirements. Work capacity assessments undertaken by JCAs provided the assessment reports used by Centrelink in determining DSP eligibility (no participation requirements), permanent partial capacity to work⁴⁰, and temporary exemption from activity test requirements on the grounds of incapacity.

Around 105,000 DSP related assessments were completed in 2006–07, and 71 per cent of claimants assessed by JCAs were granted DSP. The impact of the role of JCAs in providing evidence to Centrelink for DSP claim determination under Welfare to Work is covered in Chapter 3.

⁴⁰ Less than 30 hours per week and diagnosed as permanent.

The broader scope of JCAs under Welfare to Work provided opportunities beyond DSP assessments for identifying people with a partial capacity to work. If clients in receipt of an activity tested payment met the criteria for ‘partial capacity to work’ they were subject to different participation requirements from those of clients who had full-time work capacity, or DSP clients.

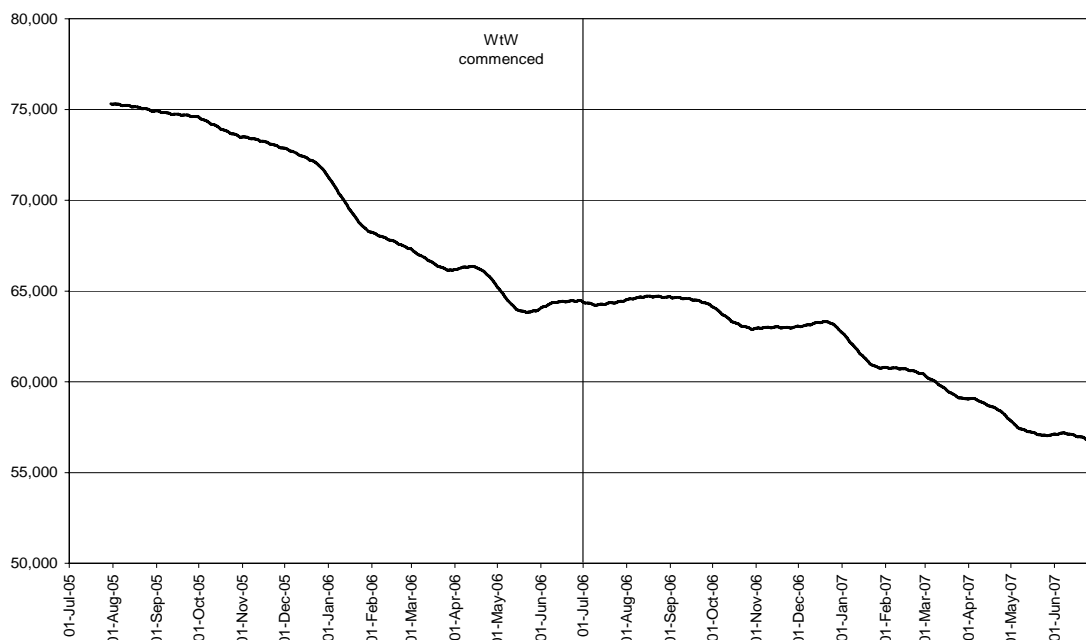
Of the clients assessed by JCAs⁴¹, around 12 per cent were assessed as having a partial capacity to work of less than 30 hours per week and were receiving NSA/YA(o). The majority (82 per cent) with a 15 to 29 hours per week capacity to work could have received DSP prior to Welfare to Work provided they met other eligibility requirements.

The majority of such job seekers were identified either through an assessment for NSA incapacity exemptions (38 per cent) or JSCI supplementary assessments (25 per cent). Less than 15 per cent were identified as the result of DSP New Claim assessments.

Under Welfare to Work, it was expected that, because a greater share of job seekers seeking a temporary incapacity exemption would be independently assessed, fewer job seekers would be granted an exemption from activity test requirements on these grounds.

Chart 8.1 provides data on the number of people with incapacity exemptions over the year before and the year after the introduction of the JCAs. It shows that the number of job seekers with a temporary incapacity exemption continued to decline over the year to June 2007.

Chart 8.1 Number of people with incapacity exemptions (July 2005 to June 2007)



Source: Research and Evaluation Dataset

⁴¹ Relates to clients referred to a JCA assessment in the nine months ending March 2007 who have had a completed assessment report.

The proportion of job seekers with a temporary incapacity exemption declined over the year to June 2007 from 13 per cent to 12 per cent, as did the proportion of job seekers inactive for more than three months of the year, which fell from 47 per cent to 44 per cent.

Less than 20 per cent of all job seekers granted incapacity exemptions were assessed by a JCA so it is difficult to discern the role of JCAs in the observed decline. Job seekers sent to incapacity assessment are likely to be those requiring more complex determinations.⁴² Of those assessed 35 per cent were granted following assessment.

8.3 Recommended Interventions

The JCA assessors could recommend the most suitable type of assistance for each job seeker, including participation in pre-vocational or disability specific assistance provided by employment service providers.⁴³ Assessors could directly refer to employment service providers assistance and they could also book the job seeker into their first appointment often within a few days of the assessment⁴⁴. Referrals to the employment service providers assistance accounted for 90 per cent of JCA referrals (Table 8.2).

In addition to referrals to employment service providers, clients could also be recommended to a wide range of other services including complementary programs provided by Commonwealth, State and Territory Governments. These included the Language, Literacy and Numeracy Program and Disability Business Services. The State and Territory programs accounted for 2 per cent of referrals made by JCAs (Table 8.2).

JCA assessors could also use or recommend the use of Job Capacity Accounts to support clients. These Accounts provided funding for JCA providers to send job seekers to short-term pre-vocational interventions such as cognitive behaviour therapy, pain management and counseling, to help them become job ready. This option catered for job seekers who may have been assessed by their JCA providers as ready for referral to the Job Network once they had undergone a short-term intervention to address their job barriers, and these referrals accounted for 5 per cent of JCA referrals (Table 8.2).

Not all clients were, however, referred to employment service providers and/or the other forms of assistance mentioned above. Of the people who had a completed JCA in the nine months ending March 2007, almost 80 per cent did have a recommendation for assistance, with some including more than one service.

Individuals who did not have a referral recommended were likely to be on DSP (70 per cent) or had limited capacity to participate in or benefit from assistance. In the latter category an additional 15 per cent had a future work capacity of 0 to 7 hours or had been assessed for an incapacity exemption.

