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The document must be attributed as the Jobs and Training Compact Evaluation Report.
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Executive summary

A global economic downturn in 2007 resulted in deteriorating economic and labour market conditions in Australia from mid to late 2008. In response the Australian Government announced a package of labour market and training initiatives, mostly in the lead up to the 2009–10 Budget, to assist people and regions affected by the economic downturn. These initiatives were collectively known as the Jobs and Training Compact.

Jobs and Training Compact

The Jobs and Training Compact consolidated previous measures to support vulnerable job seekers and expanded the government’s broader Nation Building Economic Stimulus Plan with additional funding for new and existing labour market and training programmes and changes to income support eligibility requirements.

The objectives of the compact, as stated in ministerial statements and speeches at the time, were to:

- reduce the unemployment duration of retrenched workers
- assist the job retention and employment viability among disadvantaged groups and regions
- build the national skills and capacity base for all Australians and improve transitions into further education, training and employment
- ensure support for individuals and regions particularly vulnerable during economic downturns.

The compact was also designed to:

- reduce the retrenched worker waiting period for employment services and training places to ensure a quick return to work
- increase training and skills retention of vulnerable groups to ensure a more productive and prosperous Australia
- limit the long-term scarring effects of the economic downturn to ensure that, when the economy recovered, Australians would not remain on welfare or outside of the labour force
- provide a new way of working by government that formed partnerships that engaged with local communities
- increase the educational attainment of people aged 15 to 24 and their engagement with further education, training and employment
- stimulate local economies and help support local jobs and training through sustainable community infrastructure projects with ongoing community amenity in regions hardest hit by the economic downturn.
Three separate compacts were included in the Jobs and Training Compact with a total budget allocation of $1.42 billion over two years. The specific initiatives of each compact considered within the scope of the evaluation were:

1 Compact with Retrenched Workers—initiatives to support workers who lost their jobs as a result of the economic downturn, including:
   - Early Access for Retrenched Workers to intensive employment services offered by Job Network and Job Services Australia
   - Building the Basics, including additional places in the Language, Literacy and Numeracy Program and Workplace English Language and Literacy programme for people aged 25 years and over
   - additional Structural Adjustment Places through the Productivity Places Program for workers who lost their jobs because of the economic downturn
   - a Training Supplement for job seekers on income support engaged in full-time accredited training
   - a doubling of the liquid assets a person could have before they were subject to a waiting period to access income support
   - a national hotline and website, known as the Keep Australia Working Advisory Service, to help job seekers to access available support services.

2 Compact with Young Australians\(^1\)—initiatives to help keep people at school or in training and post-school education, including:
   - a Pathways to Skills initiative, involving additional places in the Australian Apprenticeships Access Program, to support groups at risk of being adversely affected by the Global Financial Crisis (GFC)
   - Apprentice Kickstart, which included a bonus payment to employers who took on a person aged 19 years or under in a traditional trade Australian Apprenticeship
   - Securing Australian Apprenticeships, which provided additional incentive payments (including recommencement and completion bonuses) for employers who employed out-of-trade apprentices and trainees
   - strengthened participation requirements for young unemployed Australians, called Learn or Earn, which included requirements that 15- to 20-year-olds without a Year 12 or equivalent education undertake full-time study or training for 25 hours per week to be eligible for Youth Allowance (Other) and that 16- to 20-year-olds without a Year 12 or equivalent education participate in full-time education or training to be considered an eligible child for Family Tax Benefit (Part A) purposes.

3 Compact with Local Communities—initiatives to stimulate local economies and help support local jobs and training through community projects in regions hardest hit by the economic downturn.

---

\(^1\) The Compact with Young Australians in this report refers to the Jobs and Training Compact initiatives targeted towards young people. This should not be confused with the Compact with Young Australians announcement described in the Council of Australian Governments communique on jobs, training and youth transitions (COAG 2009).
downturn. Twenty locations were identified as vulnerable to the downturn and were called priority employment areas. Initiatives under this compact included:

- a Jobs Fund to provide one-off grants to local government and community organisations to support and create employment and skills development opportunities to benefit local communities
- the appointment of Local Employment Coordinators in priority employment areas to facilitate local responses to unemployment.

Most of these initiatives commenced in July 2009; some commenced earlier and some commenced in late 2009. Initiatives varied in length, with most having a fixed duration of between one and two years. Some initiatives, such as the strengthened participation requirements, were ongoing. Two measures that were not part of the Jobs and Training Compact but which operated in conjunction with it were also considered in the evaluation. They were:

- Jobs and Skills Expos that operated in priority employment areas to connect job seekers with employers and jobs. They operated as an adjunct to the Keep Australia Working initiative and were not strictly part of the Jobs and Training Compact because they were announced separately from the Compact with Local Communities. They were included in the evaluation on the basis of their role in community responses to the GFC and contribution to the priority employment areas initiative
- an Insulation Workers Adjustment Package to support employment and training opportunities for former insulation workers and the operational diversification of insulation-related businesses. The package included funds for retraining, additional Structural Adjustment Places, places in the Australian Apprenticeships Access Program and Language, Literacy and Numeracy Program and Insulation Employment Coordinators.

Key evaluation findings

The evaluation measured the overall performance of the Jobs and Training Compact and the performance of its major elements. Performance was assessed against three criteria: programme engagement (including awareness among people who would potentially benefit from the assistance and their participation in the assistance); effectiveness (whether objectives were met and the contribution of the assistance to outcomes); and efficiency (the cost of the assistance delivered was within budget). Broadly, the evaluation sought to establish if the Jobs and Training Compact achieved its objectives by examining the extent to which its initiatives were used by the groups they were targeted towards and its effectiveness and efficiency as an integrated response to the global economic downturn.

Compact with Retrenched Workers

While the evaluation found that large numbers of retrenched workers were assisted, take-up overall of these initiatives by retrenched and vulnerable workers was lower than expected. This may in part reflect the fact that the economic downturn did not last as long or was not as severe as anticipated. It also suggests that many retrenched workers did not seek government assistance or were not interested in training.
Early Access to Employment Services
Almost 150,000 retrenched workers participated in Early Access to Employment Services (under both Job Network and Job Services Australia). On average, these Early Access participants received about the same level of assistance from providers as other Stream 2 job seekers, although Early Access participants were more likely to be referred to accredited training than other job seekers, including both equivalent Stream 1 participants and other Stream 2 participants. An analysis of exit rates from registration found that Early Access participants were slower to leave assistance than equivalent Stream 1 job seekers. After two years, exit rates for both groups were similar. This finding suggests that retrenched workers may have been more selective in their job search in the early days of unemployment or that participation in the Early Access initiative may have delayed exits from assistance. Both effects have the potential to increase the time these job seekers spent receiving assistance. However, the employment outcome rate of Early Access participants who left assistance was higher than that of Stream 1 job seekers and other Stream 2 job seekers.

Building the Basics
Awareness and take-up of the Workplace English Language and Literacy programme was low and may be explained by employers being reluctant to provide training during the economic downturn. Language, Literacy and Numeracy Program commencements increased at the same time as Building the Basics was implemented.

Structural Adjustment Places
Participation in Structural Adjustment Places (as part of the Productivity Places Program) was very low. Take-up largely came from displaced workers in the automotive manufacturing industry. Most of these workers appear to have been temporarily stood down rather than retrenched. Almost all participated in training related to manufacturing, suggesting that workers typically did not enter courses geared towards a change in industry. High rates of course completion suggest that this initiative improved the skills of those who participated.

Training Supplement
Few of the recipients surveyed reported that the Training Supplement had encouraged them to enter their training, although the majority regarded the supplement as an important contributor in helping with the costs of training.

Temporary changes to the Liquid Assets Waiting Period
The temporary changes to the Liquid Assets Waiting Period enabled quicker access to income support payments for some job seekers. However, the vast majority of those granted income support held very low levels of liquid assets and would have already been exempt from the waiting period.

Keep Australia Working Advisory Service
Performance data on the Keep Australia Working Advisory Service were limited. There was some evidence that awareness and usage of the service was high among Jobs Fund applicants and employment service providers but very low among employers.
Compact with Young Australians

The economic downturn following the GFC had a greater impact on the youth labour market than on the adult labour market. This is consistent with previous downturns and provides a strong rationale for targeting assistance at young people vulnerable when the economy worsens. The evaluation found that some participants in this assistance benefited, although it appears that many would have achieved positive outcomes without this assistance.

Pathways to Skills

The skills base of early school leavers who participated in the Australian Apprenticeships Access Program improved and half of early school leaver participants achieved a positive outcome after the programme. The extent of the programme’s contribution to this transition could not be established.

Apprentice Kickstart Bonus

Apprentice Kickstart was well timed to coincide with the peak period in which many employers hire apprentices. Apprentice Kickstart was found to have brought forward the start date of some apprenticeships and to have increased the total number of apprenticeships. The economic recovery also appears to have been an important factor in boosting apprenticeship numbers during this period.

Securing Australian Apprenticeships

Securing Australian Apprenticeships was not well known among employers, although there was evidence that these incentives encouraged some businesses to hire more apprentices and give priority to out-of-trade apprentices. The post-GFC increase in apprenticeship numbers appears to have been driven by external factors such as a shallower than expected downturn. Apprenticeship retention rates also improved due perhaps to a reduction in other labour market opportunities for young people as a result of the downturn.

Learn or Earn

The strengthened participation requirements were found to be effective in increasing participation in study by early school leavers. There was an increased share of early school leavers moving to a student-related benefit and attaining Year 12 (which may also be the result of improved reporting). Insufficient time had elapsed for the evaluation to find out whether Learn or Earn resulted in longer-term improvements in employment outcomes.

Compact with Local Communities

In recognition that the effects of economic downturns are not evenly spread across regions, the government directed initiatives to 20 priority employment areas that were selected on their likelihood of experiencing labour market disadvantage following the GFC. While there was evidence that disadvantaged communities had benefited from these initiatives, the extent to which this occurred was difficult to establish because of data limitations.

Jobs Fund

Before commencement, resources allocated to the Jobs Fund were redirected to fund other Australian Government initiatives in line with a change in priorities. The evaluation found that the
projects that were subsequently funded offered greater linkages between Government initiatives and local government and community organisations. Also, greater than anticipated numbers of employment and training opportunities were reported to have been achieved as a result of these projects.

**Local Employment Coordinators**
Local Employment Coordinators were largely successful in their role of promoting government initiatives and were reported to add value to their priority employment areas by finding and facilitating local responses to unemployment. The flexibility, autonomy and time-limited nature of these positions encouraged a sense of urgency and focus to their role.

**Jobs and Skills Expos**
Jobs and Skills Expos were well supported and attended in the priority employment areas, with significant numbers of ‘connections with jobs’ as a result of these Expos. The extent to which these provided long-term employment opportunities could not be identified.

**Priority employment areas**
The 20 priority employment areas selected across Australia were on average considerably more disadvantaged than other regions. Priority employment areas experienced a significant and lasting increase in the number of people receiving unemployment benefits following the GFC. This was largely driven by the large number of people who became unemployed within the first year of the economic downturn.

**Other performance issues**

**Indigenous Australians**
The economic downturn appears to have largely resulted in poorer labour market trends for Indigenous Australians. However, it was difficult to examine the extent to which the GFC affected Indigenous Australians because its effect was largely obscured by other factors. Indigenous Australians did not tend to engage with the Jobs and Training Compact to the same extent as non-Indigenous Australians. This partially reflects the fact that Indigenous Australians were able to access other employment, training and income support options.

**Insulation Workers Adjustment Package**
The Insulation Workers Adjustment Package was developed in response to the expected job losses from the closure of the Home Insulation Program. Participation in this package was low, perhaps in part because the impact of the closure of the Home Insulation Program was lower than anticipated. The small number of participants accessing the package initiatives suggests that the level of response did not appear to be commensurate with need.
Concluding comments

The Australian Government introduced the Jobs and Training Compact in response to the deteriorating economic conditions brought about by the GFC. It aimed to reduce the impact of the downturn by targeting employment and training initiatives at those considered to be hardest hit.

This evaluation has examined the extent to which the Jobs and Training Compact met its objectives. As far as possible, this was assessed on the basis of whether it was appropriately targeted, effective and cost efficient.

Participation in the Jobs and Training Compact initiatives was lower than expected. This was largely because the economic downturn in Australia was less severe than anticipated. Many employers retained their workers on reduced hours rather than retrenching them which limited the number of workers who lost their job and the extent to which retrenched workers required assistance in order to regain employment. It also limited the extent to which young people returned to, or remained in, study and the support required for disadvantaged communities.

Despite low participation, the Jobs and Training Compact helped to build the national skills base and support individuals and regions vulnerable during the economic downturn. There was less evidence to suggest that the Jobs and Training Compact resulted in improved employment viability among the target populations. There was stronger evidence of improved employability from those initiatives that were designed to boost labour demand, although this occurred at considerable cost because many would have achieved the same outcome without this assistance.

Data limitations and methodological constraints restricted the evaluation’s capacity to assess the extent of the Jobs and Training Compact’s contribution to achieving employment and training outcomes. Outcomes appeared to be largely driven by other factors, including the characteristics of participants and other changes in the economic and policy environment. The difficulty in finding suitable control groups for participants also limited the inclusion of net impact analyses. Furthermore, the relatively short timeframe for assessing these initiatives meant that it was not possible to determine whether this resulted in positive long-term outcomes for Jobs and Training Compact participants.
Introduction

The Australian Government announced the Jobs and Training Compact in response to the deteriorating economic conditions brought about by the Global Financial Crisis (GFC). The compact offered a range of training, support and local initiatives aimed at reducing the impact of the economic downturn. Most initiatives were announced between 19 February and 12 May 2009, when the 2009–10 Budget was announced.

The Jobs and Training Compact consolidated previous measures available to support vulnerable job seekers and built on the Nation Building Economic Stimulus Plan by targeting assistance to Australians hardest hit by the GFC (Rudd 2009). The package included additional funding for existing programmes, changes to income support eligibility requirements and new programmes.

Objectives of the Jobs and Training Compact

Based on ministerial statements and speeches, the objectives of the Jobs and Training Compact can be summarised as follows:

- reduce the unemployment duration of retrenched workers
- assist job retention and employment viability among disadvantaged groups and regions
- build the national skills and capacity base for all Australians and improve transitions into further education, training and employment
- ensure support for individuals and regions particularly vulnerable during economic downturns.

In meeting these objectives, the Jobs and Training Compact was designed to:

- reduce the retrenched worker waiting period for employment services and training places to ensure a quick return to work
- increase training and skills retention of vulnerable groups to ensure a more productive and prosperous Australia
- limit the long-term scarring effects of the economic downturn to ensure that, when the economy recovered, Australians would not remain on welfare or outside the labour force
- provide a new way of working by government that formed partnerships that engaged with local communities
- increase the educational attainment of people aged 15 to 24 years and their engagement with further education, training and employment
- stimulate local economies and help support local jobs and training through sustainable community infrastructure projects with ongoing community amenity in regions hardest hit by the economic downturn.

The Jobs and Training Compact incorporates three separate compacts with:

- retrenched workers—initiatives to support workers who lost their jobs as a result of the economic downturn
- young Australians—initiatives to keep people at school or in training and post-school education to lift qualifications and prevent them from becoming long-term unemployed
- local communities—initiatives to stimulate local economies and help support local jobs and training through community projects in regions hardest hit by the economic downturn.

The government allocated $1.42 billion over two years to the compact. Specific initiatives are summarised in Table 1.

**Table 1: Jobs and Training Compact initiatives**

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Duration</th>
<th>Target</th>
<th>Budget (Sm.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Access to Employment Services</td>
<td>Feb 2009 to Mar 2011</td>
<td>Retrenched workers</td>
<td>298.5</td>
</tr>
<tr>
<td>Building the Basics</td>
<td>Jul 2009 to Jun 2010</td>
<td>Retrenched workers</td>
<td>28.2</td>
</tr>
<tr>
<td>Entitlement to an education or training place¹</td>
<td>Jul 2009 to Dec 2011</td>
<td>Retrenched workers / Youth</td>
<td>NA</td>
</tr>
<tr>
<td>Structural Adjustment Places</td>
<td>Jul 2009 to Jun 2010</td>
<td>Retrenched workers</td>
<td>77.2</td>
</tr>
<tr>
<td>Training Supplement</td>
<td>Jul 2009 to Jun 2011</td>
<td>Income support recipients</td>
<td>83.1</td>
</tr>
<tr>
<td>Changes to the Liquid Assets Waiting Period</td>
<td>Apr 2009 to Mar 2011</td>
<td>Retrenched workers²</td>
<td>25.6</td>
</tr>
<tr>
<td>Keep Australia Working Advisory Service</td>
<td>Jul 2009 to Jun 2010</td>
<td>Retrenched workers</td>
<td>5.2</td>
</tr>
<tr>
<td>Agreement with Australian banks³</td>
<td>NA</td>
<td>Retrenched workers</td>
<td>NA</td>
</tr>
<tr>
<td>Pathways to Skills</td>
<td>Jul 2009 to Jun 2010</td>
<td>Retrenched workers / Youth</td>
<td>33.7</td>
</tr>
<tr>
<td>Apprentice Kickstart⁴</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Kickstart Bonus</td>
<td>Dec 2009 to Feb 2010</td>
<td>Youth</td>
<td>80.0</td>
</tr>
<tr>
<td>– Pre-apprenticeship training³</td>
<td>Feb 2010 to Dec 2011</td>
<td>Youth</td>
<td>20.0</td>
</tr>
<tr>
<td>Securing Australian Apprenticeships:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Recomencement and completion bonuses</td>
<td>Jan 2009 to Dec 2010</td>
<td>Youth</td>
<td>145.6</td>
</tr>
<tr>
<td>Learn or Earn</td>
<td>Ongoing⁵</td>
<td>Youth</td>
<td>41.9</td>
</tr>
<tr>
<td>Jobs Fund</td>
<td>Sep 2009 to Jun 2011</td>
<td>Local communities</td>
<td>650.0⁶</td>
</tr>
<tr>
<td>Local Employment Coordinators</td>
<td>May 2009 to Jun 2011</td>
<td>Local communities</td>
<td>20.0</td>
</tr>
<tr>
<td>Business Leaders³</td>
<td>NA</td>
<td>Local communities</td>
<td>NA</td>
</tr>
</tbody>
</table>

¹ The evaluation does not include performance information on the retrenched worker ‘entitlement to an education or training place’ as a separate initiative. No discrete funding was allocated to this initiative and was instead allocated to initiatives that would facilitate better access to training. These include the Early Access to Employment Services and Structural Adjustment Places initiatives that are included in the evaluation. The entitlement to an education or training place for young people has not been included in this evaluation due to limited data availability and the difficulties associated with isolating the impact of this initiative.

² Only applicants for Newstart, Youth and Sickness Allowances and Austudy.

³ These initiatives were outside the scope of the evaluation.

⁴ Funds were reallocated from the Jobs Fund as announced in October 2009.

⁵ 15- to 20-year-old new entrants to Youth Allowance (Other) from July 2009. Those on Youth Allowance (Other) and aged 15–20 at the time the new arrangements were announced were moved to these arrangements between January and July 2010. Those aged 16–20 and Family Tax Benefit (A) eligible at this time were subject to the new arrangements from May 2010.