⁴² Where the customer work capacity or capacity to undertake another suitable activity cannot be determined or if the customer has been granted a temporary incapacity exemption for at least 26 weeks in the last 12 months or if the medical condition is long-term, episodic, or fluctuating.

⁴³ The employment service providers included Job Network, Disability Employment Network, Vocational Rehabilitation, the Personal Support Program and the Job Placement, Employment and Training Program.

⁴⁴ Whether assessors can make bookings depends on whether they have access to the appropriate electronic diary and there being an appointment slot available for the referred client.

Table 8.2 Distribution of JCA Recommended Referrals^{(a)(b)}

Assistance	Referrals	Share of referrals (%)
Employment Service Providers		
Job Network	74,419	36
Disability Employment Network	30,325	15
Vocational Rehabilitation Services	37,678	18
Personal Support Program	40,522	20
Job Placement Employment and Training	3,894	2
Total	186,838	90
Other assistance		
Job Capacity Account	9,386	5
State and community complementary programs	3,822	2
Other	7,387	4
Total	207,433	100

Source: Survey, Evaluation and Analysis Dataset and/or Corporate Management Information System

(a) Some people may be referred to more than one program.

(b) The table is for clients who were referred to a JCA in the nine months ending March 2007 and who had a subsequent completed assessment.

JCAs could contribute to improved participation by streaming individuals into appropriate assistance and by encouraging their participation in that assistance. In order to assess the extent to which JCA recommendations impacted on access to assistance and improved participation, we need to look at whether such recommendations changed assistance patterns and increased participation in employment service providers assistance. The following sections examine the streaming of clients by JCAs to assistance provided by employment service providers and the extent to which clients participated in the assistance that their JCAs recommended.

8.4 JCA streaming of clients to assistance — activity tested clients

8.4.1 NSA/YA(o) with full time work capacity⁴⁵

Clients in receipt of NSA/YA(o) were usually required to actively seek full-time, casual or part-time work and participate in certain activities as a condition of payment. The JCAs for people on NSA/YA(o) determined that many had a full capacity to work.

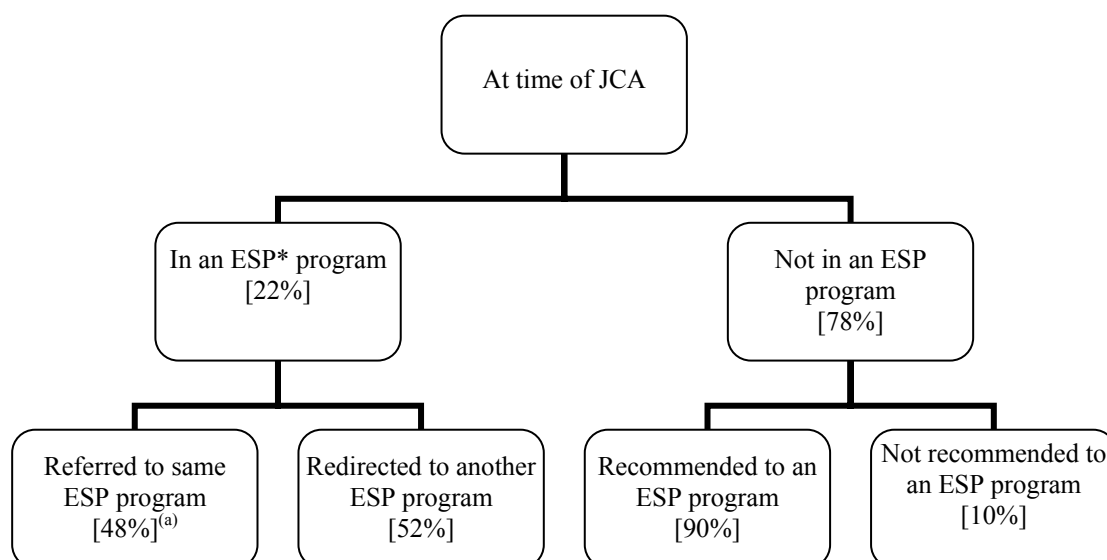
JCAs confirmed the assistance many clients were already undertaking at the time they were assessed and redirected other clients from one form of assistance to another. For

⁴⁵ The income support status of these clients was measured six weeks after assessment to allow for administrative processing.

clients not already undertaking assistance, JCAs facilitated new links with employment service providers assistance. Chart 8.2 shows the extent to which JCAs streamed people to assistance.

At the time of their JCAs, 22 per cent of NSA/YA(o) clients assessed as having full work capacity were receiving assistance from employment service providers. The JCA assessors confirmed that assistance as being the most appropriate for almost half (48 per cent), but directed the balance (52 per cent) to other programs.

Chart 8.2 JCA referrals: NSA/YA(o) with full time work capacity



Source: Survey, Evaluation and Analysis Dataset and/or Corporate Management Information System
*Employment Service Providers

(a) In the relevant period (the nine months to end-March 2007) some referrals were not made for clients already in assistance where assessors would have been referred to that assistance. As these clients have participation requirements these data have been adjusted to try to take account of this.

Of clients redirected to other programs the bulk (91 per cent) were directed from Job Network services to pre-employment assistance provided by Personal Support Program (PSP) and Job Placement, Employment and Training (JPET) or specialist disability services provided by Disability Employment Network (DEN) and Vocational Rehabilitation Services (VRS). Referrals in the opposite direction, from these other programs to Job Network Services (JNS) (three per cent), and between the other programs (six per cent), were much less prevalent.

JCAs also directed 90 per cent of those not currently participating in employment services to employment service providers for assistance. This streaming to assistance provided many job seekers with access to assistance designed to increase their potential to participate in the workforce.

In total, as shown in Table 8.3, 92 per cent of clients receiving NSA/YA(o) had a recommended referral to a program by their JCAs. Within three months of their assessments about 70 per cent of these clients had participated in the employment service providers' assistance to which they had been referred.

Table 8.3 Participation recommendations and take up: NSA/YA(o) with full time work capacity

Recommended Referrals to Employment Service Providers	Distribution of Recommendations (%)	Participation in Recommended Assistance (%)
Job Network	46	94
Disability Employment Network	7	67
Vocational Rehabilitation Services	17	59
Personal Support Program	26	42
Job Placement Employment and Training	3	57
Average Rate of referral/participation	92	71

Source: Survey, Evaluation and Analysis Dataset and/or Corporate Management Information System

8.4.2 NSA/YA(o) with partial capacity to work

Some clients were formally classified under Social Security Law as having a partial capacity to work⁴⁶ because of physical, intellectual or psychiatric impairments. These clients had reduced participation requirements, but they were also required to look for work to their assessed capacity. Participation requirements were specified for the 15 to 29 hours bandwidth⁴⁷ (82 per cent of all the partial capacity to work group) and individually tailored for those with lower capacity (five per cent were in the 0 to 7 hour bandwidth and the remainder in the 8 to 14 hour bandwidth).