⁶ Significant amounts of these funds were transferred to other measures announced in October 2009, including $100 million for Apprentice Kickstart, $10 million for community youth centres, $41.2 million for an Insulation Workers Adjustment Package and allocations to bushfire recovery projects.
Some Jobs and Training Compact initiatives cannot easily be categorised into a single compact. For the purposes of the evaluation report, these initiatives are included in the compact that best represents their main target group. For instance, the Pathways to Skills and Securing Australian Apprenticeships initiatives include both young and older age groups. The performance of these two initiatives was considered under the Compact with Young Australians.

**Evaluating the Jobs and Training Compact**

An evaluation of the Jobs and Training Compact was required by government. In the 2009–10 Budget, $3.9 million was allocated over two years for this purpose. The department released an evaluation strategy in 2010 (DEEWR 2010a).

**Evaluation framework**

The evaluation was designed to measure the overall performance of the Jobs and Training Compact and the performance of its major elements. As far as possible, the evaluation assesses performance on the basis of three criteria:

- programme engagement—the extent to which the Jobs and Training Compact connects with the groups the assistance was targeted to, including awareness, participation, equity and responsiveness
- effectiveness—programme outcomes and the contribution of the assistance to an outcome. Outcomes include employment and its sustainability, education, skills acquisition, income support status, quality of service and local community value
- efficiency—the economic delivery of assistance, considering actual versus projected cost, unit cost and cost per outcome.

In broad terms the evaluation assessed whether the Jobs and Training Compact achieved its objectives. It did so by examining whether the compact’s initiatives were used by the groups they were targeted towards and its effectiveness as an integrated response to the economic downturn. Using the framework described above, the evaluation attempted to answer a number of key questions that underpinned these issues:

- Who used the assistance available under the Jobs and Training Compact? Were they new or existing clients of employment services? Were users representative of the population groups the assistance was targeted towards?
- How quickly did eligible job seekers access services available under the Jobs and Training Compact?
- What types of assistance were delivered and how long did this assistance last?
- Did the Jobs and Training Compact make a difference to participants and priority employment areas (such as mitigating the effects of the downturn on economically vulnerable regions)? Were there any macro-economic impacts?
- Was the mix of specific options available under the Jobs and Training Compact sufficient to meet the needs of the job seekers and regions targeted?
- What were the costs and cost effectiveness of the Jobs and Training Compact?

The evaluation focused on the performance of the three separate compacts and their contribution to achieving the overall objectives of the Jobs and Training Compact. The structure of the report
reflects this focus. However, within this framework, the experiences of other groups were of interest. These included Indigenous Australians and insulation workers affected by the economic downturn.

**Methodological and data issues**

The evaluation of the Jobs and Training Compact was subject to a number of constraints. These included:

- isolating its impact from other factors driving labour market and economic change
- the short timeframe between the start of the compact and the need for evaluation findings
- determining which initiatives were within the evaluation’s scope.

Ideally, to be able to measure the effectiveness of the Jobs and Training Compact its performance would be considered in isolation and compared with a counterfactual. This would involve a scenario in which the compact did not operate. However, such an ideal did not exist. The Jobs and Training Compact operated in a dynamic economy and labour market in conjunction with other stimulus package measures and other employment services with similar objectives. This included Job Services Australia which replaced Job Network as Australia’s main employment service from July 2009.

Drawing firm conclusions from observed changes among the compact’s target groups or within local priority employment areas presented a significant challenge to the evaluation. As the compact was multi-faceted, operated alongside other initiatives and involved different levels of intervention, a traditional net impact methodology had to be ruled out. The alternatives to constructing a valid control group were to use statistical techniques and a more qualitative approach. The qualitative approach was based on face-to-face interviews and focus groups and supported by survey and administrative systems data on programme inputs and outcomes.

The evaluation was required to report two years after the start of many of the Jobs and Training Compact’s initiatives. This timeframe was extended to increase the availability of outcomes data. Nevertheless, even within the extended timeframe, collecting data on some longer-term outcomes was not feasible. Such outcomes, particularly those resulting from an education placement, did not have time to eventuate.

The Jobs and Training Compact was progressively refined by the announcement of new initiatives and changes to existing measures in response to changing economic circumstances and programme settings. In view of its timeframe, the focus of the evaluation was on measures funded before the end of 2009 with the exception of a separate package for workers at risk of retrenchment from the insulation industry (the Insulation Workers Adjustment Package) and Centrelink-run Jobs and Skills Expos in priority employment areas. The evaluation considered the performance of these measures in the context of the overall performance of the compact.
Impact of the Global Financial Crisis
The global economic downturn resulting from the GFC started in 2007 and worsened by the end of 2008. As there is a lag before changes in the rate of economic growth are reflected in the labour market, it was not until the second half of 2008 that Australia’s unemployment rate increased from recent historically low levels (Figure 1). Both the participation rate and employment to population ratio fell at this time. However, trends in these indicators point to this downturn being much shallower in Australia than the recessions of the early 1980s and 1990s. The less severe than expected downturn indicates that Australia’s labour market was more resilient than that of other countries, reflecting perhaps its labour market flexibility, monetary and fiscal stimuli (DEEWR 2011b), and its growing economic ties with China.

Figure 1: Australia’s unemployment rate, employment to population ratio and participation rate, \(^1\) 1978 to 2012

\(^1\) Monthly data, seasonally adjusted.

Source: ABS 2012d.
The effect of the GFC and subsequent downturn of the Australian economy was not evenly spread, with the labour market impact varying by industry, demographics and region.

Full-time employment was affected more than part-time employment. There were falls in full-time hours worked and in the number of full-time workers in the second half of 2008 (Figure 2). The part-time labour market did not show this trend. Further, some full-time workers had their hours of work reduced, possibly to avoid retrenchment. Figure 2 appears to support the views expressed to an inquiry in 2009 by the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government into the impact of the global economic downturn on regional Australia. It was observed that, in the current downturn, ‘the shedding of work hours is far more pronounced than the shedding of jobs’ (House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government 2009, p. 45).

Figure 2: Aggregate monthly hours worked by full-time and part-time workers,\(^1\) June 2006 to June 2012

---

1 Monthly data, seasonally adjusted.
Source: ABS 2012d.
The increase in the unemployment rate varied by age group and was particularly pronounced for young people. Between August 2008 and August 2009, the unemployment rate of 15- to 24-year-olds rose from 7.6 per cent to 11.7 per cent (Figure 3).

**Figure 3: Age-specific unemployment rates,¹ January 2000 to May 2012**

¹ Monthly data, seasonally adjusted.
Source: ABS 2012d.
The increased rate of unemployment in the year after the onset of the GFC’s impact on the labour market was far from uniform across the country. Parts of eastern Australia in particular had greater increases in their unemployment rates than other parts of the country (Figure 4).

Figure 4: Unemployment rate change by employment service area, 12 months to September 2009

Source: DEEWR administrative systems.
The increase in the proportion of Newstart Allowance recipients in the 12 months to September 2009 generally showed a similar regional distribution (Figure 5). Locations with the greatest proportional rise in the number of unemployment assistance beneficiaries were predominately in eastern Australia.

Figure 5: Percentage change in unemployment assistance beneficiaries by labour force region, 12 months to September 2009

Source: DEEWR administrative systems.
Australia’s employment numbers were largely unchanged following the GFC. This was mainly due to continuing growth in the health care and social assistance industry. In the 12 months to August 2009, total employment increased by less than 1 per cent (Table 2). However, employment in most industries declined in this period, particularly in mining (7.5 per cent), information media and telecommunications (3.2 per cent) and financial insurance and housing services (4.9 per cent).

Since then some sectors have grown significantly, including mining (up 29.7 per cent between August 2008 and August 2011, compared with an average increase of 4.4 per cent across all industries), professional and administrative services (11.4 per cent), health care and social assistance (18.1 per cent) and electricity, gas, water and waste services (18.0 per cent), while some sectors declined sharply, including agriculture, forestry and fishing (down 11.7 per cent), manufacturing (down 9.6 per cent) and information media and telecommunications (down 8.0 per cent).

Table 2: Change in employment by industry¹ since 2008

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employed August 2008 ('000)</th>
<th>August 2009</th>
<th>August 2010</th>
<th>August 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>365.3</td>
<td>-0.8</td>
<td>2.1</td>
<td>-11.7</td>
</tr>
<tr>
<td>Mining</td>
<td>174.9</td>
<td>-7.5</td>
<td>10.1</td>
<td>29.7</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1,055.7</td>
<td>-3.8</td>
<td>-6.3</td>
<td>-9.6</td>
</tr>
<tr>
<td>Electricity, gas, water and waste services</td>
<td>127.1</td>
<td>1.3</td>
<td>16.7</td>
<td>18.0</td>
</tr>
<tr>
<td>Construction</td>
<td>1,002.9</td>
<td>-0.8</td>
<td>1.7</td>
<td>3.8</td>
</tr>
<tr>
<td>Wholesale &amp; retail trade</td>
<td>1,637.6</td>
<td>-1.0</td>
<td>-0.9</td>
<td>-0.1</td>
</tr>
<tr>
<td>Accommodation and food services</td>
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<td>3.4</td>
<td>4.4</td>
<td>7.9</td>
</tr>
<tr>
<td>Transport, postal and warehousing</td>
<td>579.8</td>
<td>0.6</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Information media &amp; telecommunications</td>
<td>224.3</td>
<td>-3.2</td>
<td>-4.3</td>
<td>-8.0</td>
</tr>
<tr>
<td>Financial, insurance &amp; housing services²</td>
<td>613.2</td>
<td>-4.9</td>
<td>-3.5</td>
<td>1.8</td>
</tr>
<tr>
<td>Professional &amp; administrative services³</td>
<td>1,790.6</td>
<td>2.1</td>
<td>8.0</td>
<td>11.4</td>
</tr>
<tr>
<td>Education and training</td>
<td>817.7</td>
<td>0.5</td>
<td>4.6</td>
<td>4.7</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>1,116.3</td>
<td>8.6</td>
<td>13.5</td>
<td>18.1</td>
</tr>
<tr>
<td>Other services⁴</td>
<td>646.4</td>
<td>-0.3</td>
<td>0.8</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>All industries</strong></td>
<td><strong>10,870.5</strong></td>
<td><strong>0.4</strong></td>
<td><strong>3.0</strong></td>
<td><strong>4.4</strong></td>
</tr>
</tbody>
</table>

¹ Quarterly trend series data. Changes do not take into account population and labour force growth in the periods shown.
² Combines financial and insurance services and rental, hiring and real estate services.
³ Combines professional, scientific and technical services, administrative and support services and public administration and safety.
⁴ Combines arts and recreation services and other services.

Source: ABS 2013b.
1 Compact with Retrenched Workers

Key findings
In response to the increase in job losses as a result of the Global Financial Crisis (GFC), the government targeted a number of initiatives towards retrenched and vulnerable workers. In particular, retrenched workers who lost their job ‘through no fault of their own’ were eligible to receive immediate access to a range of employment and training assistance. This early intervention was designed to reduce the likelihood of long-term unemployment and skills atrophy during the economic downturn.

As suggested by their recent work history, retrenched workers typically have fewer barriers to employment than other job seekers. They are also more likely to be male, older, and in industries characterised by large fluctuations in the economic cycle (e.g. construction) or in long-term decline (e.g. manufacturing). Despite the fact that the package was targeted towards workers who lost their jobs through no fault of their own, retrenched workers were only identified as such when they registered with Centrelink and were eligible to be flagged as retrenched. It was not possible with the data available to identify retrenched workers who did not seek assistance. As a result, overall take-up of these initiatives by retrenched workers could not be accurately measured.

The initiatives targeted towards retrenched and vulnerable workers included early access to employment services and income support, foundation skills training and subsidised training courses and other training incentives.

The Compact with Retrenched Workers resulted in the provision of assistance to large numbers of workers who had lost their jobs as a result of the economic downturn. Overall, however, the evaluation found that participation in these initiatives was lower than expected. This may in part reflect the fact that the economic downturn did not last as long and was not as severe as anticipated. It also suggests that many retrenched workers did not seek government assistance or were not interested in training. Specifically:

- Almost 150,000 retrenched workers participated in Early Access to Employment Services (under both Job Network and Job Services Australia (JSA)). This was fewer than expected but consistent with the less severe economic downturn. On average, and bearing in mind the data limitations involved, Early Access participants—who commenced Stream 2 employment services instead of the Stream 1 services available to them if this initiative had not existed—received similar levels of assistance from providers as other Stream 2 participants. However, they were more likely to be referred to accredited training than other job seekers and more likely to participate in further education than equivalent Stream 1 job seekers. An analysis of exit rates suggests that participation in the Early Access initiative may have increased the time these job seekers spent receiving assistance, perhaps in part reflecting their greater likelihood of undertaking training or education. It may also suggest that retrenched workers were more selective in their job search than other job seekers. Two years after registration, exit rates of Early Access participants and equivalent Stream 1 job seekers were similar. However, the employment outcome rate for those who left assistance was higher than other Stream 1 and Stream 2 participants.
Building the Basics included additional funding for workers vulnerable to retrenchment and for retrenched workers to improve their language, literacy and numeracy skills. Existing programmes—the Workplace English Language and Literacy (WELL) programme and the Language, Literacy and Numeracy Program (LLNP)—were used to deliver this assistance. Awareness and take-up of the WELL programme was low. It is possible that this was because employers were reluctant to provide training during the economic downturn, as they were more concerned about their bottom line. LLNP commencements increased at the same time as Building the Basics was implemented.

Participation in Structural Adjustment Places (SAP) was very low, with participation in these government-subsidised training places largely coming from displaced workers in the automotive manufacturing industry. Most of these workers appear to have been temporarily stood down rather than retrenched. Almost all participated in training related to manufacturing, suggesting that workers typically did not enter courses geared towards a change in industry. High rates of course completion suggest that this initiative improved the skills of those who participated.

The Training Supplement provided modest financial support to encourage lower-skilled job seekers to undertake training during the economic downturn. Few of the recipients surveyed for the evaluation reported that the Training Supplement had encouraged them to enter their training, although the majority regarded the Training Supplement as important in helping with the costs of training. The Training Supplement appears to have been a contributor but not a major factor in encouraging job seekers to continue training.

The temporary changes to the Liquid Assets Waiting Period, which doubled the liquid assets a person could hold before being subject to this waiting period, enabled quicker access to income support payments for some job seekers. However, the vast majority of those granted income support held very low levels of liquid assets and would have already been exempt from the waiting period. It was also common for retrenched workers to be serving an Income Maintenance Period, which was often much longer than the Liquid Assets Waiting Period.

While performance data on the Keep Australia Working Advisory Service were limited, there was some evidence that awareness and usage of the service was high among Jobs Fund applicants and employment service providers but very low among employers.

Overview

Concern about job losses as the GFC took effect in Australia and the potential of this to cause rising long-term unemployment provided the impetus for the Compact with Retrenched Workers. The Compact with Retrenched Workers was primarily aimed at those workers who lost their jobs as a result of the economic downturn. It was also designed to provide education and training assistance to vulnerable workers (such as those with low education levels or poor language, literacy and numeracy skills) who were at greater risk of losing their jobs during an economic downturn.

After being retrenched, many workers quickly find a new job. In an economic downturn, however, a greater proportion of retrenched workers have difficulties finding work. These people were the focus of the Compact with Retrenched Workers.
Number of retrenched workers
Data on the number of retrenched workers are available every two years from the Australian Bureau of Statistics’ labour mobility survey (ABS 2012e). This survey found that the number retrenched in the year ending February 2008 was at its lowest level since the collection began in 1994. The number increased significantly for the year ending February 2010—a period coinciding with the downturn in the Australian economy following the GFC—then fell again in the year ending February 2012. The number of workers retrenched in the year to February 2010 was estimated to be 454,100, representing 3.7 per cent of people who had worked at any time in the year to February 2010 (Figure 1.1). The corresponding proportions were 4.4 per cent for males and 2.9 per cent for females.

Figure 1.1: Number of workers retrenched as a proportion of the workforce,1 1994 to 2012

People who lose their job and seek assistance from Centrelink are a subset of all retrenched workers. Many retrenched workers do not seek government assistance either because they move out of the workforce (including into retirement), believe they are not eligible for government assistance2 or do not require assistance to find a job. Retrenched workers who seek assistance from Centrelink are potentially more disadvantaged in the labour market than other retrenched workers (in that they may need assistance to find work again). However, they are more representative of the group the Compact with Retrenched Workers was targeted towards. Between February 2009 and December 2010, almost 290,000 job seekers registered with Centrelink as retrenched workers.

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1 Anyone who had worked in the year ending February. Source: ABS 2012e.

2 Retrenched workers who receive large redundancy payouts, for instance, may not be eligible to receive income support. Before the Early Access to Employment Services initiative, retrenched workers not receiving income support would only be eligible for Stream 1 (Limited) employment services (or equivalent).
requiring assistance. From July 2009, there was a large increase in the number of retrenched workers registering with Centrelink coinciding with a relaxation from 1 July 2009 of the eligibility criteria for identification as a retrenched worker (discussed further below) (Figure 1.2). The number of job seekers registering as retrenched workers peaked in September 2009 when they made up 23 per cent of all registrations. A second peak occurred in February 2010, when retrenched worker registrations made up 20 per cent of all registrations. There was then a decrease in registrations through to the end of 2010.

Figure 1.2: Retrenched worker registrations with Centrelink as a proportion of all registrations by month, February 2009 to December 2010

Retrenched workers registered with Centrelink (at end December 2009) were more likely to be male (68 per cent), aged between 20 and 29 years (28 per cent) and in receipt of Newstart Allowance (62 per cent). Compared with other job seekers registered with Centrelink, retrenched workers were better educated. Nevertheless, about 20 per cent had been registered previously as looking for work in the last 12 months.

In the lead-up to the evaluation, to obtain a better understanding of the characteristics of retrenched workers, the department surveyed retrenched workers who had registered with Centrelink. Surveys were conducted in 2009 and early 2010. The main industries retrenched workers had worked in were manufacturing (20 per cent) and construction (16 per cent) (Figure 1.3). Manufacturing is in long-term decline, while construction is particularly sensitive to the economic

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3 Surveys include the Experiences of Retrenched Workers in Job Network survey, the Experiences of Retrenched Workers in Job Services Australia survey, and the Employment Assistance Survey, which included the longitudinal tracking of a cohort of retrenched workers registered in employment services. Where possible, survey responses are provided as combined averages of these surveys.
cycle. Transport and storage accounted for 8 per cent of retrenchments, while mining and retail trade each accounted for 7 per cent. The majority of retrenchments were in labouring-related jobs, sales and administration and trade and technical positions. In 77 per cent of cases, the jobs that were lost were permanent positions, and 89 per cent were full-time positions. The median duration of employment in the job that respondents were retrenched from was 19 months. This was consistent with broader labour force data showing that the median duration of last job for people retrenched in the 12 months to February 2010 was 12 to 24 months. For all people working in February 2010, the median duration of employment in their current job was three to five years (ABS 2012e).

**Figure 1.3: Industry of last job for retrenched workers registered with Centrelink**

Survey responses are provided as combined averages of these surveys. Source: Employment Assistance Survey (2009 and 2010) and Surveys of Retrenched Workers (2009).

**Initiatives**
The initiatives included in the evaluation under the Compact with Retrenched Workers are summarised briefly in Table 1.1 below. The Compact with Retrenched Workers was largely delivered by means of additional funding for existing programmes (e.g. Building the Basics) rather than introducing new programmes or changing eligibility rules (e.g. Early Access to Employment Services).