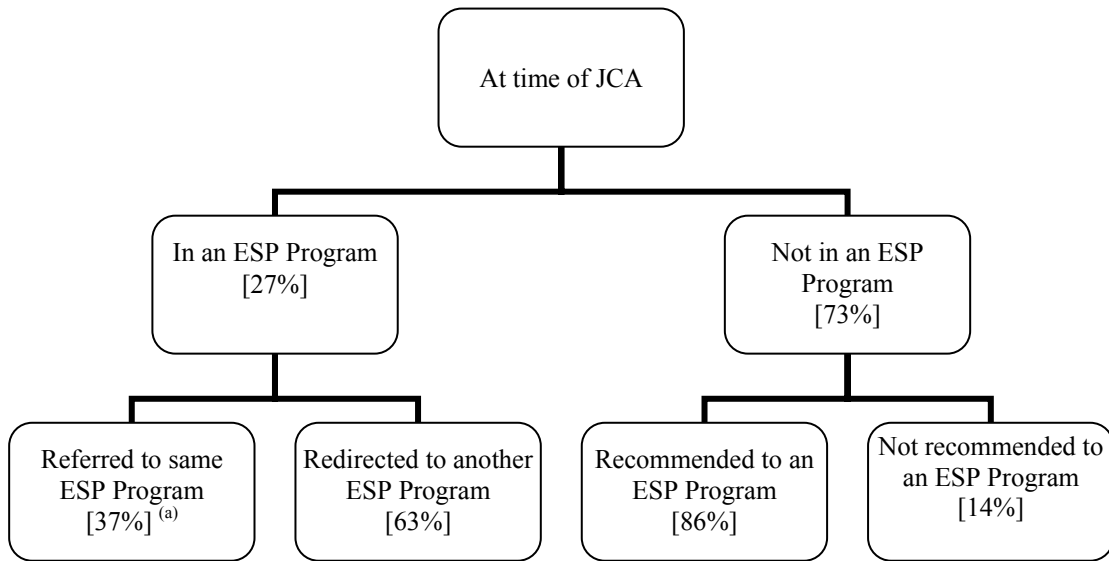
At the time of their JCAs, 27 per cent of NSA/YA(o) clients assessed as having partial capacity to work were undertaking employment service providers' assistance. JCA assessors confirmed current assistance as being the most appropriate for 37 per cent of this group, while for the balance (63 per cent) assessors directed clients to assistance they deemed more appropriate.

The bulk (89 per cent) of redirected clients were receiving Job Network services at the time they were assessed and were referred to pre-employment assistance (PSP and JPET) or specialist disability services (DEN and VRS).

⁴⁶ JCAs identify clients who have a partial capacity to work.

⁴⁷ It is important to note that this group is broader than used for comparison purposes in other chapters of the report. The definition used in this chapter relates to all persons assessed via a JCA as having less than 30 hours and are in receipt of NSA/YA(o).

Chart 8.3 JCA referrals: NSA/YA(o) clients with partial capacity to work



Source: Survey, Evaluation and Analysis Dataset and/or Corporate Management Information System
 (a) In the relevant period (the nine months to end-March 2007) some referrals were not made for clients already in assistance where assessors would have referred to that assistance. As these clients have participation requirements these data have been adjusted to try to take account of this.

Of clients who were not undertaking employment service providers' assistance at the time they were assessed, 86 per cent were referred to a employment service providers program by their JCAs, providing these job seekers new opportunities to increase their participation in the workforce.

In total, 89 per cent of job seekers with partial capacities were recommended for employment service providers' assistance by their JCAs. This is only marginally lower than the corresponding Chart for job seekers with full requirements (92 per cent) (Tables 8.3 and 8.4).

Of job seekers with partial capacities, those with less than 15 hours per week were less likely to be recommended to a program (75 per cent compared to 93 per cent for the 15 to 29 hours group) and to participate. This is broadly in line with program eligibility criteria. This group was more likely to have recommendations for participation in disability specific assistance than are NSA/YA(o) with full-time work capacity.

Table 8.4 Participation recommendations and take up: NSA/YA(o) with partial capacity to work

Recommended Referrals to Employment Service Providers	Distribution of Recommendations (%)	Participation in Recommended Assistance (%)
Job Network	18	95
Disability Employment Network	26	69
Vocational Rehabilitation Services	35	67
Personal Support Program	21	43
Job Placement Employment and Training	...	51
Average Rate of referral/participation	89	68

Source: Survey, Evaluation and Analysis Dataset and/or Corporate Management Information System

8.5 JCA streaming of clients to assistance – people with no activity test requirements

DSP is a non-activity tested income support payment and, in contrast to activity tested job seekers, DSP recipients are not required to actively improve their work capacities. DSP recipients are, however, able to volunteer for employment services, depending on their future work capacity⁴⁸.