More detail on the objectives, design, delivery and evaluation findings for each initiative is presented in the following sections of this chapter. When announced, most initiatives of the Compact with Retrenched Workers were intended as short-term measures to operate for one or two years. They were seen as complementing the government’s broader stimulus package during the GFC.
### Table 1.1: Initiatives of the Compact with Retrenched Workers

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Access to Employment Services—personalised assistance (Stream 2 services of Job Services Australia) for retrenched workers irrespective of eligibility for income support and level of job readiness</td>
<td>February 2009 to March 2011</td>
</tr>
<tr>
<td>Building the Basics—for people aged 25 years and over, including additional places in the Workplace English Language and Literacy programme, the Language, Literacy and Numeracy Program and Foundation Skills Taster Courses</td>
<td>July 2009 to June 2010</td>
</tr>
<tr>
<td>Retrenched Worker Entitlement to an Education or Training Place in government-subsidised vocational, education and training courses that lead to higher qualifications(^1)</td>
<td>July 2009 to December 2011</td>
</tr>
<tr>
<td>Structural Adjustment Places—15,000 additional enrolments in the Productivity Places Program for displaced workers</td>
<td>July 2009 to June 2010</td>
</tr>
<tr>
<td>Training Supplement—additional payment of $41.60 per fortnight to job seekers who fully meet their activity test or participation requirements through approved study or training</td>
<td>July 2009 to June 2011</td>
</tr>
<tr>
<td>Liquid Assets Waiting Period changes—a doubling of the amount of liquid assets a person (or household) could hold before having to serve this waiting period to access income support</td>
<td>April 2009 to March 2011</td>
</tr>
<tr>
<td>Keep Australia Working Advisory Service—website and hotline on government initiatives</td>
<td>July 2009 to June 2010</td>
</tr>
</tbody>
</table>

\(^1\) Performance information on this initiative was not included in the evaluation.

### Objectives

In the context of the broader Jobs and Training Compact, the objectives of the Compact with Retrenched Workers were to:

- reduce the unemployment duration of retrenched workers
- assist job retention among employees in disadvantaged groups and regions
- build the national skills and capacity base for all Australians
- support individuals who are vulnerable in economic downturns.

Within the design of the Jobs and Training Compact, the Compact with Retrenched Workers was intended to:

- reduce the retrenched worker waiting period for employment services and training places to ensure a quick return to work
- increase training and skill retention of vulnerable groups to ensure a more productive and prosperous Australia
- limit the long-term scarring effects of the downturn to ensure that, when the economy recovered, Australians would not remain on welfare or outside the labour force.
Measuring the performance of the Compact with Retrenched Workers

As noted in this report’s introduction, the approach to evaluating the three major elements of the Jobs and Training Compact, including the Compact with Retrenched Workers, uses three broad evaluation criteria:

- programme engagement—including awareness (i.e. the extent to which people eligible and who would potentially benefit from the assistance know that the programme is available) and participation (i.e. the number of programme participants relative to the eligible population)
- effectiveness—the extent to which objectives of the Jobs and Training Compact are met
- efficiency—the cost of assistance.

The performance of each initiative against these evaluation criteria is presented in the remainder of this chapter. The focus was on the contribution of each initiative to achieving the objectives of the Jobs and Training Compact rather than attempting to comprehensively evaluate each initiative per se.

The evaluation does not include performance information on the Retrenched Worker Entitlement to an Education or Training Place as a separate initiative. This initiative entitled retrenched workers aged 25 years and over to a place on any government-subsidised vocational education and training course (subject to admission requirements) that would result in the individual achieving a higher qualification. However, no discrete funding was allocated specifically to this initiative. Funding was instead allocated to initiatives that would facilitate better access to training. These include Early Access to Employment Services and additional SAPs through the Productivity Places Program, both of which are included in the evaluation.

Achievements against Jobs and Training Compact objectives

Key questions for the evaluation of the Compact with Retrenched Workers are:

- Did it provide support to workers who lost their job as a result of the economic downturn?
- Did it improve the skills and capacity of these workers for new employment?
- Did it reduce the time they spent looking for work?
- Did it improve their job retention and employment viability?

Substantial numbers of retrenched workers were assisted through the Compact with Retrenched Workers. However, the economic downturn was less severe than anticipated and this reduced the demand for these initiatives. Other factors also affected participation. While changes to the Liquid Assets Waiting Period were designed to support individuals who are vulnerable in economic downturns, only a small proportion of retrenched workers accessed income support more quickly as a result. Many retrenched workers had very small holdings of liquid assets and many were serving an Income Maintenance Period. Participation was also affected by a lack of awareness of some initiatives. This applied particularly to the WELL component of Building the Basics.

The Compact with Retrenched Workers clearly contributed to building the national skills base and capacity, but it was not possible to accurately measure the extent of this. Retrenched workers who participated in the Early Access to Employment Services initiative were more likely to undertake accredited training than job seekers who participated in Stream 1, but the proportion of these
participants recorded in training was less than 10 per cent. Training was not a high priority for many retrenched workers and retraining for a change in industry was even less so. Around half of the retrenched workers surveyed thought they would need training to secure another job.

Assessing whether the Compact with Retrenched Workers as a total package of assistance reduced the time retrenched workers spent looking for work (in pursuit of another job) was problematic given the data shortcomings of the evaluation. There was evidence to suggest, nevertheless, that one of its key elements—the provision of Early Access to Employment Services to Stream 2 employment services—may have increased on average the time taken by retrenched workers to leave assistance. The evidence for this comes from a comparison of exit rates between Early Access participants and equivalent Stream 1 participants in JSA. When these groups were tracked over two years it was found that Early Access participants were initially slower to leave employment services than the Stream 1 group. The time taken for half of the Stream 1 group to exit was 23 weeks compared with 32 weeks for the Early Access group. After two years, the proportion that had exited from both groups was similar. This suggests there may have been greater job search selectivity among retrenched workers in the early days of unemployment or that participation in Stream 2 may have delayed exits from employment assistance. On the other hand, the employment outcomes of Early Access participants who exited assistance were found to be higher than those of other Stream 1 and Stream 2 participants.

The WELL component of Building the Basics and the provision of additional SAPs were designed to improve job retention. Take-up of these initiatives was low and their likely contribution to job retention was minimal, particularly in comparison with other changes in the labour market. Other elements of the Compact with Retrenched Workers—including the LLNP component of Building the Basics and, foremost, the Early Access initiative—were aimed more at improving employment viability. Data limitations and the small size of LLNP meant that its contribution to the employment viability objective of the Jobs and Training Compact could not be assessed. Participants in the Early Access initiative were found to have higher employment outcomes than equivalent Stream 1 participants. However, due to the absence of a counterfactual, it was not possible to undertake accurate measurement to see if this positive outcome could be attributed to the Early Access to Employment Services initiative.
Early Access to Employment Services

One of the risks of being retrenched in an economic downturn is that the person may remain unemployed in the longer term. The Early Access to Employment Services initiative sought to maintain the job readiness of retrenched workers and reduce their chances of becoming long-term unemployed by providing personalised assistance when they first registered in employment services.

Background

On 24 February 2009, the Australian Government announced that retrenched workers would have early access to employment services regardless of their eligibility for income support. The purpose of this intervention was to help those who lost their job as a result of the economic downturn return to the workforce as soon as possible. It also aimed to ensure that people stayed work ready by improving their skills so that they were well placed to find employment in the future.

Prior to this initiative, retrenched workers who were not receiving income support could only access basic levels of employment services—known as Job Search Support Only under Job Network and Stream 1 (Limited) services under JSA. Generally, retrenched workers receiving income support were less disadvantaged than other job seekers receiving income support. These retrenched workers would have received Stream 1 (or equivalent) services had the Early Access initiative not been introduced.

The Early Access initiative operated under both Job Network and JSA. JSA replaced Job Network as Australia’s publicly funded employment service in July 2009:

- From 1 April 2009, (under Job Network) retrenched workers were able to access Job Search Training immediately instead of waiting a minimum of three months. Job Network providers could purchase services and training for these job seekers through a credit of $550 to the Job Seeker Account.5
- From 1 July 2009, (under JSA) any workers who lost their job as a result of the economic downturn were eligible for immediate access to Stream 2 employment services. Providers were able to purchase services and training for these job seekers through a credit of $550 to the Employment Pathway Fund (EPF).

Eligibility for Early Access changed from July 2009, when JSA replaced Job Network. Before 1 July 2009, eligible retrenched workers needed to provide Centrelink with an Employment Separation Certificate or a letter of redundancy from their employer. In July 2009, Centrelink and JSA providers were advised that no evidence of redundancy was required—the job seeker simply needed to report that they had been retrenched and Centrelink would record the job seeker as such.6

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4 Includes any workers who lost their job because of operational downsizing and economic downturn and other reasons that could be attributed to economic or structural change.

5 The Job Seeker Account was a flexible pool of funds used by Job Network providers to purchase items and services to help their clients secure or maintain employment. JSA provides a similar funding pool through the Employment Pathway Fund.

6 This was operationalised by way of an additional question in the Job Seeker Classification Instrument (JSCI).
In the 2009–10 Budget, $298.5 million was allocated for the Early Access initiative. It was to operate for two years between 24 February 2009 and 31 March 2011. However, given the faster than expected economic recovery, this initiative ceased on 31 December 2010.

Objectives
The objectives of the Early Access initiative as they relate to the Jobs and Training Compact were to:

- reduce the unemployment duration of retrenched workers
- ensure support for individuals particularly vulnerable during economic downturns.

Evaluation data sources
The analysis of the Early Access initiative draws on data from a number of sources, including:

- DEEWR administrative systems data relating to income support for retrenched workers and their participation in employment services with either Job Network or JSA
- two surveys of retrenched workers (together referred to as the ‘Surveys of Retrenched Workers’):
  - Experiences of Retrenched Workers with Job Network survey—a sample of those who registered with Centrelink in March 2009
  - Experiences of Retrenched Workers with Job Services Australia survey—a sample of those who registered with Centrelink between July and September 2009
- the Employment Assistance Survey—a longitudinal survey of job seeker experiences with employment services and longer-term employment outcomes. Retrenched workers in this survey were first interviewed in September 2009 and interviewed again approximately 12 months later
- the DEEWR Post-programme Monitoring Survey, which provides information on the proportion of Early Access participants surveyed who reported positive employment and training outcomes
- focus groups with retrenched workers held in a variety of locations during the second half of 2010 to gain an understanding of their experiences with employment services
- interviews with JSA providers and Centrelink staff in the first half of 2011 on the Early Access initiative.

More information on these data collections is provided at the end of this report.

Limitations on the analysis
As with the Jobs and Training Compact more generally, it was not possible to accurately measure the impact of the Early Access initiative because of the difficulties involved in selecting suitable control groups and isolating this initiative from the interaction of other elements of the compact.

Retrenched workers did not always register with Centrelink. This made it impossible to derive a take-up rate for the Early Access initiative based on the potentially eligible population.

The transition from Job Network to JSA limited the time available to analyse participation in assistance and outcomes. Typically, there is a temporary reduction in overall performance when moving from one employment services contract to the next. Information relating to this transition
period is therefore likely to be unrepresentative. Therefore, where appropriate, it was excluded from the report.

**Awareness and participation**

Centrelink staff and JSA providers were almost universally aware that retrenched workers could receive early access to employment services. The 2010 Employment Service Provider Survey, for example, found that 98 per cent of JSA providers were aware of the Early Access initiative. This was to be expected since both Centrelink and JSA were involved in the delivery of this initiative. A small number of providers were confused as to the definition of ‘retrenched worker’. This was perhaps because of the change in eligibility for the initiative when the employment services contract changed in July 2009.

Awareness was significantly lower among retrenched workers who participated in focus groups conducted in 2010 and 2011. This partly reflects the level of awareness among the job seeker population more generally on the workings of the income support system and their eligibility for employment services. Local Employment Coordinators regarded this as an issue they could help to address, particularly for retrenched workers who had been in the workforce for many years and who had no reason to be aware of changes to income support and employment services arrangements.

**Participation in Job Network**

More than 16,000 job seekers registered with Centrelink as retrenched workers between 24 February and 30 June 2009. Seventy-four per cent of these job seekers were referred to Job Network for assistance and 61 per cent of those referred (7,200) were eligible for early access to this type of assistance as retrenched workers (Figure 1.4). Most (86 per cent) of these job seekers were referred to Job Search Training and just over one-quarter (26 per cent or 1,620) commenced this training within six weeks of registering for employment assistance. A further 2 per cent commenced Job Search Training six or more weeks after registering for assistance.

![Figure 1.4: Take-up of early access to Job Search Training (Job Network), February to June 2009](image)

1 Job seekers registered as retrenched between 24 February and 30 June 2009.
Source: DEEWR administrative systems.

Many of the job seekers who registered as retrenched workers and who did not follow this particular path into Job Search Training may have received labour market assistance by following other paths. About 16 per cent of those registered were referred directly to JSA because their registration occurred in the transition between the third and fourth employment services contracts (Figure 1.4). Those referred to Job Network who were eligible for early access to Job Search Training as a
A retrenched worker and who were not referred to Job Search Training (almost 1,000 job seekers) were generally referred to other forms of Job Network assistance.

**Participation in Job Services Australia**

When JSA commenced in July 2009, the Early Access initiative had been operating for four months. Retrenched workers who remained on employment services in Job Network during this time were transferred to JSA. In all, 271,100 job seekers registered as retrenched workers with Centrelink after the start of JSA and the end of the Early Access initiative on 31 December 2010 (Figure 1.5). Eighty-seven per cent of these job seekers were referred to JSA, of which 81 per cent (191,000) were eligible for Early Access to Stream 2 Services. Some of those not eligible for the Early Access initiative would have been eligible for other types of assistance available from JSA. Almost all (98 per cent) of the job seekers eligible for Early Access were referred to Stream 2. Three-quarters of these job seekers subsequently commenced Stream 2 within six weeks of registration.

**Figure 1.5: Take-up of Early Access to Stream 2 Services (Job Services Australia), July 2009 to December 2010**

Retrenched workers not referred to employment services

Under Job Network, 10 per cent of job seekers registered as retrenched workers were not referred to any form of employment assistance (Figure 1.4). For JSA, the proportion was 13 per cent (Figure 1.5). Most of these job seekers (74 per cent) had deactivated their registrations within two weeks of registering.

In the Surveys of Retrenched Workers the most common reason that respondents gave for not being referred was that they had found a job. Across both surveys, 42 per cent of respondents reported that they were employed at the time of interview. Among these respondents, around 40 per cent agreed that getting another job after being retrenched was easy (Figure 1.6) and more than three-quarters (76 per cent) of those who were employed at the time of the survey agreed that they were using their skills and experience in their current job. For some, getting another job meant a reduction in the quality of their job. Forty-six per cent agreed that they had to take a less skilled position, 49 per cent had to take a pay cut to get another job and 37 per cent had to reduce their hours of work.
Very few (7 per cent) respondents thought they would not work again and most (87 per cent) agreed that their skills and experience could be used in other jobs or in other industries (Figure 1.7). Tempering this optimism was the view that finding another job may involve taking a less skilled position (65 per cent of out of work respondents agreed with this), a drop in wages (66 per cent) and training (47 per cent).

Figure 1.6: Ease of securing another job after being retrenched,¹ 2009

Figure 1.7: Perceived difficulty in getting another job after being retrenched,¹ 2009
For those who were not referred to employment services and who did not have a job at the time of survey interview, the most common reason given was that they were ‘awaiting further assessment from Centrelink’. Other reasons included ‘deciding not to access assistance’ and ‘being told they did not qualify for assistance due to their redundancy payout or spouse’s income’.

**Characteristics of participants**

The characteristics of job seekers who were registered as retrenched workers, were eligible for the Early Access initiative and commenced this service within six weeks of registration were broadly similar. Most were males aged 25 to 44 years with an education level below Year 12 who had previously been in paid full-time work and were in receipt of Newstart Allowance (Table 1.2). The most obvious difference between those eligible for assistance and those who commenced this service was in income support. A greater proportion of those who commenced either Job Network’s Job Search Training or JSA’s Stream 2 were receiving unemployment benefits (Newstart Allowance or Youth Allowance Other) than of those eligible for assistance. This suggests that those who are not on income support have a greater likelihood of leaving the unemployment register, including those who leave to return to work.

As noted earlier, eligibility for the Early Access initiative changed with the introduction of JSA. Job seekers were no longer required to provide Centrelink with an Employment Separation Certificate or formal redundancy notification from their employer. This coincided with a sharp rise in the number of retrenched worker registrations and an increased proportion of total job seekers who were registered as retrenched workers (see Figure 1.2). It may also explain an increase in the proportion of job seekers registered as retrenched whose recent work experience was contract work and who would not normally have received formal notification of redundancy. Under Job Network, the recent work type of 88.9 per cent of Early Access participants in Job Search Training was a full-time job (Table 1.2). The corresponding proportion for Early Access Stream 2 participants was 72.1 per cent.

As with other job seekers, a range of factors affect the job prospects of retrenched workers. Their perceptions of the difficulties involved and the reasons for these difficulties vary. Respondents to the Surveys of Retrenched Workers were asked what factors, if any, made it hard for them to get a job. Over one-quarter (27 per cent) of those surveyed believed there were no factors that would make it difficult for them to get a job. As expected, this optimism was higher among those working at the time of the survey (39 per cent) compared with those still unemployed (19 per cent). Among the three-quarters of survey respondents who identified factors that made it hard to get a job, the most commonly reported difficulty was that there were too few jobs in the local area or the local job market was too competitive (29 per cent). Other commonly reported perceived difficulties were:

- the economic downturn (22 per cent)
- the worker was considered too old (15 per cent)
- the worker did not have a driver’s licence or access to their own transport (5 per cent)
- the worker lacked the right experience or lacked the right education or qualifications (both 3 per cent).