8.5.1 DSP inflow

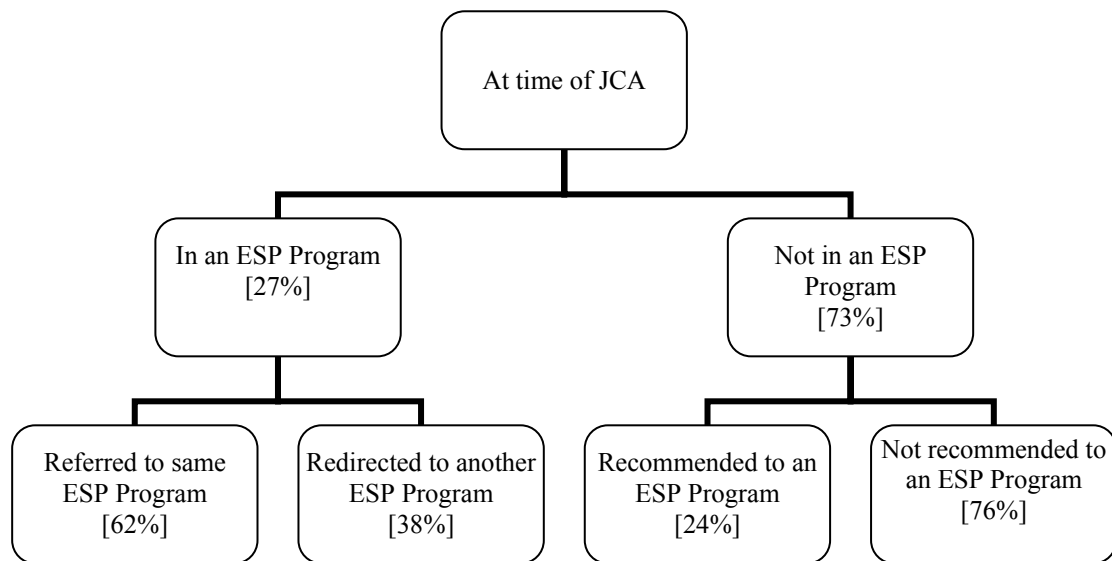
Many of these clients were referred to employment service providers' assistance even though they were granted DSP. Chart 8.4 shows that for many their JCAs confirmed the assistance they were receiving when they were assessed and for others their JCAs redirected them to more appropriate assistance. It also shows the role JCAs had in making new links for many clients with employment service providers' assistance.

Around one-quarter (27 per cent) of clients who were referred to JCAs as DSP new claimants and were granted DSP were receiving assistance from employment service providers' programs at the time they were assessed. JCA assessors confirmed current assistance as being the most appropriate for a relatively large share (62 per cent), while for the balance (38 per cent) assessors were directed to more appropriate assistance.

JCAs also confirmed that participation in employment service providers was not appropriate for 76 per cent of those not participating in assistance at the time they were assessed.

⁴⁸ Acceptance of DSP recipients who volunteer for employment services also depends on program eligibility rules and the availability of places.

Chart 8.4 JCA referrals: DSP new claims



Source: Survey, Evaluation and Analysis Dataset and/or Corporate Management Information System

Despite a lack of certainty about whether they would have participation requirements at the time of assessment, 26 per cent of those granted DSP following a DSP new claim assessment had a recommended referral to employment service providers and of these 32 per cent participated in the assistance recommended (Table 8.5). Overall, these DSP recipients were far less likely to have referral recommendations if their assessed work capacity was less than eight hours per week.

Table 8.5 Participation recommendations and take up — DSP Inflow(a)

Recommended Referrals to Employment Service Providers	Distribution of Recommendations (%)	Participation in Recommended Assistance (%)
Job Network	3	77
Disability Employment Network	45	32
Vocational Rehabilitation Services	25	32
Personal Support Program	27	25
Job Placement Employment and Training	1	18
Average Rate of referral/participation	26	32

Source: Survey, Evaluation and Analysis Dataset and/or Corporate Management Information System

(a) Persons referred for a DSP claim assessment in the nine months ending March 2007, who were subsequently granted DSP.

8.5.2 Existing DSP

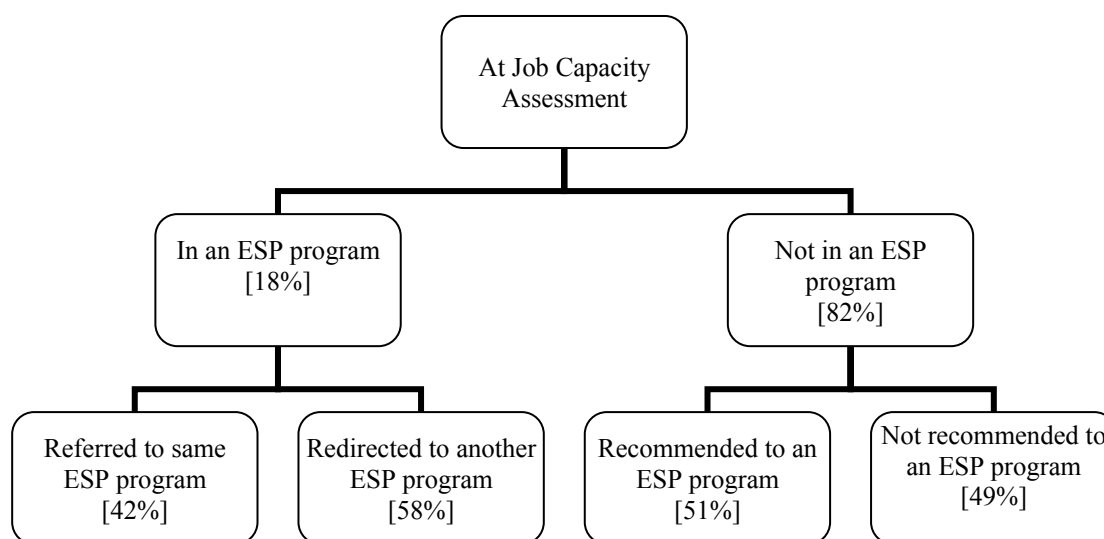
Existing DSP recipients were referred to JCAs for a variety of assessment reasons. Most were sent for DSP reviews, JSCI further assessments, provider requested assessments⁴⁹ or change of circumstances assessments.

A relatively low share (18 per cent) of job seekers who were receiving DSP but who were not referred for a DSP claim were undertaking employment service providers' assistance at the time they were assessed. Less than half (42 per cent) of these job seekers were confirmed in their assistance by their JCAs with the balance (58 per cent) being redirected by their JCAs to a service considered more appropriate to their needs (Chart 8.5).

Of clients redirected to other programs, 86 per cent were redirected from Job Network services to specialist disability services (DEN and VRS) or to employment service (PSP and JPET) and a much smaller share (1 per cent) was redirected in the other direction from the specialist services to Job Network. A significant share (13 per cent) of those already in specialist services was recommended for other specialist services.

Of job seekers who were not in employment service providers' assistance at the time they were assessed about half were referred to an employment service providers' program.

Chart 8.5 JCA referrals: DSP excluding new claims



Source: Survey, Evaluation and Analysis Dataset and/or Corporate Management Information System

Even though they did not have participation requirements, employment service providers assistance was recommended for over half of this group and of these 60 per cent participated in the recommended assistance (Table 8.6).

⁴⁹ Consequent to clients registering directly with the service.