---

7 This is to be expected, as commencements are a subset of those registered as retrenched workers and eligible for Early Access.
Table 1.2: Characteristics of retrenched workers and participants in the Early Access to Employment Services initiative

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Job Network</th>
<th></th>
<th>Job Services Australia</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Registered</td>
<td>Eligible for Early Access</td>
<td>Commenced Job Search Training</td>
<td>Registered</td>
</tr>
<tr>
<td>Gender</td>
<td>Job Network</td>
<td></td>
<td>Job Services Australia</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>75.2</td>
<td>76.9</td>
<td>78.0</td>
<td>66.8</td>
</tr>
<tr>
<td>Female</td>
<td>24.8</td>
<td>23.1</td>
<td>22.0</td>
<td>33.2</td>
</tr>
<tr>
<td>Age group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 21</td>
<td>5.8</td>
<td>—</td>
<td>—</td>
<td>12.5</td>
</tr>
<tr>
<td>21–24</td>
<td>10.8</td>
<td>—</td>
<td>—</td>
<td>14.1</td>
</tr>
<tr>
<td>25–44</td>
<td>48.6</td>
<td>80.3</td>
<td>79.6</td>
<td>44.6</td>
</tr>
<tr>
<td>45 and over</td>
<td>34.8</td>
<td>20.7</td>
<td>20.4</td>
<td>28.8</td>
</tr>
<tr>
<td>Highest education level</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than Year 12</td>
<td>40.1</td>
<td>37.6</td>
<td>37.2</td>
<td>35.0</td>
</tr>
<tr>
<td>Completed Year 12</td>
<td>21.2</td>
<td>20.7</td>
<td>20.5</td>
<td>17.4</td>
</tr>
<tr>
<td>Non-trade vocational</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>15.0</td>
</tr>
<tr>
<td>Trade or TAFE qualified</td>
<td>17.4</td>
<td>18.6</td>
<td>20.5</td>
<td>11.5</td>
</tr>
<tr>
<td>Tertiary studies</td>
<td>21.2</td>
<td>23.1</td>
<td>21.8</td>
<td>21.1</td>
</tr>
<tr>
<td>Indigenous status</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indigenous</td>
<td>2.7</td>
<td>—</td>
<td>—</td>
<td>4.7</td>
</tr>
<tr>
<td>Not Indigenous</td>
<td>97.3</td>
<td>100.0</td>
<td>100.0</td>
<td>95.3</td>
</tr>
<tr>
<td>Country of birth</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>75.2</td>
<td>74.5</td>
<td>73.9</td>
<td>75.8</td>
</tr>
<tr>
<td>Mainly English-speaking</td>
<td>9.7</td>
<td>9.5</td>
<td>10.1</td>
<td>8.2</td>
</tr>
<tr>
<td>Non-English-speaking</td>
<td>15.1</td>
<td>16.1</td>
<td>16.0</td>
<td>16.0</td>
</tr>
</tbody>
</table>
### Jobs and Training Compact Evaluation Report – Compact with Retrenched Workers

#### Characteristic

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Job Network</th>
<th>Job Services Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Registered</td>
<td>Eligible for Early Access</td>
</tr>
<tr>
<td>Paid full-time work</td>
<td>87.2</td>
<td>89.7</td>
</tr>
<tr>
<td>Paid part-time, seasonal work</td>
<td>9.6</td>
<td>8.5</td>
</tr>
<tr>
<td>Unemployed</td>
<td>1.4</td>
<td>1.0</td>
</tr>
<tr>
<td>Not in labour force</td>
<td>1.8</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Recent work experience</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newstart/Youth Allowance (Other)</td>
<td>56.4</td>
<td>59.8</td>
</tr>
<tr>
<td>Other income support&lt;sup&gt;3&lt;/sup&gt;</td>
<td>1.9</td>
<td>2.0</td>
</tr>
<tr>
<td>Not on income support</td>
<td>41.6</td>
<td>38.1</td>
</tr>
<tr>
<td><strong>Registered in last 12 months</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>19.2</td>
<td>19.2</td>
</tr>
<tr>
<td>No</td>
<td>80.8</td>
<td>80.8</td>
</tr>
<tr>
<td><strong>Total (No.)</strong></td>
<td>16,200</td>
<td>7,200</td>
</tr>
</tbody>
</table>

<sup>1</sup> Includes retrenched workers who commenced within six weeks of registration. Almost 10,000 commenced after six weeks.

<sup>2</sup> Job seekers flagged by Centrelink as eligible for Early Access because they had been retrenched.

<sup>3</sup> Includes Disability Support Pension and Parenting Payment.

NA: Not applicable.

Source: DEEWHR administrative systems.
Retrenched workers who participated in focus groups articulated the issues raised in the surveys:

In my industry there are a lot of jobs, but they will get 300 applications in two days. I am going to an interview tomorrow with 160 applicants. There are just way more people than there are jobs. (Retrenched worker, Gold Coast, 2010)

Eventually, those people who were working for five days were given the option to work four days and one day leave ... They axed a lot of people. They said it was because of the GFC. Shutting down the plants was a way of cutting costs. (Retrenched worker, North Eastern Perth, 2010)

I’m 52 and I just don’t tell them. I don’t have a problem when I send out a résumé and getting to the interview stage, and I’ve been told that I interview really well. Because you’ve been told not to go any further than 10 years, they think that I’m a young person. But when I get in there and they realise that I’m not a young person, that’s it. It doesn’t matter how well I interview, that’s the end of the story. (Retrenched worker, Mildura, 2010)

I have a variety of certificates and qualifications and at this stage it isn’t helping me. I’m better off not showing them on my résumé. The last job I went for was positive but I was overqualified. They didn’t give me the job because they felt that due to my variety of work I did in the past I would get bored in this job and wouldn’t stay in the job for more than three months. (Retrenched worker, Adelaide, 2010)

When you’re made redundant, when you go looking for work it’s hard to get a job. Rather than having a job and switching to another job, which is a lot easier. (Retrenched worker, North Eastern Perth, 2010)

**Assistance provided in employment services**

Job seekers in employment services can receive a range of assistance designed to be tailored to their individual needs. To help ensure this, Job Network providers had access to Job Seeker Account funds and JSA providers have access to EPF.8

In the context of the Jobs and Training Compact evaluation, an analysis of the amount and type of assistance received through the Early Access initiative assists in testing the objective of ensuring support for individuals vulnerable during economic downturns. Measuring the amount and type of assistance received was far from straightforward, but can be estimated from a number of the data sources mentioned earlier.9

Information on the proportion of retrenched workers who received assistance from employment service providers and the types of assistance received was collected in both surveys of retrenched workers.

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8 JSA providers receive an EPF credit for each eligible job seeker commensurate with their level of disadvantage. Credits can be used flexibly in any stream for any job seeker or group of job seekers. Credits vary from $11 for Stream 1 job seekers from locations that are not remote to $1,870 for Streams 3 and 4 job seekers from remote locations (DEEWR 2008a).

9 No single data source provides a complete picture of the delivery of assistance, but a partial picture can be obtained from these different sources.
workers. These surveys asked job seekers who commenced with Stream 2 employment services if they had been provided with the most common forms of assistance.

Most of the assistance reported by respondents to these surveys related to the provision of advice and information. For example, the majority of respondents reported that their provider had talked to them about their needs and the types of help they could provide (85 per cent), given them advice about the best ways to find work (74 per cent) or provided them with information about local employment opportunities (67 per cent) (Figure 1.8). Sixty-four per cent of respondents reported that they had talked about options for further study and training or received help to write or check job applications and résumés.

Figure 1.8: Assistance received by retrenched workers participating in the Early Access initiative

More substantial types of assistance were less likely to be reported. Fifty-three per cent indicated that their provider had actively looked for work on their behalf, 47 per cent were given advice or help to prepare for interviews and 22 per cent were given counselling and personal support. Less than 10 per cent of respondents reported that their employment consultant had provided them with transport to interviews or other local services or secured them work experience through either a voluntary job or a work trial with an employer.

Information on the activities that job seekers are engaged in is available from administrative records. Activities include training courses, services to address non-vocational barriers, work experience places and participation in part-time work and education. Administrative systems data allow comparisons to be made between retrenched workers and other similar job seekers. In the absence of a counterfactual, this is important when attempting to establish relative levels of assistance and whether a labour market intervention was effective.
Most job seekers do not participate in any recorded activities. For example, almost 86 per cent of retrenched workers in the Early Access initiative were not recorded as participating in any activity. This was higher than for other retrenched workers participating in Stream 2 who were not part of the Early Access initiative (81 per cent), other Stream 2 participants (77 per cent) and Stream 1 participants (76 per cent). Even if Early Access retrenched workers who left assistance within three months of registration are discounted, this proportion falls to 83 per cent without a recorded activity (i.e., only 17 per cent of Early Access participants had an activity recorded). This does not necessarily mean that these job seekers did not receive any assistance, especially when it is noted that much of this assistance was for non-vocational barriers or involved the provider actively looking for work on the job seeker’s behalf.

The timing of assistance within a spell of unemployment is important, particularly for those eligible for Early Access. Retrenched workers receiving Early Access were no more likely than other job seekers to participate in activities any earlier in their spell of unemployment. The proportion of job seekers who participated in their first activity within three months of registration was 5.4 per cent for retrenched workers in the Early Access initiative, 5.7 per cent for other retrenched workers in Stream 2, 7.0 per cent for all other Stream 2 job seekers and 5.7 per cent for Stream 1 participants.

Job seekers can participate in a number of activities, particularly if they are unemployed for a long period. However, most job seekers who were recorded as participating in activities only participated in a single activity. For retrenched workers receiving Early Access with an activity, 73 per cent had only a single activity. This varied by duration of unemployment (from 85 per cent for those who were unemployed for less than three months to 69 per cent for those who remained unemployed after two years).

The most commonly recorded first activity for these retrenched workers was in accredited training at the Certificate III or IV levels (25 per cent), closely followed by participation in Certificate I or II level courses (21 per cent) (Figure 1.9). Their first recorded activities were similar to the activities of other Stream 2 job seekers, although Early Access participants were more likely to undertake work experience and training in job search and less likely to be involved in pre- or non-vocational training than other Stream 2 job seekers. Compared with Stream 1 job seekers, retrenched workers more commonly participated in Certificate III or IV training, tertiary education or work experience but less frequently participated in training in job search and part-time or casual employment.
Figure 1.9: First recorded activities for job seekers in JSA assistance, July 2009 to December 2010

1 Job seekers registered in the period July 2009 to December 2010. Other activities include participating in primary or secondary education and assistance to address non-vocational employment barriers.

Source: DEEWR administrative systems.

As noted above, assistance to job seekers may involve EPF expenditure by JSA providers. The EPF is used to deliver services such as training courses, reverse marketing, and interpreter and personal services. The availability of the EPF allowed providers to spend more on Early Access participants than would have been the case had these job seekers received Stream 1 assistance. Over 50 per cent of Early Access participants were assisted using the fund compared with 14.3 per cent of Stream 1 job seekers (Table 1.3). The extent to which JSA providers used the fund to deliver services to Early Access participants and the types of assistance delivered was similar to that for other Stream 2 job seekers. The EPF was used, for example, to pay for training courses for 27.2 per cent of Early Access participants, 32.3 per cent of retrenched workers in Stream 2 who were not receiving Early Access and 29.3 per cent of other Stream 2 participants. Clothing and equipment (22.5 per cent to 26.6 per cent) and reverse marketing (18.3 per cent to 22.6 per cent) were other EPF services provided to significant numbers of Stream 2 job seekers.
The attitudes of job seekers to the assistance received gives an indication of the quality of services provided to retrenched workers, initially by Job Network and then by JSA. As a group, job seekers seem to have divergent views towards this assistance. Similar proportions agreed and disagreed with the attitudinal statements on employment assistance services tested in the two Surveys of Retrenched Workers (Figure 1.10).\(^3\)

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\(^3\) It is important to note, however, that the survey information on job seeker attitudes (as well as the survey information of the assistance received) only presents the perspective of the job seeker. Perceptions may be influenced by outcomes and job seekers may have forgotten some of the assistance received by the time they were surveyed. Moreover, a provider may undertake certain activities on behalf of a job seeker that the job seeker was unaware of.
This divergence of view was also evident among job seekers who participated in focus groups:

In the past they helped you through the career change process and were really willing to help you, even if you weren’t on benefits. Nowadays, they are so hard to deal with. I was so upset, I got nothing … these people (JSA providers) … made me feel embarrassed for being there. (Retrenched worker, Gold Coast, 2010)

Mine was … awesome. They offered me so many different things. They said let’s get yourself sorted first. Once they put me through the anger management they looked at my résumé and told me it was fine. They sent it out to a job and I started working the day after that. (Retrenched worker, Adelaide, 2010)

Similar information on service quality was not collected in the evaluation from employment service providers. However, their views on the Early Access initiative were sought in interviews with JSA providers and Centrelink in 2010 and the first half of 2011. There was strong support among providers for the initiative and minimal criticism. This is not surprising, as employment service providers benefited financially from the additional funding made available to retrenched workers receiving Early Access. JSA providers and Centrelink considered the initiative to be an appropriate and effective response to a very real problem. By automatically allocating retrenched workers to Stream 2, retrenched workers had access to a greater level of support and assistance than would have otherwise been the case. This was seen as giving retrenched workers the opportunity to improve their skills. Some providers thought the initiative gave both vocational and emotional...
support. They believed that, in being able to return to work quickly, the psychological hardship endured by job seekers when they were retrenched was minimised.

**Effectiveness**

The Early Access initiative was designed to reduce the unemployment duration of retrenched workers. Providing immediate access to personalised employment assistance was seen as a way of achieving this objective. Performance measures used to test whether this objective was achieved included:

- the time taken to achieve an outcome
- the type or quality of outcome.

The approach involved comparing these indicators for a group of retrenched workers who commenced JSA Stream 2 services under the Early Access initiative (who would otherwise have been eligible for Stream 1 services) and comparison groups of job seekers. There were three comparison groups, including:

- Stream 1 job seekers (who had similar barriers to employment as retrenched workers receiving Early Access)
- Stream 2 retrenched workers (who, based on their more disadvantaged characteristics, would have been eligible for Stream 2 regardless of the Early Access initiative)
- other Stream 2 job seekers.

All groups were selected from the department’s administrative systems from those whose registration was during the period July 2009 to December 2010. The analysis was restricted to Newstart Allowance and Youth Allowance recipients (who represented almost 80 per cent of those receiving Early Access) to ensure comparability between programme and comparison groups. The remaining Early Access participants (who were not receiving Newstart Allowance or Youth Allowance) were excluded from this part of the analysis. In the absence of the Early Access initiative, these job seekers would have been eligible for Stream 1 (Limited). Constructing a valid comparison group from Stream 1 (Limited) job seekers was not possible.

In the analysis of estimated effectiveness reported below, logistic regression techniques were used to control for differences in demographic and labour market characteristics between each group of job seekers. The rationale is that, once these (observable) factors are controlled for, differences in the average time taken to secure outcomes between groups would indicate the effectiveness of the Early Access initiative. The validity of this approach rests on the extent to which unobservable factors (such as motivation and attitude) influence these labour market outcomes.

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11 Logistic regression and Post-programme Monitoring outcomes analyses were restricted to 12-month inflows to enable more accurate comparisons between groups.

12 Validity may be compromised if unobservable characteristics differ substantially between the programme group (retrenched workers receiving Early Access) and the comparison groups, potentially leading to biased estimates of effectiveness. A more detailed description of this approach to measuring the effectiveness of an intervention in the absence of a counterfactual is available in DEWR (2002).
Time taken to achieve an outcome

The rate at which job seekers leave the unemployment register (i.e. are no longer actively registered in employment services) is an indicator of the time taken to achieve an outcome. Retrenched workers receiving Early Access were slower to leave the unemployment register than the comparison group of Stream 1 participants. Figure 1.11 shows exits from the unemployment register (which lasted at least two weeks) in the two years from the date of registration for retrenched workers receiving Early Access and comparison groups. To improve comparisons between groups, each series was weighted on the basis of observable characteristics.13

By the end of the two-year period, the proportion of job seekers who had exited was 87 per cent for both participants receiving Early Access and the Stream 1 comparison group (Figure 1.11). For other Stream 2 participants, the proportion was 80 per cent. The time taken for half of the Early Access participants to have left employment assistance was 32 weeks which was the same time as other Stream 2 participants. In contrast, half of the Stream 1 comparison group had exited by 22 weeks. For those who achieved exits, the average time spent on the unemployment register was 36 weeks for Early Access retrenched workers and 27 weeks for Stream 1 participants.

A plausible explanation for this finding is that participation in Stream 2 is associated with a delay in exits from employment assistance. This may be due to a temporary reduction in job search activity resulting from participating in assistance (for example, undertaking training) because there is less time available for job search.14 Another possibility is that the recent work history of retrenched workers meant that this group had more assets than other job seekers and were more selective in their job search.15 Particularly in the early stages of unemployment, retrenched workers may not be actively seeking employment if they believe they will return to their previous employer. Retrenched workers who previously earned high wages may have had a higher reservation wage16 than other job seekers, reducing their likelihood of finding a job. This may also explain the delay in exits from the unemployment register for Early Access retrenched workers. However, it may also result in better job matching and more sustainable employment for the retrenched workers who did find a job.

13 Characteristics used for weighting include education level, Indigenous status, recency of work experience, English language proficiency and whether they were located in a priority employment area.
14 According to the OECD, ‘participants in training and job creation programs have less free time for job search than jobseekers who do not participate. During programme participation, job entry rates tend to fall—the so-called “lock-in” effect’ (2005, p. 183).
15 This analysis is restricted to those receiving Newstart Allowance or Youth Allowance (Other). Job seekers receiving income as part of a redundancy payout are likely to be excluded from this analysis, as the Income Maintenance Period would delay their access to unemployment benefits. However, the temporary changes to the Liquid Assets Waiting Period may affect the time spent on the unemployment register.
16 Reservation wage refers to the minimum wage a person is willing to take in order to accept employment.
Figure 1.11: Proportion of job seekers remaining unemployed by number of weeks since registration with Centrelink

An indicator of sustainable employment is whether those who exited employment assistance had later re-registered for assistance. Re-registrations did not appear to differ between retrenched workers receiving Early Access and the Stream 1 comparison group. Approximately 42 per cent of both groups returned to employment services within two years of initial exit (compared with 46 per cent of Stream 2 retrenched workers and 49 per cent of other Stream 2 workers). Less encouragingly, 23 per cent of Early Access retrenched workers returned to employment services within six months of exit compared with 21 per cent of the Stream 1 group. This suggests that retrenched workers receiving Early Access were marginally less likely to achieve sustainable employment outcomes.

Estimated effectiveness

The effect of Early Access to Stream 2 services for retrenched workers can also be examined using logistic regression analysis of the likelihood of exiting employment services. Logistic regression enables a more robust estimate of the influence of the Early Access initiative, as it controls for other observable characteristics of the job seeker that may also affect their exit from employment services.

The analysis, as noted above, was restricted to Early Access retrenched workers and other Stream 1 job seekers receiving Newstart Allowance or Youth Allowance (Other) who registered in employment services in the 2010 calendar year. Logistic regressions were re-estimated regularly for the months

\[17\]

Re-registrations of less than two weeks after exit were treated as a single spell of unemployment.
after registration with employment services to test whether factors affecting exits from the unemployment register had changed over time.

Factors found to be associated with a statistically significant higher likelihood of exit from the unemployment register included being aged 21 to 44 years, male, non-Indigenous, having a tertiary education and not having literacy and numeracy issues. Job seekers who were contactable by phone, born in an English speaking country, living in a partnered relationship and not in a priority employment area were also more likely to exit the unemployment register (Figure 1.12). The rankings of these factors were generally consistent across the different time periods estimated.

Figure 1.12: Likelihood of exit from employment services after 12 months, by selected characteristics

<table>
<thead>
<tr>
<th>Least likely to exit</th>
<th>Most likely to exit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 55-64</td>
<td>Age &lt; 18</td>
</tr>
<tr>
<td>Lone parent</td>
<td>Partnered parent</td>
</tr>
<tr>
<td>Literacy and numeracy required</td>
<td>Literacy and numeracy not required</td>
</tr>
<tr>
<td>Education &lt; Year 12</td>
<td>Year 12</td>
</tr>
<tr>
<td>Early Access participants</td>
<td>S1 comparison</td>
</tr>
<tr>
<td>Born in non-English speaking country</td>
<td>Born in Australia</td>
</tr>
<tr>
<td>Born in predominately English speaking country</td>
<td>Non-English speaking country</td>
</tr>
<tr>
<td>Indigenous</td>
<td>Non-Indigenous</td>
</tr>
<tr>
<td>Not contactable by phone</td>
<td>Contactable by phone</td>
</tr>
<tr>
<td>Priority employment area</td>
<td>Non-priority employment area</td>
</tr>
<tr>
<td>Female</td>
<td>Male</td>
</tr>
</tbody>
</table>

Including in the analysis the characteristic of whether the job seeker received Early Access was also (highly) statistically significant. Stream 1 comparison job seekers were significantly more likely to exit from the unemployment register than Early Access retrenched workers. This effect dissipated over time. At the three-month point after employment services registration, Stream 1 job seekers were 4.16 times more likely to have exited employment services than Early Access retrenched workers (after controlling for other observable characteristics). The exit likelihood decreased to 2.27 times more likely at the six-month point, 1.39 times more likely at the 12-month point, 1.22 times more likely at the 18-month point and 1.12 times more likely after two years.

These findings are consistent with the exit analysis shown in Figure 1.11. Controlling for observable job seeker characteristics in the regression, retrenched workers receiving Early Access were found to have a lower likelihood of exit from the unemployment register relative to Stream 1 job seekers. Over time, this effect becomes less important, with age, education and family status factors having a more significant influence on the likelihood of exit after 12 months on the unemployment register. As noted earlier, this may be the result of the Early Access initiative. The higher level of servicing...
provided by the Early Access initiative may have delayed the time taken to exit the unemployment register. It is also important to note that there may be unobservable differences in the characteristics of retrenched workers and Stream 1 job seekers that affect the likelihood of an exit. As the Early Access initiative was available to all eligible retrenched workers during this period, it was not possible to compare Early Access participants with a retrenched worker counterfactual who did not receive Stream 2 employment assistance.

**Quality of outcome**

The analysis of exits estimates the effectiveness in terms of the time taken for Early Access retrenched workers to achieve an outcome relative to similar job seekers in other forms of assistance. However, exits data do not indicate the type of outcome. For some, this may be employment, but for others, it may mean leaving the labour force. For those who leave unemployment to take up a job, it is important to know the quality of the job and how long it lasts.

Retrenched workers in the Early Access initiative were more likely to have been referred to jobs than other job seekers and to be referred earlier in their unemployment spell. Almost 80 per cent of Early Access participants received job referrals from JSA and 52.1 per cent were referred within the first three months of unemployment (Table 1.4). In contrast, 46.1 per cent of Stream 1 job seekers were referred to jobs, with 8.2 per cent referred in the first three months of unemployment. The smaller proportions for Stream 1 job seekers are not surprising given that the incentives for JSA providers to place Stream 1 job seekers are lower than the incentives to place Stream 2 job seekers.\(^{18}\) The higher referral rate for Early Access participants compared with other Stream 2 job seekers appears to reflect their higher level of work readiness. This may also help explain why the proportion of referrals for other retrenched workers was also higher than that of other job seekers in Stream 2.

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\(^{18}\) In broad terms, the financial incentives available to providers are inversely proportional to a job seeker’s work readiness and capacity for employment.
### Table 1.4: Job referrals, placements and paid outcomes, July 2009 to December 2010

<table>
<thead>
<tr>
<th></th>
<th>Stream 1&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Early Access participants</th>
<th>Other retrenched workers</th>
<th>Stream 2</th>
<th>% of all job seekers in each group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Job referrals</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First referral within 3 months</td>
<td>8.2</td>
<td>52.1</td>
<td>38.8</td>
<td>32.0</td>
<td></td>
</tr>
<tr>
<td>All</td>
<td>46.1</td>
<td>79.3</td>
<td>72.2</td>
<td>62.5</td>
<td></td>
</tr>
<tr>
<td><strong>Job placements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First placement within 3 months</td>
<td>6.1</td>
<td>47.9</td>
<td>34.5</td>
<td>27.3</td>
<td></td>
</tr>
<tr>
<td>All</td>
<td>38.9</td>
<td>72.6</td>
<td>63.1</td>
<td>52.6</td>
<td></td>
</tr>
<tr>
<td><strong>Paid outcomes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13-week outcomes</td>
<td>NA</td>
<td>50.3</td>
<td>36.5</td>
<td>30.3</td>
<td></td>
</tr>
<tr>
<td>26-week outcomes</td>
<td>NA</td>
<td>39.8</td>
<td>27.3</td>
<td>21.8</td>
<td></td>
</tr>
<tr>
<td>Placements to referrals (%)</td>
<td>84.5</td>
<td>91.6</td>
<td>87.3</td>
<td>84.2</td>
<td></td>
</tr>
<tr>
<td>13-week outcomes to placements</td>
<td>NA</td>
<td>69.2</td>
<td>69.3</td>
<td>57.5</td>
<td></td>
</tr>
<tr>
<td>26-week outcomes to placements</td>
<td>NA</td>
<td>54.8</td>
<td>51.9</td>
<td>41.4</td>
<td></td>
</tr>
</tbody>
</table>

<sup>1</sup> Excludes Stream 1 job seekers who exited within three months of registration.

NA: Not applicable.

Source: DEEWR administrative systems.

Most referrals resulted in a job placement. The rate of placements to referrals for retrenched workers (91.6 per cent for Early Access participants and 87.3 per cent for other retrenched workers) was higher than that of other job seekers in Streams 1 and 2 (approximately 84 per cent) (Table 1.4).

Early Access participants achieved higher outcomes than other Stream 2 job seekers, including other retrenched workers, with 50.3 per cent securing 13-week outcome payments for their JSA provider and 39.8 per cent securing 26-week outcome payments (Table 1.4).<sup>19</sup> The corresponding proportions for other retrenched workers in Stream 2 were 36.5 per cent and 27.3 per cent. For other Stream 2 participants, these proportions were 30.3 per cent and 21.8 per cent.

In the absence of the Early Access initiative, Early Access participants on income support would have participated in Stream 1, yet their referrals and placements were similar to those of other Stream 2 participants. The main difference was that retrenched workers were typically more job ready than other Stream 2 participants and were therefore more attractive to potential employers. This probably explains why retrenched workers received a greater share of job referrals and more commonly achieved employment outcomes than the Stream 2 comparison groups. From the perspective of JSA providers, Early Access participants would have been more attractive than Stream 1 participants because provider organisations could receive outcome payments for these job seekers. Providers do not receive outcome payments for job seekers in Stream 1 (unless they have been in JSA for over 12 months) and this compromises a direct comparison between this group and Early Access participants.

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<sup>19</sup> 13-week and 26-week outcomes refer to where job seekers have been in full-time employment or training for at least 13 weeks and 26 weeks respectively.
Broader comparisons of the effectiveness of job seeker outcomes between these groups can be estimated from the Post-programme Monitoring (PPM) Survey. The PPM survey is used to measure the labour market and education status of job seekers who received assistance from DEEWR-funded employment services approximately three months after they end a phase of assistance or exit the service. PPM data collected from job seekers who commenced assistance between July 2009 and June 2010, and who subsequently left, were analysed to provide an estimate of the labour market outcomes of exits from the employment service.

A greater share of Early Access participants who exited assistance reported positive labour market outcomes than did exits from the comparison groups. Eighty-five per cent of Early Access participants were employed when surveyed (52 per cent in full-time employment) while only 8.8 per cent were unemployed and 6.3 per cent were not in the labour force (Table 1.5). In contrast, 78.3 per cent of the Stream 1 comparison group were employed. Other Stream 2 job seekers had poorer labour market outcomes—only 71.5 per cent of Stream 2 retrenched workers and 66.4 per cent of Stream 2 job seekers who exited were employed when surveyed. Interestingly, a lower share of Early Access retrenched workers reported being in education or training (13.5 per cent compared with 19.8 per cent of Stream 1 and 25.9 per cent of Stream 2 comparison groups). However, a greater share of Early Access retrenched workers achieved positive outcomes of working and/or studying (89.0 per cent compared with 86.1 per cent of Stream 1, 76.0 per cent of other retrenched workers in Stream 2 and 79.0 per cent of other participants of Stream 2).

Table 1.5: Labour force outcomes for job seekers who exited employment services

<table>
<thead>
<tr>
<th>Labour force and education status</th>
<th>Stream 1</th>
<th>Early Access participants</th>
<th>Other retrenched workers</th>
<th>Stream 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>78.3</td>
<td>84.9</td>
<td>71.5</td>
<td>66.4</td>
</tr>
<tr>
<td>Full-time</td>
<td>50.9</td>
<td>51.8</td>
<td>36.3</td>
<td>32.8</td>
</tr>
<tr>
<td>Part-time</td>
<td>27.4</td>
<td>33.1</td>
<td>35.2</td>
<td>33.6</td>
</tr>
<tr>
<td>Unemployed</td>
<td>11.5</td>
<td>8.8</td>
<td>14.8</td>
<td>13.7</td>
</tr>
<tr>
<td>Not in labour force</td>
<td>10.2</td>
<td>6.3</td>
<td>13.6</td>
<td>19.9</td>
</tr>
<tr>
<td>Education and training</td>
<td>19.8</td>
<td>13.5</td>
<td>11.4</td>
<td>25.9</td>
</tr>
<tr>
<td>Positive outcome(^2)</td>
<td>86.1</td>
<td>89.0</td>
<td>76.0</td>
<td>79.0</td>
</tr>
</tbody>
</table>

1 Restricted to Newstart Allowance and Youth Allowance (Other) recipients who responded to the Post-programme Monitoring Survey after exit.
2 A positive outcome is achieved when a job seeker indicates they are working and/or studying.

The analysis of exit data suggests that the Early Access initiative may have delayed the return to the workforce of some retrenched workers. On the other hand, it appears that their outcomes are generally of better quality than their comparison groups with a greater share of job placements and employment outcomes. Of those who exited assistance and responded to the PPM survey, a greater share of retrenched workers receiving Early Access reported to be in employment three months after exit compared with other groups. It is possible that the extended time in personalised employment assistance for these Early Access participants may have contributed to their better labour market outcomes and that a greater proportion of those who exit Stream 1 ahead of those in Stream 2 leave both assistance and the labour market. In the absence of a counterfactual, however,
these propositions could not be tested. Moreover, it is important to recognise that these labour market outcomes estimates were based on survey data and should be treated with caution, as they are subject to sample and response bias.

**Expenditure**

The Australian Government allocated $298.5 million for the Early Access initiative. The additional funding was to provide personalised Stream 2 employment services to retrenched workers who would have otherwise received Stream 1 services from JSA.\(^{20}\) Stream 2 job seekers attract greater service fees and additional EPF credit for JSA providers to use on services that will help people to find a job. There are also more generous financial incentives for JSA providers to broker or assist Stream 2 job seekers to achieve job placements and outcomes.

Average cost per Early Access retrenched worker was estimated to be approximately $2,290 (Figure 1.13). Owing to the lower service, outcome and job placements fees, the average cost for Stream 1 was significantly lower at $900 per job seeker. Average costs for Stream 2 comparison job seekers ranged from $2,199 per other Stream 2 job seeker to $2,735 per Stream 2 retrenched worker. Differences between the various Stream 2 job seeker groups largely reflect variations in the expenditure of Employment Pathway Fund credits on services and claims for outcome payments.

**Figure 1.13: Average expenditure per job seeker in Job Services Australia\(^1\)**

![Figure 1.13: Average expenditure per job seeker in Job Services Australia](image)

1 Restricted to job seekers who commenced employment services and registered between July 2009 and December 2010.

Source: DEEWR administrative systems.

An estimate of the additional expenditure for retrenched workers receiving Early Access can be achieved by multiplying the difference in average costs of Early Access participants compared with Stream 1 average costs ($1,390) by the total number of Early Access retrenched workers who commenced in Stream 2 or Job Search Training equivalent services (approximately 152,000 retrenched workers). The estimated total additional expenditure for the Early Access initiative was approximately $211 million.

A number of important assumptions underlie these estimates. Additional cost estimates were based on job seekers registered between 1 July 2009 and 31 December 2010. These calculations assume

\(^{20}\) Retrenched workers in Job Network received immediate access to Job Search Training. Retrenched workers who were partially eligible for assistance may have otherwise only been entitled to Stream 1 (Limited) services.
the same duration in employment services and ignore the costs associated with those who continue to receive assistance or who return to assistance. These estimates are therefore likely to underrepresent the absolute costs of each group.  

Conclusion

Early Access to Employment Services was introduced as part of the Jobs and Training Compact to help those who lost their jobs as a result of the economic downturn to return to the workforce as soon as possible. Initially, this initiative meant early access to Job Search Training under Job Network. Following the introduction of JSA in July 2009, the Early Access initiative meant that retrenched workers, who would otherwise have been eligible for Stream 1, were eligible for Stream 2 services. The initiative was intended to operate from February 2009 to March 2011 but was stopped three months early because the economy’s recovery was quicker than expected.

Under Job Network, around 16,000 job seekers registered with Centrelink as retrenched workers, while under JSA, over 270,000 registered. The numbers who subsequently participated in the Early Access initiative were 1,800 for Job Network and 149,900 for JSA. Expressing these numbers as a take-up rate was not possible in the evaluation because the size of the potentially eligible population was unknown. Even among retrenched workers who chose to register with Centrelink, many soon returned to employment or deactivated their registration for other reasons while being assessed as eligible for assistance. Those who participated in the Early Access initiative were typically male, aged 25 to 44 years, had an education level of less than Year 12 (although almost one-quarter were tertiary educated), had been retrenched from a full-time job and were in receipt of Newstart Allowance.

The level and types of assistance received by participants in the Early Access initiative were broadly similar to that of other job seekers in Stream 2. The most common services that job seekers reported having received were related to the provision of advice and information. Other assistance from JSA (based on the expenditure of EPF credits) included training, assistance with clothing and equipment and reverse marketing. Among those who participated in training, Early Access retrenched workers were more likely to undertake Certificate levels III and IV than other Stream 2 participants and those in Stream 1.

Participants in the Early Access initiative were found to take longer to achieve an exit from labour market assistance than equivalent Stream 1 job seekers. This implies that providing retrenched workers with early access to employment assistance may have prolonged the time spent by some in looking for work. It may also imply that, in the early days of unemployment, retrenched workers were more selective in their job search than other job seekers. On the positive side, however, Early Access participants who exited assistance were more likely to secure employment than Stream 1 participants and other Stream 2 participants and less likely to leave the labour force. Whether these outcomes were a result of participation in the Early Access initiative could not be established.

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21 This is only significant to relative costs if the rate at which job seekers remained in assistance differed significantly between groups. For those job seekers who exited assistance, claims data were included to slightly more than six months after assistance (which may exclude later claims made by job seekers).
**Building the Basics**

Employees who have low levels of English language and literacy or low levels of numeracy are at greater risk of retrenchment than other workers, particularly during an economic downturn. In recognition of this, the Jobs and Training Compact included the Building the Basics initiative as part of the Compact with Retrenched Workers. Building the Basics was designed to provide training in English language, literacy and numeracy for both retrenched workers (to assist their attempts to regain employment) and workers vulnerable to retrenchment (to help reduce their chances of losing their job).

**Background**

Building the Basics involved the announcement of Australian Government funding of $28.2 million to improve the language, literacy and numeracy skills of people aged 25 years and over who had been retrenched from the workforce or were at risk of retrenchment. The bulk of funding for the initiative was for additional places in existing programmes, including:

- $2.2 million for an additional 1,500 training places through the WELL programme. These places were designed to provide employees with vocationally-oriented intensive language and literacy training and to assist adult workers vulnerable to retrenchment to remain in the workforce
- $21.34 million for an additional 4,138 training places in the LLNP which provides up to 800 hours of accredited training in language, literacy and numeracy
- $0.95 million for an additional 250 training places in the new Foundation Skills Taster Courses
- a $3.7 million language, literacy and numeracy workforce development initiative.

**Objectives**

Building the Basics was designed to contribute to the Jobs and Training Compact objectives of:

- building the national capacity base for all Australians and improving transitions to further education and employment
- assisting job retention and employment viability among disadvantaged groups that are vulnerable during economic downturns.

**Evaluation data sources**

A number of data sources were used in an assessment of the contribution of Building the Basics to the Jobs and Training Compact, including:

- the Survey of Employers (2010), which provided information on employers’ awareness and use of the WELL programme
- the Survey of Employers of Apprentices (2011), which also collected information on awareness and use of the WELL programme
- the Survey of Employment Service Providers (2010), which collected information on providers’ awareness and use of LLNP
- DEEWR administrative systems for information on programme expenditure, commencements and completions in LLNP and the numbers of WELL projects and participants assisted by these projects
• structured interviews and focus groups with employment service providers, job seekers, Local Employment Coordinators and local government representatives regarding literacy and numeracy issues.

More detail on these data sources is provided at the end of this report.

Limitations on the analysis
The evaluation did not consider the Foundation Skills Taster Courses or the language, literacy and numeracy workforce development initiative. This analysis was confined to an assessment of the WELL and LLNP programmes.

Following the introduction of additional funding in the WELL programme and LLNP as part of the Jobs and Training Compact, changes were not made to the department’s administrative systems. Management information for these programmes did not allow separate identification of projects funded by the Jobs and Training Compact in the case of WELL or those additional places funded by the compact in the case of the LLNP.

Since the focus of the WELL programme is on employers, only limited information on the characteristics of participants in the programme was collected. In the case of LLNP, the data available on the characteristics of participants was also limited. Improvements to management information have since occurred for both programmes but were not available for the evaluation.

Workplace English Language and Literacy programme
Established in 1991 in response to the increasing recognition that English language and literacy training was needed in Australian workplaces, WELL provides financial support to employers, on a co-contribution basis, to assist their employees to improve their literacy skills to help with sustainable employment and further training.22

All non-government employers are eligible to apply for WELL. Training must be delivered by Registered Training Organisations (RTOs) in partnership with an employer. A competitive assessment process, including consideration of local industry needs and state and territory priorities, is used to select projects for funding. Projects are jointly funded by the Australian Government and the employer. Businesses are expected to contribute 25 per cent of approved total WELL training project costs in the first year, increasing to 50 per cent if projects are approved in subsequent years. Aspects of the WELL programme were recently evaluated (DIISRTE 2012).23

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22 Since 1 July 2009, WELL funding has also been available to assist pre-employment Indigenous Employment Program participants with a demonstrated need for language, literacy and numeracy training. In recognition of the link between workforce skills and economic prosperity, 13,000 additional places over four years were announced as part of the Building Australia’s Future Workforce and implemented from 1 July 2011 at a cost of $20 million.

23 An external consultant was engaged to evaluate the WELL programme’s funding model, programme processes, quality and outcomes against the programme aims and objectives. The findings of the DIISRTE evaluation are reported at: http://www.innovation.gov.au/Skills/LiteracyAndNumeracy/WorkplaceEnglishLanguageAndLiteracy/Pages/WellDeliversForEmployers.asp
Awareness

As the WELL programme requires employers to apply to undertake a project, awareness of the programme is important to understanding whether those who could have benefited from the programme knew about it. Surveys of employers by the department found that awareness of WELL ranged from 11 per cent to 14 per cent (Table 1.6).

### Table 1.6: Awareness of the Workplace English Language and Literacy programme amongst employers, 2010 and 2011

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>No</td>
<td>89</td>
<td>86</td>
</tr>
</tbody>
</table>


Awareness of WELL was higher for larger businesses. Twenty-two per cent of businesses with 200 or more employees reported being aware of the programme compared with only 10 per cent of businesses with fewer than 20 employees. The tendency for larger organisations to have better developed training practices, often with dedicated staff responsible for workforce development, probably explains this finding.

As the additional WELL places were targeted towards employers who were adversely affected by the GFC, the level of awareness of this group is an important measure of the impact of the initiative. Sixty per cent of employers surveyed reported being negatively affected by the GFC. The level of awareness of WELL was marginally higher among businesses that reported that they were not negatively affected by the GFC (12.0 per cent compared with 9.6 per cent), although among large businesses (those with 200 or more employees) awareness was higher for those reporting to be negatively affected by the GFC (Figure 1.14).
Participation
The extent to which employers use WELL gives an indication of the performance of the programme and contribution of the additional funding for WELL towards achieving the Jobs and Training Compact objectives.