Table 8.6 Participation recommendations and take up — existing DSP(a)

Recommended Referrals to Employment Service Providers	Distribution of recommendations (%)	Participation in recommended assistance (%)
Job Network	8	90
Disability Employment Network	61	64
Vocational Rehabilitation Services	20	54
Personal Support Program	10	21
Job Placement Employment and Training	n/a	5
Average Rate of referral/participation	54	60

Source: Survey, Evaluation and Analysis Dataset and/or Corporate Management Information System
(a) Persons referred for an assessment other than a DSP claim assessment in the nine months ending March 2007, who were on DSP.

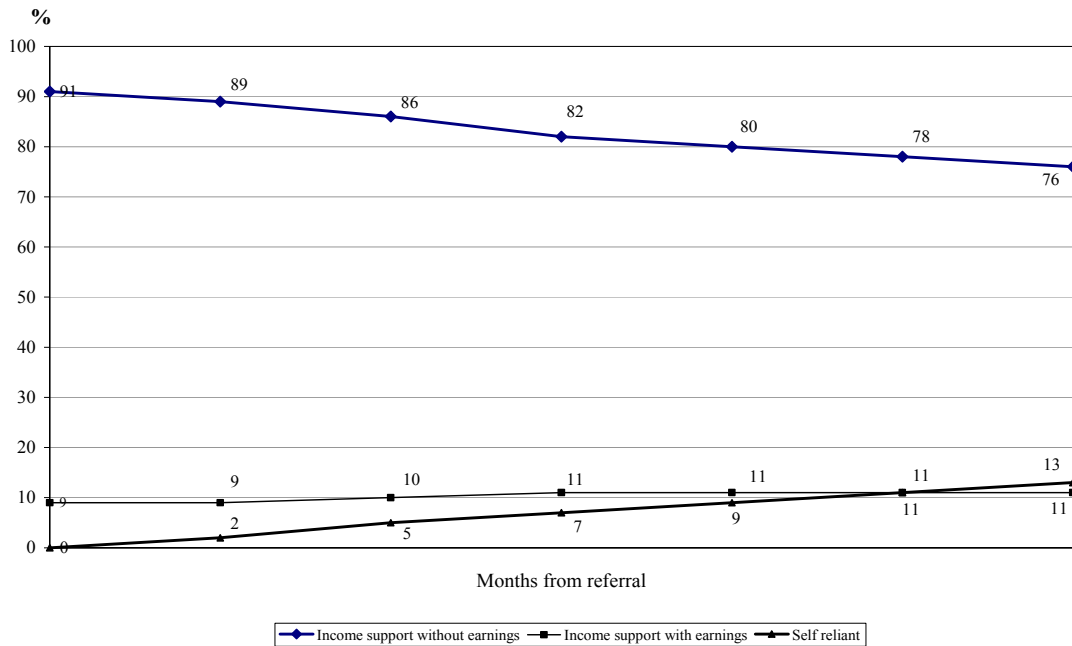
Overall, clients on, or subsequently granted, DSP were more likely to be directed to disability specific assistance and far less likely to be directed towards Job Network than were job seekers with participation requirements.

8.6 Job Capacity Assessment Outcomes

It is difficult to determine whether JCAs contributed to reductions in income support reliance in the absence of comparative data especially since there is only one year of data since Welfare to Work began. The analysis below therefore examines changes in income support reliance on a month by month basis following a JCA.

Chart 8.6 presents data for a cohort of people who were referred to assessment between July and December 2006 and who were on income support at the time of their assessment. Their income support status was tracked for six months after the assessment. The Chart 8.6 shows that while around 91 per cent of clients were fully reliant on income support at the time of assessment, this proportion had fallen to 76 per cent six months later.

Chart 8.6 Outcomes for assessed clients who were receiving income support at the time they had their Job Capacity Assessments



Source: Research and Evaluation Dataset

The fall in the proportion of fully reliant income support recipients over the six months by 15 percentage points was largely driven by an increase in the proportion of clients off income support payment (13 percentage points), indicative of job seekers finding employment⁵⁰. An increase (2 percentage points) in the proportion of clients reporting earnings six months after an assessment accounts for the remainder.

The extent of change in income support reliance is related to assessed work capacity of individuals (Table 8.7). Those with low capacities (less than 15 hours) were more likely to remain fully reliant on income support six months after assessment (89 per cent), reflecting a greater degree of labour market disadvantage. At the other end of the work capacity range, clients with full capacity (30 hours or more) were least likely to be fully-reliant on income support (70 per cent) and most likely to have become fully self-reliant (18 per cent). Clients with partial capacity (15 to 29 hours) were, as expected, more likely to combine work with income support receipt which is consistent with participation in employment on a less than full-time basis.

⁵⁰ A small proportion of clients may leave income support for reasons such as leaving the labour force or changing their living arrangements.

Table 8.7 Income support reliance(a) six months after an assessment by future work capacity (with intervention)

Level of reliance on income support	Future work capacity (with intervention) bandwidth (%)			Total (%)
	0 to 14 hours (%)	15 to 29 hours (%)	30 or more (%)	
<i>Fully reliant</i>	89	76	70	76
<i>Part reliant due to earnings</i>	7	14	11	11
<i>Self reliant</i>	4	9	18	13
Total	27.1	17.5	55.4	100.0

Source: Research and Evaluation Dataset

(a) For the cohort referred for assessment between 1 July 2006 and 30 December 2006 who were on income support at the time of the Job Capacity Assessment. The table excludes people who did not have a future work capacity recorded.

8.7 Summary

During 2006-07, JCAs played a key role in encouraging and assisting clients to participate in the workforce to the extent that they were able. They also played a broader role in determining participation requirements of income support recipients than just providing Centrelink with the information necessary to determine DSP eligibility⁵¹.

- Only a small share of clients assessed as having a partial capacity to work of 15 to 29 hours per week were identified though assessments conducted for DSP related reasons. Most were identified through assessment for NSA incapacity exemptions and JSCI supplementary assessments.
- The number of people with incapacity exemptions continued to fall in the year to June 2007, although the contribution of JCAs to this trend cannot be identified.

JCAs were also instrumental in directing job seekers to assistance.

- JCAs recommendations were made predominately to employment service providers assistance but a significant minority of referrals (around 10 per cent) were made to other assistance.
- Around a quarter of job seekers were participating in employment service providers' programs at the time they underwent JCAs. For some job seekers JCAs confirmed this assistance as appropriate but between 38 per cent (DSP

⁵¹ The JCA role in determining DSP eligibility is examined in Chapter 3.

inflow) and 63 per cent (NSA/YA(o) with partial capacity to work) were directed to different types of assistance.

- Participation in employment service providers was also deemed appropriate for a large proportion of those job seekers not participating in assistance at the time they were assessed. Of these clients JCAs recommended that between 24 per cent (of those who were granted DSP) and 90 per cent (of those with full work capacity) were directed to employment service providers.

Significant shares of clients participated in the assistance that the JCAs recommended.

- Clients with activity requirements were more likely to undertake the recommended assistance (around 70 per cent).
- Some clients with no activity requirements participated in the recommended assistance (32 per cent of new grants and 60 per cent for existing DSP recipients).

A fall in the share of fully-reliant clients in the six months after assessment is apparent, and is shown to be related to assessed work capacity.

- Clients with low capacities (<15 hours per week) were more likely to be fully-reliant on income support six months after assessment than were clients with high work capacities (≥ 30 hours per week).

The observed changes in assistance participation indicate that JCAs encouraged clients to participate in assistance.

Appendix 1. Data sources

This Appendix provides information about all data sources used in this report.

Research and Evaluation Dataset

The Research and Evaluation Dataset (RED) is the main source of Centrelink administrative data for this report. RED is an episodic longitudinal database which provides information on all working age income support recipients, excluding Age⁵² and Department of Veteran Affairs Pensions, who were on an income support payment, with determination status of current, for at least 1 day between 1 July 1998 and the extract date.

While full benefit history (including periods on income support prior to 1 July 1998) is extracted, other data covers different periods of time, depending on availability.

RED includes the following information on individual income support recipients:

- demographic details;
- full benefit history, including information on claims and initial contact with Centrelink;
- periods in a Welfare to Work target group;
- income — particularly earnings;
- entitlements — income support and Family Tax Benefit (FTB);
- work capacity assessments and medical conditions;
- compliance;
- program referrals;
- study; and
- information on the children of recipients.

Blue Book Data Warehouse

The Blue Book Data Warehouse (BBDW) is also sourced from Centrelink administrative data. BBDW is a monthly ‘snap shot’ for the last Friday of the month. Each snap shot is in the form of a de-identified unit record file containing about four million records. Presently these unit record files are available quarterly for the periods 2001 to 2004 and monthly from January 2005 onwards. The BBDW provides information on all income support recipients, plus Mobility Allowance and Abstudy recipients, with a determination status of current or suspended at the date of the file extract.

BBDW includes the following information on individual income support recipients:

- demographic details;
- geographic information;
- benefit type;
- Welfare to Work target group;
- income;
- entitlements;

⁵² Although recipients who were on some other payment within the reference period (since 1 July 1998), but become pension age during this time, are retained on the database.

- participation requirements;
- disability (work capacity assessments and medical conditions);
- carer details;
- housing; and
- information on the children of recipients.

Survey, Evaluation and Analysis Dataset

The Survey Evaluation and Analysis Dataset (SEAD) is the main source of employment service providers administrative data for this report. Like RED, SEAD is an episodic longitudinal database which provides information on all jobseekers. SEAD provides historic data on individuals since the introduction of Job Network in May 1998. It is sourced from the Department's primary administrative data system — EA3000.

SEAD includes information on providers and the following information on individual job seekers:

- demographic details (including results from the Job Seeker Classification Instrument (JSCI));
- appointments;
- program referrals and placements;
- job referrals and placements;
- outcome claims and payments;
- exemptions and compliance;
- Job Capacity Assessments; and
- Job seeker account details.

Corporate Management Information System

The Corporate Management Information System (CMIS) is the Department's Data Warehouse. It records past transactional and operational information on employment services. This data is also sourced from the Department's primary administrative data system — EA3000. It allows users to measure performance, against a whole series of criteria (for example, Employment Services Area, Labour Market Region and national benchmarks). Reports are also used for strategic management and to identify trends and patterns within employment consultants and site activities.

The key information contained in CMIS is similar to SEAD. The two datasets differ primarily in their function (SEAD is more an analysis tool; CMIS is primarily used for regular reporting).

Longitudinal Pathways Survey

The Longitudinal Pathways Survey (LPS) is designed to support the Welfare to Work evaluation, in particular, by filling the information gap in the administrative data.

The objective is to provide information on:

- people once they leave income support;
- barriers and pathways from welfare to paid employment;
- measures of paid employment, including detailed information about the types of paid employment people obtain (both while on and off income support); and

- reasons why recipients stay on, exit from, or return to, income support.

It is intended that the survey data be used in conjunction with the administrative data to assess the relative effectiveness of Welfare to Work.

The LPS will follow three cohorts of income support recipients over time. Cohort 1 is a baseline cohort (existing recipients who were on income support during September 2005 to February 2006 before the Welfare to Work was introduced) capturing relevant income support recipient groups to be used as comparison groups to assess the Welfare to Work policy changes.

Cohort 2 is a transition group (recipients granted payment during the Welfare to Work transition period — that is, March 2006 to August 2006) tracking people both before and after the policy changes were introduced.

Cohort 3 is the group comprising people immediately affected by Welfare to Work (recipients granted payment following the implementation of the changed Welfare to Work policy — that is, September 2006 to February 2007).

Fieldwork timeline and sample size of the LPS are shown in Table A.1 below.

Table A.1 Longitudinal Pathways Survey — Fieldwork timeline

	Before Welfare to Work	After Welfare to Work			
	Wave 1	Wave 2	Wave 3	Wave 4	Wave 5
Interview dates	2006 May / Jun	2006 Nov / Dec	2007 May / Jun	2007 Nov / Dec	2008 May / Jun
Cohort 1	10,217	8,192	6,757	6,633	6,169
Cohort 2		5,416	4,507	3,899	3,627
Cohort 3			5,203	4,163	3,877
	10,217	13,608	16,467	14,695	13,673

Note: The actual number of interviews conducted is recorded for Waves 1, 2 and 3. The expected number of interviews is recorded for Waves 4 and 5.

Survey of Employers

The Survey of Employers is a biennial survey conducted by the Department since 1999. It gathers information about employers' recruitment methods and experiences, their satisfaction with government-funded employment services, as well as their attitudes towards hiring and retaining workers from selected equity groups.