Use of the WELL programme was low among respondents to the Survey of Employers. Of those who were aware of the programme, only 3 per cent reported having used it in the 12 months to December 2010. Use of WELL was found to be higher among respondents to the 2011 Survey of Employers of Apprentices, where 14 per cent of those who were aware of the programme reported using WELL in the previous 12 months.

Among respondents to the Survey of Employers, use of the WELL programme was higher for larger businesses. Of those businesses with fewer than 20 employees who were aware of the programme, 3 per cent had used it compared with 16 per cent for businesses with 200 or more employees. The higher level of use among larger businesses is consistent with the potential economies of scale available to these businesses that are more likely to have enough staff to create viable class sizes, reducing the cost per participant.

Under the Jobs and Training Compact, the additional funding for WELL was targeted towards businesses that were negatively affected by the GFC. Use among this group relative to other employers is indicative of the level of success of the initiative in achieving compact objectives.
Around 4 per cent of employers surveyed who were negatively affected by the GFC used the WELL programme. The corresponding proportion for businesses that reported that they were not adversely affected by the GFC was less than 1 per cent.

The low level of use of the WELL programme by businesses may indicate a perception among employers that language and literacy training was not needed. Only 7 per cent of employers surveyed reported having staff who required language, literacy and/or numeracy training. Similarly, 8 per cent of employers of apprentices reported having staff who needed this type of training. Although it is problematic to compare different surveys, these survey findings contrast sharply with the Adult Literacy and Life Skills Survey that found that 40 per cent of the Australian workforce does not have the literacy skills to operate effectively in the workplace (ABS 2008). This suggests a lack of awareness among employers of the low levels of language and literacy skills of their employees which may be partly due to a reluctance by employees to disclose such potential barriers. Moreover, WELL is one element of a range of workforce development initiatives and does not have the capacity for high levels of use by large numbers of employers.

Most participants who completed the WELL programme were from an English-speaking background, although there was an increased proportion from a non-English-speaking background. In the period from 2006–07 to 2009–10, 59.0 per cent to 68.1 per cent of participants were from an English-speaking background and 4.0 to 4.7 per cent of participants were of Aboriginal and/or Torres Strait Islander origin (Table 1.7).

Table 1.7: Proportion of participants in the Workplace English Language and Literacy programme with English-speaking, non-English-speaking or Aboriginal and Torres Strait Islander backgrounds, 2006–07 to 2009–10

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>English-speaking background</td>
<td>68.1</td>
<td>63.4</td>
<td>59.0</td>
<td>60.3</td>
</tr>
<tr>
<td>Non-English-speaking background</td>
<td>27.4</td>
<td>32.5</td>
<td>37.0</td>
<td>35.0</td>
</tr>
<tr>
<td>Aboriginal and/or Torres Strait Islander</td>
<td>4.5</td>
<td>4.1</td>
<td>4.0</td>
<td>4.7</td>
</tr>
</tbody>
</table>

Source: DEEWR administrative systems.

In 2008–09, 27 per cent of projects were located in priority employment areas,24 while in 2009–10 this proportion was slightly higher at 29 per cent. In 2009–10, participants who completed the WELL programme were marginally more likely to be males (49 per cent male and 41 per cent female).25

There were mixed views about the WELL programme among employment service providers, Local Employment Coordinators and employers aware of the programme who were interviewed. For some, the programme was considered to be of limited appeal because it required employers to contribute their own funds. The likelihood of employers contributing funds reduces in an economic downturn as the focus shifts to covering business costs rather than developing the skills of staff. This

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24 The government announcement of priority employment areas did not begin until April 2009.
25 Gender was not reported for 10 per cent of the participants who completed WELL in 2009–10.
highlights the difficulty in expecting businesses to provide training during periods of economic uncertainty and possible future job losses:

*Employers face a disincentive to use WELL because the employer has to contribute.* (Local Employment Coordinator, 2010)

Employers who used WELL, however, reported that they found it useful. Of those businesses surveyed that had used WELL, almost all (95 per cent) said they would use the programme again:

*We’ve had some very positive experiences, particularly with our outdoor depot workers. It’s assisted them in being able to improve their literacy, computer and writing skills. It’s also been a very good self-esteem programme as well. It’s given them confidence.* (Local government representative, 2010)

**Expenditure**

The additional funding from the Building the Basics package was not separately identified from ongoing WELL funding. The additional Jobs and Training Compact funding for WELL occurred in 2009–10, although for some participants training would have been completed in the following financial year. Programme expenditure in 2009–10 was greater than previous years by almost one-quarter, in line with the additional funding from the Jobs and Training Compact (Table 1.8). It was also greater again in 2010–11 by a similar amount. Both of these years include concurrent expenditure on the WELL Indigenous Employment Program element of the programme, which commenced in July 2009. Despite these increases in expenditure, WELL expenditure was less than budgeted in both 2009–10 and 2010–11.

| Table 1.8: Workplace English Language and Literacy programme budget and expenditure,¹ number of projects and numbers trained, 2006–07 to 2010–11 |
|---|---|---|---|---|---|
| Number of new projects⁵ | 332 | 348 | 257 | 281 | 172 |
| Number of completions | 17,457 | 17,860 | 12,134 | 12,887 | 14,219 |
| Cost per participant | $861 | $835 | $1,234 | $1,431 | $1,612 |

¹ Excludes GST.
² Excludes $591,500 in funds provided under the Northern Territory Emergency Response.
³ Includes $2.2 million contributed through the Jobs and Training Compact.
⁴ Includes $2 million provided to VET National Programs.
⁵ Some projects may have commenced in previous years.

Source: DEEWR administrative systems.

**Conclusion**

The WELL programme aims to improve the workplace English language and literacy skills of Australian workers. As part of the Building the Basics component of the Jobs and Training Compact, an additional $2.2 million dollars was provided to the programme in 2009–10 to fund extra training places. However, the extent to which this additional funding was necessary is questionable despite an increase in expenditure over the previous financial year of almost one-quarter. Programme expenditure in 2009–10 was under budget by almost $3 million and use by employers was low, with only 3 per cent of those aware of the programme reporting using it within the year. Factors
contributing to this seem to be a lack of awareness among employers of the language and literacy needs of their employees and less willingness to use the programme in an economic downturn given the need for employer contribution and the fact that during a downturn their focus shifts more to business costs than staff development.

**Language, Literacy and Numeracy Program**

As noted above, the Building the Basics component of the Jobs and Training Compact included the provision of 4,138 additional places in 2009–10 on the LLNP for retrenched workers aged 25 years and over.

LLNP was established in 2002 with the amalgamation of the Literacy and Numeracy Training Program and the Advanced English for Migrants Program. LLNP is ongoing and has undergone a number of changes since 2002 in an attempt to raise the standard of language, literacy and numeracy among those looking for work. The programme provides up to 800 hours of accredited training to job seekers whose language, literacy and numeracy skills are below the level considered necessary to secure sustainable employment or to pursue further education and training. Individuals eligible to participate must:

- be of working age (15 to 64 years)
- be a registered job seeker with Centrelink and not a full-time student at the time of referral to LLNP
- have no potential barriers to successful participation in LLNP
- satisfy eligibility criteria relating to benefit and visa status.

Eligible participants are referred by either Centrelink or an employment service provider. Within 10 days of referral, the participant must complete a pre-training assessment to gauge their suitability for the LLNP and, if the participant is suitable, the training stream appropriate for them. Participants are placed into one of three streams (initial, basic or advanced). Once allocated to a stream, participants are provided with personalised training in 200-hour blocks, with up to a maximum of four blocks of training provided to each individual depending on their needs.

**Awareness and participation**

As expected, LLNP was well known among the agencies that were able to refer clients to the programme. The Survey of Employment Service Providers found that 90 per cent of providers were aware of the programme. Awareness was only marginally lower (88 per cent) for those providers whose sites were affected by the economic downturn and did not vary according to location in a priority employment area or elsewhere.

Among employment service providers who were aware of LLNP, 57 per cent reported having used it. Use was slightly higher among those provider sites that were more heavily impacted on by the GFC (59 per cent compared with 54 per cent).

Commencements in LLNP decreased from 2006–07 to 2008–09 and then increased from 2009–10 (by 11.2 per cent) and decreased again in 2010–11 (Table 1.9). This decrease was mainly due to the 2010–11 contract transition and IT changes that disrupted the programme’s operation. Completions showed a similar decrease after 2006–07 but since then have remained relatively stable.
Table 1.9: Commencements and completions for the Language, Literacy and Numeracy Program, 2006–07 to 2010–11

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commencements</td>
<td>20,288</td>
<td>18,213</td>
<td>17,950</td>
<td>19,967</td>
<td>19,517</td>
</tr>
<tr>
<td>% change year to year</td>
<td>—</td>
<td>-10.2</td>
<td>-1.4</td>
<td>11.2</td>
<td>-2.2</td>
</tr>
<tr>
<td>Completions</td>
<td>12,298</td>
<td>10,725</td>
<td>10,621</td>
<td>10,413</td>
<td>11,396</td>
</tr>
<tr>
<td>% change year to year</td>
<td>—</td>
<td>-12.8</td>
<td>-1.0</td>
<td>-2.0</td>
<td>4.9</td>
</tr>
</tbody>
</table>

Source: DEEWR administrative systems.

LLNP participants were from different backgrounds. Of those individuals who commenced LLNP in 2009–10 and 2010–11, three-quarters were from culturally and linguistically diverse backgrounds. Indigenous Australians made up 7 per cent of commencements in 2009–10 and 2010–11.²⁶

An attempt was made in the evaluation to establish how many of the commencements in 2009–10 were retrenched workers aged 25 years and over (the Jobs and Training Compact target for this initiative). In the period 1 July 2009 to 30 June 2010, of the 546 people self-identified as retrenched workers aged 25 years and over who were referred to the LLNP, 445 commenced the programme. This represented just over 2 per cent of total commencements. Also in the same period, 310 people who self-identified as retrenched workers and were aged less than 25 years commenced the programme.

The views of employment service providers interviewed suggest there was unmet need for the LLNP. Many providers reported language, literacy and numeracy problems to be common in their location for both migrant and non-migrant job seekers of all ages but that non-disclosure of these problems was a barrier to providing tailored assistance, including referral to the LLNP:

*It’s more to do with the job seeker disclosing that information ... you can’t really force them into something like that.* (JSA provider, Port Augusta – Whyalla – Port Pirie, 2010)

*There is a problem with some clients who do not disclose their language, literacy and numeracy problems. Some clients are open about the problem and others are less open.* (JSA provider, Mildura–Swan Hill, 2010)

Outcomes for the LLNP were also an issue raised by providers. According to some, the quality of outcome depended on the quality of teacher. For others, client motivation was the most important factor:

*If you have a good teacher it can be a good programme. If you have a teacher who has difficulties engaging with clients it can be not a good programme at all. I think the programme is quite good but it depends on the teacher.* (JSA provider, Ipswich–Logan, 2010)

*It can work for some people, if they are self-motivated and want to do it.* (JSA provider, North West / Northern Tasmania, 2010)

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²⁶ This information was not collected before the 2009–10 financial year.
Success depends on the amount of effort the job seeker puts into it. (JSA provider, Canterbury–Bankstown and South Western Sydney, 2010)

After placing job seekers in the LLNP, some employment service providers reported some difficulty measuring their clients’ progress in the programme. Subsequently, clients can find themselves doing the LLNP for an extended period.

**Expenditure**

As noted earlier, the cost of the Building the Basics component of the LLNP could not be distinguished from ongoing LLNP funds. Over the period 2006–07 to 2010–11, funding for and expenditure on LLNP steadily increased (Table 1.10). However, it is interesting to note that, if the Jobs and Training Compact funds for LLNP were excluded from 2009–10, the budget for this year would have fallen relative to earlier years. It is not clear whether any significance should be attached to this.

**Table 1.10: Language, Literacy and Numeracy Program budget, expenditure, commencements and completions by financial year,\(^1\) 2006–07 to 2010–11**

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget ($ million)</td>
<td>56.3</td>
<td>61.7</td>
<td>65.1</td>
<td>79.7</td>
<td>86.4</td>
</tr>
<tr>
<td>Expenditure ($ million)</td>
<td>45.2</td>
<td>63.9</td>
<td>67.7</td>
<td>84.6</td>
<td>77.6</td>
</tr>
<tr>
<td>Number commenced LLNP</td>
<td>20,288</td>
<td>18,213</td>
<td>17,950</td>
<td>19,967</td>
<td>19,517</td>
</tr>
<tr>
<td>Number completed LLNP</td>
<td>12,298</td>
<td>10,725</td>
<td>10,621</td>
<td>10,413</td>
<td>11,396</td>
</tr>
<tr>
<td>Cost per commencement ($)</td>
<td>2228</td>
<td>3508</td>
<td>3772</td>
<td>4237</td>
<td>3754</td>
</tr>
</tbody>
</table>

\(^1\) Excludes GST.
Source: DEEWR administrative systems.

**Conclusion**

The Building the Basics LLNP component of the Jobs and Training Compact was designed to build the national skills and capacity base and improve transitions to further education, training and employment. An increased number of commencements from 2009–10 and an increase in the number of people who completed the programme in 2010–11 suggests that the skills and capacity base may have improved. It was not possible in the evaluation to establish whether such an improvement actually occurred and, if so, whether this occurred for the Jobs and Training Compact target group. A lack of management information meant that the data needed to adequately address these issues were not available.
Structural Adjustment Places

Government-funded training places, known as Structural Adjustment Places (SAP), were made available for workers who lost or were at risk of losing their jobs due to the economic downturn. These funded training places were a component of the Productivity Places Program (PPP) and were available via employers and representatives for groups of displaced workers. The training was made available to give these workers the opportunity to update their skills to regain employment.

Background

The SAP element of PPP provided up to 25,000 government-funded training opportunities for groups of workers who were stood down or retrenched as a result of the economic downturn. The intention of this training was to allow businesses to restructure production processes during the economic downturn and enable productive activities for their stood-down workers. For retrenched workers, this training was aimed at allowing these workers to update their skills or to pursue new work opportunities.

There were three separate announcements on the number of SAP:

- the first announcement of 10,000 training places was made available in October 2008 as part of the Economic Security Strategy. These places were at the Certificate III level, with commencements available until 30 June 2009. In early 2009, the Minister approved stood-down workers as eligible for SAP
- the second announcement of 10,000 training places on 24 February 2009 was made as part of the Jobs and Training Compact. These places were available at the Certificate III level and above for training commenced between 1 July 2009 and 30 June 2010
- the third announcement of 5,000 training places was made in November 2009 with places available until 30 June 2010. At this time, the Minister approved the delivery of training places at the Certificate II level.

In March 2010, 3,000 of these places were earmarked to help retrain former insulation workers as part of the Insulation Workers Adjustment Package. Training was available at the Certificate II level and above to enable former insulation workers to gain skills for employment in an industry of their choice. Chapter 4 of this report includes more information on the performance of the Insulation Workers Adjustment Package.

It should be noted that, while the SAP announced as part of the Jobs and Training Compact refer only to the 15,000 training places made available during the 2009–10 financial year, the evaluation examined the entire 25,000 places made available through SAP. The fact that all of these places were included reflects the difficulties in separating the administrative systems data by each announcement of SAP training. However, it is expected that, as these announced places were almost equivalent from a policy standpoint, these findings should be analogous.

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27 ‘Stood down’ refers to employees who could not be usefully employed during work stoppages occurring through no fault of the employer. Work stoppages in this case could consist of reduced labour demand as a result of the economic downturn.

28 Commencements of these approved training places often occurred after 30 June 2010. These commencements are included in the analysis.
In contrast to other training available through mainstream PPP, SAP were reserved for workers who were retrenched or stood down. These training places were intended to assist groups of workers who were displaced via an application process submitted by employers or their representatives (e.g. business associations) or through representatives of groups of workers (e.g. unions). These applications were submitted to the department, with the Minister of Education making the decision on each application. Priority was given to areas that had large numbers of retrenchments, such as the manufacturing industry, and in particular, automotive manufacturing.

The successful applicants were responsible for informing their workers of the availability of training and for assisting them to select the appropriate course. Each participant was then able to approach an RTO contracted to deliver the desired qualification under the PPP.

Some of the retrenched workers who were potentially eligible for SAP may have accessed subsidised vocational education and training qualifications such as those available through PPP. This was part of the Council of Australian Governments agreement that state and territory governments deliver a Compact with Retrenched Workers on 2 July 2009. Information regarding the training of retrenched workers though these state and territory delivered training places could not be identified.

**Objectives**

The objectives of the SAP initiative in the context of the evaluation were to:

- build the national skills and capacity base
- assist the employment viability of those made vulnerable during the economic downturn.

**Evaluation data sources**

Data sources used to analyse this initiative include:

- DEEWR administrative data from the PPP Information Management System. This included information regarding the characteristics and course information of SAP participants
- DEEWR administrative data on the Employment Services System for SAP participants who could be matched to employment services, including information regarding their use of employment services and whether they achieved employment outcomes
- focus groups with retrenched workers and structured interviews with RTOs in priority employment areas
- the Survey of Employers (2010) which included questions on the awareness and take-up of SAP.

Further information on these collections is provided at the end of this report.

**Limitations on the analysis**

This analysis was limited by a lack of information regarding potential and actual participants in SAP. Without knowing the pool of displaced workers eligible for SAP, it was not possible to estimate take-up. The administrative systems data available on those who participated in SAP training was limited

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29 The term ‘displaced’ is used here to collectively describe both retrenched and stood-down workers.
30 Each application included an Employment Separation Certificate or notice of retrenchment for each training place requested.
and may reflect the manual process used to enter information. This has also resulted in a higher risk of input error and reduced monitoring and evaluation capabilities.

This evaluation did not directly survey SAP participants and they could not be identified among the retrenched worker focus groups undertaken in priority employment areas. The qualitative component of this research was restricted to RTOs who had provided SAP training. The perceived effectiveness of these training places was therefore limited to these RTOs and so the financial interests of these organisations should be borne in mind.

The lack of unique individual identifiers that could be linked to other related administrative systems (such as income support or employment services information) was another drawback to this analysis. These data limitations made it difficult to track the potential employment outcomes for SAP participants who may have used employment services. Unlike participants in mainstream PPP, employment service providers were not responsible for referring SAP participants to these training places. In the case of workers stood down, these participants were still connected to the business and were, in fact, still employed. There was little reason then for these workers to access employment services. Even for SAP participants who were retrenched, and therefore not employed, many would not have registered with Centrelink or accessed employment services because either they were not aware of the assistance available or they did not believe they needed these services.

In spite of these limitations, there was a subset of SAP participants that accessed employment services during this period. This analysis uses a matching methodology to examine the employment outcomes for SAP participants who accessed employment services. It should be recognised that, due to the relatively short timeframe for analysis, longer-term training outcomes could not be identified.

**Awareness and participation**

**Awareness**
Key to the successful take-up of training places available under SAP was whether those eligible for this training and those who could provide this training were aware of the initiative.

Focus groups in priority employment areas found that the training places available under SAP appeared to be largely unknown to retrenched workers. Participants tended not to differentiate between the training places available to groups of retrenched workers under SAP and the training places potentially available to them under the much larger mainstream PPP that also provided government-funded training.