Specifically, the 2007 survey seeks to:

- collect information about the effectiveness of different recruitment methods used by employers in the previous 12 months;
- assess the quality of the employment services (Job Network and Disability Employment Network) funded by the Department that were delivered to employers;
- collect information about employers' awareness and use of government-funded recruitment and employment assistance initiatives; and

- collect information about employers' attitudes towards, as well as hiring and retention practices of, people in Welfare to Work target groups and other equity groups.

The survey has two phases. The first is the qualitative component made up of focus groups and in-depth interviews conducted with employers in metropolitan and regional areas of Victoria, Queensland and Western Australia during June 2007. The second phase, which concluded in early November 2007, involves the quantitative component of the survey. During this phase, 8,000 employers Australia-wide who have recruited in the last 12 months were interviewed.

Post Program Monitoring Survey

Post Program Monitoring (PPM) Surveys have been undertaken since 1987 and are used to measure outcomes (for example, labour force and education status) achieved by job seekers three months after they exit labour market assistance. The PPM survey is used to provide performance results on a full range of the Department's employment programs. The survey report is regularly released on the internet at the [Australian Workplace portal](#). The overall response rate for the PPM survey, at around 60 per cent, provides outcomes estimates that are generally accurate to within plus or minus 1 percentage point at the national level.

For further details on the Survey, see

<http://www.workplace.gov.au/NR/rdonlyres/B5AD2277-7553-4453-9891-F56B68B5B03E/0/Jun07lmao2.pdf>.

Appendix 2. Evaluation approach

The evaluation of Welfare to Work assessed the effectiveness of the Welfare to Work policy changes in meeting the dual objectives of increasing workforce participation and reducing income support reliance. The approach adopted to assess the effectiveness of Welfare to Work was a ‘quasi experimental’ impact evaluation analysis approach⁵³. It takes advantage of the fact that under Welfare to Work income support recipient groups faced different aspects of the policy changes at different times.

For each subgroup directly affected by Welfare to Work, outcome measures of workforce participation and income support reliance were calculated and compared to the same outcomes for similar groups before the introduction of Welfare to Work — in the financial years from 2003–04 to 2005–06. Table A.2 presents details of the actual comparisons undertaken using this approach.

These measures were longitudinal in nature, constructed by tracking outcomes for a cohort of people over time. The Welfare to Work cohorts include those in the groups of interest during July to December 2006. Outcomes for each person in a group were tracked from the time they first faced the Welfare to Work policy setting. Each person in the cohort could be fully tracked for six months, after which information for some people was censored. To ensure this did not influence findings, the same censoring approach was adopted for all comparison years.

In addition to comparisons with similar groups in previous years, outcomes for groups directly affected by Welfare to Work in its first year were also compared with those for similar groups not affected by Welfare to Work in the same period. These results helped provide an indication of the extent to which other external influences could have also driven any observed changes. This approach estimated the effectiveness of Welfare to Work for the whole population for which it was intended.

The main data source used to construct the outcome measures was Centrelink administrative data using the Department’s Research and Evaluation Dataset (RED). With this information, two key outcome measures were calculated and reported:

- the per cent who had left income support — calculated from the Centrelink data as the per cent who did not have a status of ‘current’ on any benefit during the specified fortnight; and
- the incidence of paid work while on income support, calculated from the Centrelink data as the percentage of the group who had a status of ‘current’ on any income support benefit and reported earnings of at least one dollar during the specified fortnight.

These measures provide evidence of the effect of Welfare to Work on employment and income support reliance. They do not, however, provide complete information as it was not possible to measure the employment status of people who left income support.

⁵³ Because the policy changes were universally applied to all working age income support recipients across Australia, Welfare to Work or any of its components can not be evaluated through a classical randomised experiment. In the absence of a true comparison group, therefore, pseudo comparison groups have been used.

Table A.2 Welfare to Work Evaluation Approach

Welfare to Work group 2006–07	Comparison group 2003–04, 2004–05, 2005–06
Principal carer parents	
<i>Claimed between July to December</i>	
NSA single — youngest child aged 8 to 15 years	PP single new grants — youngest child aged 8 to 15 years
NSA partnered — youngest child aged 6 to 15 years	PP partnered new grants — youngest child aged 6 and over
PP single — youngest child aged 6 to 7 years	PP single new grants — youngest child aged 6 to 7 years
<i>Receiving PP at 30 June</i>	
PP single — youngest child aged 6 to 15 years	PP single — youngest child aged 6 to 15 years
PP partnered — youngest child aged 6 to 15 years	PP partnered — youngest child aged 6 to 15 years
People with disability	
<i>Assessed between July to December</i>	
Partial capacity to work 15 to 29 hours per week assessed by JCA and receiving NSA or YA(o)	Partial capacity to work 15 to 29 hours per week assessed under Better Assessments and receiving DSP, NSA or YA(o)
Mature age job seekers	
<i>Entered between July to December</i>	
NSA job seekers aged 50 to 54 years	NSA job seekers aged 50 to 54 years
NSA job seekers aged 55 to 59 years	NSA job seekers aged 55 to 59 years
<i>Existing at 30 June</i>	
NSA job seekers aged 50 to 54 years	NSA job seekers aged 50 to 54 years
NSA job seekers aged 55 to 59 years	NSA job seekers aged 55 to 59 years
Very long-term unemployed^(a)	
<i>Entered between July to December</i>	
NSA/YA(o) job seekers	NSA/YA(o) job seekers
<i>Existing at 30 June</i>	
NSA/YA(o) job seekers	NSA/YA(o) job seekers

(a) Only 2005–06 can be used as a comparison group for the very long-term unemployed.

To support the evaluation, the Longitudinal Pathways Survey (LPS) was commissioned to collect data on people not only while they are on income support but

also when they leave. This information gives a complete picture of the employment status of people regardless of their income support status and hence, the effectiveness of Welfare to Work in increasing employment. Only limited LPS information was available at the time of preparation of this report. It provides descriptive data only on people who have been directly affected by Welfare to Work.

Some limitations to the adopted approach should be recognised.

In the adopted approach, the effects of other factors, such as the strong labour market, are indirectly accounted for by undertaking a baseline analysis for similar groups not affected by Welfare to Work during its first year and for all job seekers. Any lack of a change in trends for this group provides evidence that Welfare to Work is contributing to the observed change in trends for groups directly affected by the policy changes.

Appendix 3. Employment Assistance Programs and Services

This appendix provides details of the employment assistance services available to income support recipients during 2006-07.

Job Network

Job Network is a national network of private and community organisations dedicated to finding jobs for unemployed people, particularly the long-term unemployed. Job Network provides a stream of assistance including the following phases.

Job Search Support Only (JSSO) provides access to a limited range of job search support services (these services are not limited to income support recipients). Job search support services include creating a résumé and vocational profile for the JobSearch database for automatic job matching, and access to this database through a personal page.

Intensive Support job search training (ISjst) provides training for up to 100 hours (over three weeks) in job search techniques and job application skills to give unemployed people the skills and confidence to improve their job search techniques, motivation and expand their job search networks. Mature age and Indigenous job seekers have immediate access to ISjst on registration for unemployment benefits.

Intensive Support customised assistance (ISca) provides six months of assistance tailored to the job seeker's individual needs and to available job opportunities. Job seekers who are most disadvantaged (as determined by their JSCI score) receive immediate access to ISca. Other job seekers will be eligible to receive ISca after 12 months of unemployment.

Employment Preparation is a new employment service especially designed to assist parents, carers and people aged over 50, to return to the workforce. Funding of \$47.7 million over four years has been provided for Employment Preparation, which has been available through Job Network since 1 July 2006, and replaces the Transition to Work program.

All parents, carers and mature aged people on income support will have access to Employment Preparation. Eligible job seekers with no recent workforce experience (two years or more) receive Employment Preparation services as soon as they start participating in Job Network. Those with recent workforce experience receive Employment Preparation after they have been participating in Job Network for three months without finding employment. Five thousand additional Employment Preparation places are available each year for parents and mature people who are not on income support and have been out of the workforce for at least two years.

The type of assistance is based on a job seeker's individual needs and may include the following: skills assessments; access to courses to upgrade skills; courses/training to improve self-esteem, confidence or IT skills; support and mentoring; and help with finding childcare arrangements. Job Network members will be credited with \$300 per eligible job seeker in the Job Seeker Account to be spent on goods or services (such as training). Job seekers will continue to have access to Job Search Support Only services upon completion of Employment Preparation.

Work for the Dole

Work for the Dole provides assistance for job seekers to develop work habits, generic work skills and work experience by participating in community projects and activities for up to 26 weeks over a 12 month period.

Full-time Work for the Dole

Full-Time Work for the Dole was introduced under Welfare to Work on 1 July 2006. Very long-term unemployed job seekers who were assessed as having a pattern of work avoidance may be referred by their Job Network Member (JNM) to a Community Work Coordinator (CWC) for Full-Time Work for the Dole.

To be eligible for Full-Time Work for the Dole, job seekers must be in receipt of the full rate of Newstart Allowance and aged under 60 years. The program involves activities of 25 hours per week for ten months a year. Job seekers are expected to maintain appropriate job search activities while participating. Failure to comply with the conditions of Full-Time Work for the Dole can result in an immediate serious failure (SEF) (resulting in a non-payment penalty of eight weeks).

Job Network Members are also expected to maintain bi-monthly Intensive Support job search reviews with job seekers in Full-Time Work for the Dole, and job seekers will continue to have access to the Job Seeker Account. At the completion of ten months, JNMs, with input from CWCs, review the needs, activities and compliance of the job seeker to determine if Full-Time Work for the Dole remains appropriate. It is expected that job seekers will continue in the program unless they are placed in employment, undertake a two semester education/training placement (which attracts an Intensive Support outcome payment) or, if aged 55 years or over, participate in approved voluntary work.

Disability Employment Network

The Disability Employment Network (DEN) provides specialist assistance to job seekers with disabilities who require on going support to find and maintain employment. The DEN is also available to assist employers to employ people with disability, including recruitment services, advice on making appropriate workplace adjustments and ongoing support. The DEN is delivered by a network of private and community organisations around Australia. There are 246 services nationally.

A job seeker can be referred to DEN if they:

- have a permanent (or likely to be permanent) disability;
- have a reduced capacity for communication, learning or mobility;
- require support for more than six months after placement in employment;
- require specialist assistance to build capacity in order to share the financial, social, personal and other benefits that employment offers.

The assistance that a job seeker can expect is employment preparation, job search and placements, as well as post placement support.

Personal Support Program

The Personal Support Program (PSP) is a pre-employment program that provides individual support to participants who, because of multiple non-vocational barriers, are unable to get a job or benefit from employment programs such as Job Network. People eligible for PSP receive individualised attention because of their difficult circumstances. They may face homelessness, drug and alcohol problems, psychological disorders, domestic violence or other significant barriers to participation.

Service providers help participants work towards economic or social outcomes. Economic outcomes can include transferring to work programs, study and vocational training. Social outcomes include stabilised circumstances, increased community engagement, stable accommodation or improved life skills.

Vocational Rehabilitation Services

Vocational Rehabilitation Services (VRS) combine vocational rehabilitation with employment assistance. Vocational Rehabilitation Services assist people who have an injury, disability or health condition to work independently in the open labour market.

The focus of the intervention is to assist the job seeker to understand, compensate for, or manage, their injury, disability or health condition. It helps them build work capacity, avoid re-injury, and find or retain employment. Vocational Rehabilitation Service providers work closely with employers to ensure safe and sustainable employment opportunities. This can include identifying the best candidates for vacancies, job design, work place assessments and modifications, work trials and wage subsidies.

Vocational Rehabilitation Services also provide assistance for existing employees who may be in danger of losing their job due to their disability, injury or health condition.

Community Development Employment Projects

Community Development Employment Projects (CDEP) is a program aimed at providing activities that improve participants' employability, develop business opportunities and contribute to community needs. The overall aim is to support Indigenous Australians achieve economic independence.

New Enterprise Incentive Scheme

The New Enterprise Incentive Scheme (NEIS) provides support and training for eligible job seekers to start up and run a new, viable small business. NEIS provides this through training in small business management and business skills, and business plan development.

Job Placement, Employment and Training

The Job Placement, Employment and Training (JPET) national network assists young people, aged between 15 and 21 years, who are homeless, or at risk of homelessness, and/or face significant barriers to employment and community participation.

The program helps young people overcome barriers such as drug or alcohol abuse, sexual abuse or violence, domestic violence, and physical and intellectual disability.

Job Placement, Employment and Training seeks to bridge the gap between short-term or crisis assistance and employment related assistance. Providers draw on and work collaboratively with existing community support services and networks in their local community to give young people the most appropriate support for their needs.