Awareness of SAP was much higher among the RTO representatives interviewed. Those representatives who provided training under this initiative welcomed the extra business associated with the additional training places available and generally believed that the initiative allowed a greater number of retrenched workers to take advantage of training opportunities. However, many RTO representatives shared the frustration that the initiative was poorly communicated to displaced workers:

*I think that there was a problem in regards to their communication of the [SAP] programme ... When a company goes into receivership, or when they have layoffs, they obviously get*
visited by the apprenticeship centres and RTOs and representatives from Centrelink and the government to help them find alternatives. They didn’t really know [about SAP]. We knew about it just from DEEWR. No one really knew about it. (RTO, Ipswich–Logan, 2011)

Awareness of the SAP initiative was also very low among the employers surveyed, with approximately 5 per cent of employers reporting being aware of the initiative. Given that the initiative was aimed at providing training places for groups of displaced workers, it was perhaps unsurprising that larger businesses were more aware of the initiative than smaller businesses (awareness was 7.2 per cent among businesses with 200 or more employees, compared with 5.3 per cent for businesses with fewer than 20 employees). Awareness was also typically higher for businesses located in regional areas (6.3 per cent) than major cities (4.7 per cent), while those located in regions identified as priority employment areas revealed slightly higher awareness (5.6 per cent) than non-priority employment areas (5.2 per cent). This reflects a greater proportion of SAP commencements in priority employment areas.

Knowledge of the SAP initiative was relatively low among businesses in the industries of manufacturing (4.2 per cent), construction (4.3 per cent) and retail (2.5 per cent). This is surprising given that these industries were more likely to have reported being negatively affected by the GFC (which could be expected to increase their awareness of government initiatives targeted at supporting workers during the economic downturn). Businesses that reported being negatively affected by the economic downturn were actually less likely to report being aware of SAP (4.9 per cent) compared with those who reported not being negatively affected (6.1 per cent). An exception to this unexpected result was large businesses that reported being negatively affected by the GFC, with 8.5 per cent being aware of SAP. The relatively high level of awareness among this group is consistent with expectations, as the initiative was targeted towards businesses with large numbers of retrenchments.

There was slightly higher awareness of the SAP initiative reported by those responding to the Survey of Employers of Apprentices in 2011. Among these employers, who hired at least one apprentice since July 2009, almost 7 per cent reported being aware of SAP, with this increasing to 20 per cent for businesses with 200 or more employees. Awareness was higher among businesses that reported being affected by the GFC (10 per cent) compared with those not affected (4 per cent).

Unions and business associations (that could also access these training places for retrenched or stood-down workers) did not participate in these surveys. However, there was anecdotal evidence that many unions and business associations did not apply for SAP because they did not know that subsidised training was available.

31 Note that the Survey of Employers was a larger and more general survey of businesses and could be expected to provide better estimates of SAP awareness than the Survey of Employers of Apprentices.

32 It is conceivable that these surveys under-represent the businesses that the initiative was targeted at—that is, large businesses with multiple retrenchments. The additional stresses involved in managing a business exposed to the economic downturn may have led to lower response rates in these businesses, which could bias these results. As such, awareness among targeted businesses could indeed be higher than these findings suggest.
The lack of awareness highlights the need for better promotion of this initiative to the businesses, unions and peak bodies at which it was targeted. However, it is questionable that the use of intermediaries was the most effective strategy in sourcing training for displaced workers.

**Take-up**

Take-up of the SAP initiative was very low among those responding to the Survey of Employers. Less than 1 per cent of those aware of SAP reported having used the initiative. Reported take-up was considerably higher for larger businesses (8 per cent take-up among those who were aware of SAP) and for those in the manufacturing industry (9 per cent). There were also indications that businesses located in regional areas and priority employment areas had higher SAP take-up than businesses located in other regions. Consistent with SAP awareness patterns, however, businesses that reported being negatively affected by the GFC had lower reported take-up of SAP compared with other businesses. This is again in contrast to expectations, as businesses negatively affected by the economic downturn would be more likely to retrench workers and therefore eligible for the SAP initiative.

DEEWR administrative systems information reveals that there were 196 businesses that had used SAP. Businesses that used this initiative were almost exclusively within the manufacturing sector and predominately involved in automotive manufacturing. Participation in SAP was dominated by one large automotive manufacturer that sought almost half (48 per cent) of all SAP commencements. In fact, 70 per cent of total SAP commencements were for displaced workers in only five businesses.

There were also many businesses with a small number of workers claiming SAP. These businesses were often identified as being in the insulation industry. Almost half of the businesses that had used the programme had only one retrenched worker who commenced SAP. This appears to be in contrast to the group targeting of this initiative. These businesses, however, represented only 2 per cent of total SAP commencements, reflecting the fact that most commencements were used by only a few businesses with very large numbers of retrenchments (Table 1.11).

**Table 1.11: Share of commencements in Structural Adjustment Places by business,1 2008 to 2010**

<table>
<thead>
<tr>
<th>Number of commencements in Structural Adjustment Places within each business</th>
<th>Share of businesses using Structural Adjustment Places</th>
<th>Share of total Structural Adjustment Places commencements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per cent</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>49</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>3–5</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>6–10</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>11–50</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>50+</td>
<td>8</td>
<td>89</td>
</tr>
<tr>
<td>Total (No.)</td>
<td>196</td>
<td>7,198</td>
</tr>
</tbody>
</table>

1 Refers to businesses with an ABN identified in the administrative system. Approximately 10 per cent of SAP commencements did not have an ABN registered in the administrative system.

Source: DEEWR administrative systems.
Administrative systems data identified a total of 7,198 commencements in SAP training undertaken by 7,062 displaced workers. This comprised 29 per cent of the 25,000 training places available. The shortfall in the numbers accessing SAP may reflect the fact that the impact of the economic downturn was less severe than anticipated, with workers often being able to quickly regain employment. It may also reflect a preference among retrenched workers to return to work as soon as possible rather than seek training.

If SAP had been marketed directly to retrenched workers and RTOs rather than through intermediaries, take-up may have improved. Low awareness of SAP among employers was also likely to have affected take-up. Some of the RTO representatives interviewed in the qualitative research advocated a better communication strategy for SAP to facilitate higher awareness and take-up. They also suggested stronger links between RTOs and the department which may have allowed for direct sign-ups of retrenched workers into training:

[The low take-up] was partly to do with the fact that the structure of it was that the employer, or employer representative, who had to contact the department on behalf of the people to get them the information, to provide the people [training] options, and then the people had to go and source their own [training]. They had to decide what they want to do and then approach RTOs. (RTO, Ipswich–Logan, 2011)

They say, ‘look, I am losing my job, is there any training opportunities?’ and we [the RTO] would say, ‘well, there is for structural adjustment. It is on the PPP website, we can’t do anything for you as we are at the end of the process’. (RTO, Ipswich–Logan, 2011)

A further explanation for the low take-up of SAP was that some businesses that did not have large numbers of retrenchments may have been less aware of SAP:

Some of them at retail who lost their job, they weren’t classed as a retrenched worker, because it wasn’t a bulk thing. [SAP was] geared towards bulk ... There must be companies out there who have to put people off because of the global financial crisis and they probably didn’t know about [SAP] ... It wasn’t heavily advertised. (RTO, Illawarra, 2011)

There was also a gap between the number of places requested by applicants and the smaller number of places allocated. A total of 20,147 SAP were approved for use, representing more than 80 per cent of the training places made available. This shortfall could be attributed to an overestimate of the number of displaced workers seeking these training places. It may also reflect the time taken between requesting SAP and commencing training, which averaged 17 days. Some of these participants may have found jobs or decided to retire before their training commenced.

Because they had to get a letter from their employer and then their employer had to write [to DEEWR] ... By the time that happens these people have already gone to a job ... they don’t want the training anymore because they are in a job. (RTO, Gold Coast, 2011)

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33 The final number of SAP was 7,294, including two participants with recognised prior learning. Approximately 1,000 SAP training courses commenced after 30 June 2010.

34 There were 136 displaced workers who commenced SAP training in more than one qualification.

35 Excludes outliers. Application date information was not available in the SAP administrative systems data.
Displaced workers who participated in SAP training courses were predominately male (84 per cent of total SAP commencements) (Table 1.12), with the median age of 41 years at course commencement. Less than 1 per cent of SAP commencements were accessed by those who identified as Indigenous or who reported having a disability, while only 4 per cent were from a culturally and linguistically diverse background. Most SAP commencements were for people in major cities and in priority employment areas. This is unsurprising given that the initial selection of priority employment areas was partially based on whether the region had a large manufacturing sector.

Linking SAP administrative data with employment services information found that only 20 per cent of SAP commencements accessed employment services. This suggests that many of these workers were temporarily stood down, rather than being retrenched, and had returned to work within the company. It may also indicate, as noted earlier, that some of these displaced workers had found new employment without accessing employment services or had decided to remain outside of the workforce. Nine per cent of total SAP commencements who accessed employment services were flagged as retrenched workers or former insulation workers by Centrelink and were potentially eligible for Early Access to Employment Services.

36 A unique identifier (such as a ‘Job seeker ID’) was not recorded in the SAP administrative records. To determine whether a worker accessed employment services, various combinations of common personal identifiers such as name, date of birth, telephone number and locality, were used in this analysis to find matching records. To increase the likelihood that their access to employment services was in response to their retrenchment, the workers’ registration date with employment services was restricted to those accessing the service no earlier than six months before their commencement in the SAP training course.

37 There were often other special circumstances identifiers that were applied by Centrelink (approximately 6 per cent of total SAP commencements). Almost half (46 per cent) of displaced workers using SAP who accessed employment services were identified by Centrelink as being retrenched or having other special circumstances.
SAP participants largely undertook training at the Certificate III level (86 per cent of total SAP commencements). These participants overwhelmingly were displaced workers from businesses with large numbers of retrenchments. They were typically older (median age of 42 years) and were less likely to have accessed employment services.

Certificate II level course participants were often former insulation workers. This group was distinct from other SAP participants, having a significantly younger median age of 31 years. Enrolments at the Certificate II level also suggest that these workers did not have prior qualifications and may have had higher barriers to education. Interestingly, 46 per cent of this group accessed employment services.
services, suggesting that these participants were more likely to have been made retrenched, possibly with lower success in regaining employment.

Commencements in SAP were made in over 100 different course types, with almost 70 per cent in Certificate III in Competitive Manufacturing (Table 1.13). At 6.9 per cent, the next most common course was Certificate III in Transport and Logistics (Warehousing and Storage).

### Table 1.13: Top five course types commenced through the Structural Adjustment Places initiative, 2008 to 2010

<table>
<thead>
<tr>
<th>Course title</th>
<th>Share of total Structural Adjustment Places commencements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate III in Competitive Manufacturing</td>
<td>68.8</td>
</tr>
<tr>
<td>Certificate III in Transport and Logistics (Warehousing &amp; Storage)</td>
<td>6.9</td>
</tr>
<tr>
<td>Certificate III in Aged Care Work</td>
<td>1.9</td>
</tr>
<tr>
<td>Certificate IV in Training and Assessment</td>
<td>1.8</td>
</tr>
<tr>
<td>Certificate III in Transport and Logistics (Road Transport)</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Source: DEEWR administrative systems.

The competitive manufacturing training course was particularly popular among large automotive manufacturing businesses. Of the top 10 businesses that used SAP (all of which were involved in automotive manufacturing), 88 per cent of commencements were in this course and over 95 per cent were in courses relating to manufacturing or transport and logistics. In contrast, there was much greater course variety among the businesses that used SAP in smaller quantities. Only 15 per cent of the 90 other businesses that used SAP had commencements in Certificate III in Competitive Manufacturing, while 7 per cent had commenced training in Certificate III in Aged Care Work and 5 per cent had commenced in Certificate III in Civil Construction courses.

The fact that SAP was overwhelmingly used in manufacturing-related training courses raises issues regarding the choice and objectives of the initiative. In the context of the Jobs and Training Compact, the objectives of the SAP training were to build the national skills and capacity base and improve the employment viability of retrenched workers. For SAP training to have been approved, the courses had to be included on the PPP Priority Occupations and Qualifications List, which included training in manufacturing-related courses. It could be argued, however, that this initiative could have been better directed to more significant areas of skills shortage such as aged care. While Certificate III in Aged Care Work was the third most common SAP training course, it represented less than 2 per cent of total commencements in SAP.

The low proportion of SAP training courses outside the manufacturing sector may have reflected reluctance on behalf of employers or workers to undertake training in other sectors geared towards a change in industry. It may also reflect the point made above that many of these displaced

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38 This refers to the PPP Priority Occupations and Qualifications List at the time of the SAP announcements.
39 In the Surveys of Retrenched Workers, almost half (48 per cent) of retrenched workers employed at the time of survey returned to the same industry they were retrenched from, with those retrenched from the manufacturing sector having similar rates of return to this industry. Only 6 per cent of these retrenched workers reported returning to the same job.
workers were temporarily stood down rather than retrenched and may have since returned to work. Evidence of the latter comes from the fact that only 12 per cent of total SAP commencements in the top 10 businesses that used SAP were found to have accessed employment services. These businesses continued to remain operational and were more likely to have reconnected their displaced workers. In contrast, 41 per cent of commencements in the remaining businesses that used SAP accessed employment services. These businesses were generally smaller, with some insulation businesses in particular having since ceased operations. It is expected that displaced workers in these businesses were more likely to have been retrenched rather than temporarily stood down.

The choice of training was typically selected by either the employer or union applying for the SAP training courses as well as by displaced workers. This course selection could therefore be expected to correspond with the industry represented by the employer and union. It could also be expected that some workers would prefer to choose training in an area in which they had experience. This may particularly be the case for older displaced workers who once held senior positions and for whom the costs of an industry change may have exceeded the benefits. It is also likely that displaced workers with family dependents would be less likely to change industry. The lack of income while studying would discourage additional time spent in training, as would the additional cost and employment uncertainty associated with changing industry.

These disincentives are likely to have lessened the chances that displaced workers would pursue training in an area geared towards a change in industry. For this reason, structural adjustment, in the sense of retraining workers in growing industries with endemic skill shortages, does not appear to be a frequent outcome for SAP participants. However, the training may have allowed some businesses to restructure their production process during the period of low economic activity and improve the productivity of their workforce. As national skills shortages have not been reported in manufacturing, retraining in this sector is expected to be less beneficial to the Australian economy than retraining displaced workers in areas of growing skills shortage.

Some of the RTO representatives interviewed also reported that the courses undertaken through the SAP initiative were misaligned with the needs of displaced workers or of the skills in demand locally. RTOs expressed frustration that they had limited control over the decision making on these courses. The SAP initiative was sometimes criticised because the courses applied for were at a level that was too high for many potential candidates, often at a Certificate III level rather than a Certificate II level.

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40 It was common for larger businesses to appoint a training coordinator to assist workers into training. Some of the RTO representatives interviewed had also reported that DEEWR staff and RTOs had assisted in selecting appropriate SAP training courses. RTOs also reported having re-engagement discussions with applicants and participants regarding the nature of the training course.

41 This could not be explored in the evaluation because the SAP administrative systems data do not record family status. However, the main reasons retrenched workers responding to the Employment Assistance Survey gave for not wanting to undertake further study or training were that they were ‘too old’ (29 per cent), ‘would rather work / earn money’ (22 per cent), or were ‘not interested in study’ (13 per cent). Interestingly, only 5 per cent of respondents reported ‘caring responsibilities’ and 1 per cent reported that training was ‘too expensive’. It is possible, however, that these reasons were implied in the more popular responses.
RTO representatives also reported difficulties in dealing with participants who wanted to fast-track their training. This was often because these participants had already found employment. RTOs reported that fast-tracking training came at the expense of course quality and did not work well if participants were also working:

I don’t know if that’s because they found work that replaced what they had or whether they just didn’t want to do it. Some people asked us if they could do it very quickly; that they wanted to do it in times that wouldn’t really enable them to learn. (RTO, North West / Northern Tasmania, 2011)

Despite some reported challenges in dealing with SAP participants, RTOs often perceived the choice of SAP training to be suitable for these displaced workers, as it allowed them to update their skills and increase their chances of returning to work. RTOs reported that this was particularly beneficial for participants from culturally and linguistically diverse backgrounds who had the additional benefit of improving their literacy and also for older workers who needed to develop basic computer skills:

I was talking to a gentleman that was trying to enrol in a course and he’d been in a senior position. He said, ‘I thought I’d get a job really easily, but I’m unemployable. I don’t have any computer skills; people just used to give me reports, you know, I could do a basic email but that’s all I ever did. All I did in the day was reading reports, analysing them, coming up with ideas’. (RTO, Canterbury–Bankstown & South Western Sydney, 2011)

In its later stages, the SAP initiative was used to deliver courses through the Language, Literacy and Numeracy Program for retrenched factory workers. These workers had often had a negative experience of schooling and this may have been compounded by poor language and literacy skills.

In broad terms, it was possible from DEEWR administrative systems and interviews with RTO representatives to divide SAP participants into two broad groups:

- a small group of younger workers who were often retrenched former insulation workers. This group typically had greater barriers to education and work and were often studying Certificate II level courses in areas separate from their previous work
- a much larger group of older workers with extensive work histories who had often been stood down (although sometimes retrenched) from the automotive manufacturing sector. This group were typically studying Certificate III level or higher courses relating to the manufacturing sector.

Although there was substantial diversity within each group, such recognition is important when examining the training and employment outcomes of SAP participants.

**Effectiveness**

In assessing the effectiveness of the SAP initiative in the context of the Jobs and Training Compact objectives, it would be desirable to evaluate whether the initiative had improved the qualifications of participants and their ability to find and retain employment. Unfortunately, data limitations constrained the extent to which this was possible.

No information was available on the existing qualifications of SAP participants and so the initiative could not be assessed on whether the training course led to an improvement in an existing
qualification. While there was information available on whether participants had successfully or unsuccessfully completed their training course, no detail was available on the reasons that participants were unsuccessful. Without this information, it was not possible to determine whether participants had cancelled the training course because they lacked motivation or found the course too difficult or, more positively, found employment.

Furthermore, the role of the SAP initiative in assisting the employment viability of displaced workers could not be established. The employment outcomes of displaced workers could only be identified for SAP participants who sought employment services assistance. These participants were typically a more disadvantaged subset of displaced workers who had difficulties finding employment.

**Course completion**

Overall, course completion rates for the SAP initiative were high, with 70 per cent of those commenced in a SAP training course having successfully completed and a further 7 per cent still in training as at 30 June 2011 (Table 1.14). The remaining 23 per cent of SAP commencements had withdrawn or did not successfully complete their course—referred to as ‘cancelled’.

<table>
<thead>
<tr>
<th>Course qualification level</th>
<th>Course outcome</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per cent</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Completed successfully</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>In training</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Cancelled</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Total commencements (no.)</td>
<td>224</td>
</tr>
</tbody>
</table>

1 Data extracted as at 30 June 2011.  
Source: DEEWR administrative systems.

Course cancellation rates were higher among participants who commenced Certificate IV (31 per cent) and Certificate II (27 per cent) level courses. This could be explained by the nature of the courses and their participants. Participants in Certificate IV courses may have been more likely than other participants to regain employment before finishing their course. Alternatively, they may have cancelled because the courses were more difficult and of longer duration than courses at other certificate levels. On the other hand, those who commenced Certificate II level courses that generally did not have course prerequisites may have faced higher barriers to education and were therefore more likely to withdraw.

Younger participants (aged less than 25 years) and older participants (aged 55 years and over) had higher cancellation rates (32 per cent) than other participants. Cancellation rates were also higher for those from an English-speaking background (24 per cent) and those located outside priority employment areas (26 per cent).

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42 The average course duration for those who completed training under the SAP initiative was 151 days for Certificate level IV courses and 59 days for Certificate level II courses.
Cancellation rates were much higher for those who accessed employment services (35 per cent) than those who had not (21 per cent).\footnote{Logistic regression analysis was also used to estimate the likelihood of course cancellation for SAP participants. The following variables were found to have a significant positive (+) or negative (-) correlation with the likelihood of cancellation: age (-) age-squared (+), located within priority employment area (-), non-English speaking background (-), accessed employment services (+) and whether business was a top 10 user of SAP (+). When an interaction term was added for ‘accessed employment services’ and top 10 user of SAP, there was an increased likelihood of cancellation. In this case, the original ‘accessed employment services’ variable was no longer significant, highlighting the finding that having accessed employment services appears to only be a significant factor for cancellation for displaced workers within the automotive manufacturing sector.} This effect was almost exclusively isolated to those who worked in one of the top 10 businesses who used SAP (that is, the large automotive manufacturing companies). The cancellation rate for workers in these businesses who accessed employment services was 53 per cent (compared with 20 per cent for workers in other businesses who accessed employment services). This suggests that there was less incentive for retrenched automotive industry workers to complete their training course in manufacturing, as they did not believe they would return to work in this industry. Alternatively, employers may have made their workers retrenched if they did not complete their training.\footnote{As there was no information available on the date of cancellation, it was not possible to identify the direction of causality, and it may have in fact flowed in both directions.}

Course completion issues were explored in the interviews with RTO representatives. There were mixed views about whether SAP participants were more or less likely to complete their training relative to other participants.

Some of the RTOs interviewed reported high rates of completion for their SAP participants:

\textit{They are really keen; they finish ... we actually did not expect anyone from the [SAP] would access [property services courses] because we think that would be really, really demanding and it would be out of reach of those people ... and they all finished ... it was very good.} (RTO, Canterbury–Bankstown & South Western Sydney, 2011)

\textit{We had a really good success rate ... I think we had about an 80% success rate through employment.} (RTO, Central Coast – Hunter, 2011)

According to other RTO representatives, SAP completion rates were very low. Some believed this was because the choice of training qualification was too advanced or not in line with the participant’s work experience. This view was often held about former insulation workers.

Low completion rates were also believed to be the result of a lack of motivation among SAP participants. Some RTOs reported that SAP participants were difficult to train, as they had often not disengaged with their workplace or were more interested in finding employment. It was also common for RTOs to report that SAP participants cancelled their courses once they regained employment:

\textit{They were desperate to sign on and do the training which was great, so enthusiastic ... but then within a month or two months of getting employment, it just wasn’t relevant to their needs ... Although the uptake was huge and people loved it, it just really quickly dropped off as soon as they have regained employment.} (RTO, Ipswich–Logan, 2011)
According to RTO representatives, some SAP participants were not interested in training but had commenced the course because they had felt pressured to do so. Some undertook training because the course was fully funded and their employer continued to pay their wage if they attended. While the financial incentives provided by employers may have improved take-up and attendance, there were reports that some workers were attending training solely to receive their wages. Completion rates could be expected to be low if the incentive structure for employers did not reward successful completion. RTOs believed that low levels of training commitment among some SAP participants was a significant factor in the high drop-out rate, particularly when compared with other students who chose to undertake training and had borne the costs of doing so:

*All the Structural Adjustment ones that we had have not been successful ... I think people might see the financial incentive, but not necessarily be prepared to put their head down and get into the work that's required to get through the programmes. (RTO, Ipswich–Logan, 2011)*

The timing of SAP commencement may have also influenced course completion rates. One RTO representative reported that SAP participants who enrolled in a course mid-semester often had to undertake an online training course. It was common for participants in online training to have lower completion rates than those in face-to-face learning.

**Employment outcomes**

The analysis of the employment outcomes of SAP participants was restricted to those who sought employment services. This was the only group of SAP participants that could be tracked beyond the completion of the training course.\(^{45}\) Administrative systems data indicates that these participants were more disadvantaged than others who used SAP. Indeed, their registration with employment services suggests that these participants had difficulty finding employment. It is important to recognise that employment outcomes for this group may not be representative of overall SAP commencements.\(^ {46}\) Moreover, due to the difficulties in isolating the effect of training from external factors, these employment outcomes could not necessarily be attributed to SAP.

For this analysis, SAP participants who accessed employment services were further restricted in that they had to access these services no earlier than six months before their SAP commencement date and no later than six months after this date. This limited the influence of multiple unemployment spells or where participants accessed employment services long after commencing SAP.\(^ {47}\) This restriction limited the analysis to 754 participants (11 per cent of total SAP participants).

Consistent with the expectation that those who accessed employment services were more disadvantaged than other SAP participants, course completion rates for this group were lower than average (62 per cent compared with 70 per cent). The same proportions of each of these groups of

\(^{45}\) NCVER reports the outcomes of mainstream PPP participants for a sample of those who completed their training during 2008 (NCVER 2009). The study found that almost half (47 per cent) of PPP graduates were employed after training. SAP participants were not adequately represented in their study, as the SAP component of PPP was not introduced until October 2008.

\(^{46}\) It could be expected that employment outcomes would be better for the unobserved group since they were often temporarily stood-down workers.

\(^{47}\) For the few participants with multiple SAP commencements, only the most recent course was included in the analysis.
participants were in training as at 30 June 2011 (7 per cent), while 31 per cent of those accessing employment services had cancelled their SAP course (compared with an average of 23 per cent).

Overall, approximately 44 per cent of SAP participants who accessed employment services had been placed in a job\(^{48}\) (Table 1.15). Of SAP participants who successfully completed their training courses, approximately 46 per cent were placed in a job, while 46 per cent of those who cancelled their courses were also placed in a job. This suggests that successful job placement was associated with ending the SAP course, regardless of whether the person had successfully completed the course. In contrast, a person was less likely to be placed if they were in training.

Table 1.15: Job placement status for Structural Adjustment Places participants by course outcome,\(^{1}\) 2011

<table>
<thead>
<tr>
<th>Job placement status</th>
<th>Course outcome</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Completed successfully</td>
<td>In training</td>
</tr>
<tr>
<td>Placed in job</td>
<td>46</td>
<td>21</td>
</tr>
<tr>
<td>Not placed in job</td>
<td>54</td>
<td>79</td>
</tr>
<tr>
<td>Total (No.)</td>
<td>469</td>
<td>53</td>
</tr>
</tbody>
</table>

\(^{1}\) Data extracted as at 30 June 2011.
Source: DEEWR administrative systems.

It should not be assumed from these findings that successful completion had no effect on the employment outcomes of SAP participants. Indeed, these participants may have cancelled their SAP courses because they had been placed in a job. Unfortunately, this could not be investigated without information on the date of course cancellation. However, it was possible to identify whether those who completed their training were placed in a job before or after the course completion date. The majority of these job placements (73 per cent) had occurred after the date of course completion, with nearly half of these within three months of course completion. This suggests either that participants had time to conduct a more intensive job search after they had completed their course or that the SAP training had improved their employability.

**Expenditure**

Total approved expenditure for the SAP initiative was approximately $29.3 million (as at 21 May 2012).\(^{49}\) This was significantly lower than the $111.8 million identified for the budget.\(^{50}\) Low awareness and take-up of SAP contributed to the lower than expected cost. As noted earlier, this may reflect the fact that the economic downturn was less severe than anticipated and that some displaced workers were reluctant to enter training.

Overall, average expenditure on SAP training was more than $4,000 per commencement. The majority of SAP expenditure was at the Certificate III level (89 per cent), followed by Certificate IV

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\(^{48}\) To establish employment outcomes for these participants, individuals were matched with their job placement records. If these records revealed that the participant was successfully placed in a job, this was considered a positive employment outcome. It should be noted, however, that not all of these placements were necessarily to permanent full-time jobs, and some of these participants may have remained eligible for assistance even after being placed in a job.

\(^{49}\) A very small proportion of SAP training was yet to be paid as at this date.

\(^{50}\) $77.2 million was allocated for the provision of the 10,000 SAP originally announced as part of the Jobs and Training Compact.
level (7 per cent), diploma (3 per cent) and Certificate II level (2 per cent). The slightly greater proportion of expenditure relative to take-up of Certificate III level courses reflects the longer duration of these courses (Table 1.16).51

When it became apparent that there was an excess supply of SAP, 2,000 of these training places were released to mainstream PPP in 2008–09. This reallocation helped to offset some of the unmet demand by job seekers in mainstream PPP. The remaining unallocated expenditure was returned to consolidated revenue.

Table 1.16: Average duration and expenditure on courses under the Structural Adjustment Places initiative by course qualification level,1 to 2011

<table>
<thead>
<tr>
<th>Course expenditure</th>
<th>Certificate II</th>
<th>Certificate III</th>
<th>Certificate IV</th>
<th>Diploma / advanced diploma</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average course duration (days)2</td>
<td>59</td>
<td>358</td>
<td>151</td>
<td>234</td>
<td>339</td>
</tr>
<tr>
<td>Average cost per commencement</td>
<td>$2,098</td>
<td>$4,213</td>
<td>$3,059</td>
<td>$6,241</td>
<td>$4,071</td>
</tr>
<tr>
<td>Total expenditure ($ million)</td>
<td>$0.47</td>
<td>$26.03</td>
<td>$2.08</td>
<td>$0.72</td>
<td>$29.30</td>
</tr>
</tbody>
</table>

1 Duration and course outcome data extracted as at 30 June 2011. Expenditure data extracted as at 21 May 2012. Minor variations exist depending upon date of extraction.
2 Longer course duration of Certificate III level courses partially reflects the earlier start date of Structural Adjustment Places participants in these courses. Duration measures were restricted to course completions before 30 June 2011.

Source: DEEWR administrative systems.

Conclusion

The SAP component of PPP was introduced to provide fully subsidised training for workers who lost or who were at risk of losing their jobs due to the economic downturn. While a total of 25,000 training places were announced, participation in SAP was very low, with fewer than 7,300 course commencements. This low take-up may reflect the better than expected economic conditions and unwillingness among some displaced workers to enter training. Take-up may have improved had the programme been better communicated to all stakeholders.

Commencements in SAP training were predominately used by displaced workers in the automotive manufacturing industry. Most of these workers appear to have been temporarily stood down rather than retrenched and almost all of these workers participated in training related to manufacturing. There may have been reluctance on the part of workers (or their employers) to undertake training geared towards a change in industry. This was perhaps due to a perception that the costs of this change exceeded the benefits, particularly for older workers and those with dependent families.

However, training in manufacturing may have improved the skills of these workers and allowed some businesses to restructure their production process during the period of low economic activity. Retraining for displaced workers in this sector is expected to be less beneficial to the Australian economy than retraining in areas of growing skills shortage.

51 The longer course duration of Certificate III level courses partially reflects the earlier start date of SAP participants in these courses. These duration measures were restricted to course completions before 30 June 2011.
Data limitations have restricted the measurement of outcomes after participation in the SAP initiative. Nevertheless, the high rates of course completion suggest that the SAP training courses improved the skills and qualifications of those who participated. Employment outcomes for the subset of commencements that accessed employment services did not vary significantly by completion status. This does not imply that course completion did not assist workers in regaining employment. Rather, participants who cancelled their SAP courses may have done so because they had regained employment. The extent to which training helped participants to regain employment could not be assessed with the data available which highlights the need for improved data collection in future evaluations.
Training Supplement
The Training Supplement provided temporary additional income support to low-skilled job seekers who commenced training or study. The aim of the supplement was to encourage these job seekers to take up training during the economic downturn so that, when the economy improved, more skilled labour would be available to support economic growth.

Background
The Training Supplement was a temporary measure introduced in recognition of the fact that training costs were a barrier to participation in training for some job seekers. The Training Supplement of $41.60 per fortnight was available to encourage low-skilled job seekers to undertake training during the economic downturn so that they could benefit in the recovery. It was available for approved study in courses of less than 12 months in duration that commenced between 1 July 2009 and 30 June 2011.\(^52\)

The Training Supplement was targeted towards job seekers who left school before completing Year 12 or Certificate II equivalent education and were receiving Newstart Allowance (that is, unemployment benefits) or a Parenting Payment (that is, income support payments for sole or partnered parents).\(^53\) As Newstart Allowance recipients had to be at least 21 years old, this initiative was principally directed at adult job seekers. The supplement was also available to job seekers with trade qualifications described by them as ‘non-useful’ from a labour market perspective.\(^54\) This extra support for low-skilled job seekers was additional to other Jobs and Training Compact initiatives aimed at increasing participation in training during the economic downturn.

Some Training Supplement recipients were also able to receive additional incentive payments aimed at increasing training participation by lowering the personal costs of training. This included the $208 Education Entry Payment and the $950 Training and Learning Bonus payment, which were available to recompense job seekers for the initial costs of training. The interaction of the Training Supplement with these other initiatives was an important consideration in assessing its contribution to the Jobs and Training Compact.

Objective
The objective of the Training Supplement was to:

- encourage low skilled job seekers to undertake further training during the economic downturn to improve their job opportunities and help build the national skills base for when the economy recovered.

\(^{52}\) Eligible recipients who commenced study or training up until 30 June 2011 could continue to receive the Training Supplement for the course duration or until 30 June 2012 (whichever was earlier). The approved course had to be classified as full-time in order to meet job seeker participation requirements.

\(^{53}\) Parenting Payment recipients aged less than 21 years were eligible for the Training Supplement. Principal carers and those with a partial capacity to work were able to study part-time and receive the Training Supplement provided they had a sufficient study load to meet their participation requirements.

\(^{54}\) Non-useful qualifications were self-identified based on job seeker’s responses regarding their qualifications when completing the Job Seeker Classification Instrument. Despite this, the Training Supplement was generally available to anyone with a trade qualification as it was considered to be an enhancement of their existing qualifications.
The Training Supplement was consistent with the Compact with Retrenched Workers focus on training and up-skilling Australia’s workforce during the economic downturn. While the Training Supplement was not limited to retrenched workers, this group was separately identified in the analysis where possible.55

**Evaluation data sources**
The following data sources were used to support the analysis of this initiative:

- DEEWR administrative systems data, which provided a monthly snapshot of those, including Training Supplement recipients who are receiving income support
- DEEWR administrative systems data from the Research and Evaluation Dataset—an episodic longitudinal administrative dataset that provides information on those receiving income support, including demographic details and payment history relating to Training Supplement recipients
- 2011 Training Supplement Survey of recipients—a telephone survey of Training Supplement recipients used to examine the extent to which the supplement encouraged and assisted eligible people to undertake study to increase their skills for employment
- structured interviews with Centrelink staff members on the perceived effectiveness of the Training Supplement for their clients.

Further information on these collections is provided at the end of this report.

**Limitations on the analysis**
The interaction of the Training Supplement with other training initiatives limits the ability to isolate the contribution of the Training Supplement to the Jobs and Training Compact objectives. Many of the Training Supplement recipients participated in complementary training initiatives, with most of these initiatives providing substantially greater funding in subsidising training costs or providing extra payments to entice job seekers to participate in training.

Further limitations include potential inaccuracies in the reporting of administrative data. Due to its rapid introduction, the Training Supplement was not granted automatically within the administrative system in the first six months of operation, thereby reducing the reliability of Training Supplement records. Similarly, a legislative oversight resulted in Parenting Payment Partnered recipients not being paid in the initial eight months of the initiative, resulting in back-payments that may have skewed the reporting of the supplement. Minor discrepancies in matching administrative systems also resulted in some recipients not being identified. This further reduces the representativeness of the Training Supplement data used in this analysis.

55 Retrenched workers are those identified as workers who lost their jobs as a result of the economic downturn as flagged by Centrelink. Retrenched workers were recorded for the period that Early Access to Employment Services was available (24 February 2009 to 31 December 2010).
Awareness and participation

Awareness

It would be expected that, for the Training Supplement to be successful, potential recipients would need to be aware of its existence. Surprisingly, only two-thirds of Training Supplement recipients surveyed were aware that they were receiving the supplement. For these respondents, the main means of finding out about this initiative was through their JSA provider (30 per cent), through Centrelink (29 per cent) or as a result of the Supplement being listed on their Centrelink Payment Form (21 per cent).

One in five job seekers surveyed were aware that they were eligible for the Training Supplement before starting their courses. Interestingly, retrenched workers were more likely to be aware before starting their courses (23 per cent) than job seekers not flagged as retrenched (18 per cent). This suggests that Training Supplement information may have been targeted towards retrenched workers, as there was greater emphasis in encouraging this group to undertake further training. It may also be that the higher level of servicing provided to retrenched workers under the Early Access to Employment Services initiative increased their frequency of contact with JSA providers, thereby increasing their chances of being informed of the Training Supplement.

Training Supplement recipients surveyed were asked why they had commenced training. By far the most common response was ‘to improve job prospects and skills’ (91 per cent). Other reasons included ‘general interest’ in the course (28 per cent), the course being ‘recommended by their employment service provider’ (6 per cent), or that they wanted a ‘change of career’ (6 per cent).56

Take-up

Overall, participation in study and training among Newstart Allowance and Parenting Payment recipients appears to have remained relatively stable. The proportion of these recipients engaged in study at some point in the year fell marginally from 14 per cent in 2007–08 to 13.7 per cent in 2010–11. However, training participation varied depending on the type of income support payment that the individual received. For Newstart Allowance recipients, the proportion engaged in study increased from 4.0 per cent in 2007–08 to 8.2 per cent in the 2010–11 financial year. For Parenting Payment Partnered recipients, the proportion in study increased slightly from 5.5 to 5.9 per cent, while for Parenting Payment Single recipients, this decreased from 33.2 to 29.5 per cent during the same period. This indicates that training participation grew during the economic downturn for job seekers without childcare responsibilities but generally decreased for those with dependent children.57

56 These figures do not sum to 100 per cent, as respondents were able to provide multiple responses to this survey question.
57 The reason for the decrease in training participation among sole parents receiving income support is uncertain and beyond the scope of this evaluation. It is expected, however, that the choice of employment services activities undertaken by this group would be less responsive to economic fluctuations than that of Newstart Allowance recipients. Newstart Allowance recipients would be more likely to participate in job search during periods of economic expansion (when more jobs are available) and participate in training activities during periods of economic downturn (when fewer jobs are available). It is also conceivable that the Jobs and Training Compact’s focus on unemployed job seekers during this period may have shifted attention away from those with childcare responsibilities.
There was little evidence to suggest that increased participation in training among Newstart Allowance recipients was the result of the Training Supplement. Indeed, among all Newstart Allowance recipients who were studying in 2009–10, it appears that only 6.5 per cent had received the Training Supplement. The increase in study is likely to be driven by other training initiatives that operated during this time and by external factors such as fewer job opportunities during the economic downturn increasing the relative attractiveness of further training.

A total of 36,225 people received a Training Supplement and commenced approved training during 1 July 2009 – 30 June 2011. The majority of these recipients studied only one training course while receiving the supplement. Multiple courses were recorded for 11 per cent of recipients. The most common course levels recorded for Training Supplement recipients were Certificate II level (39 per cent) and Certificate III level (37 per cent) (Table 1.17).

<table>
<thead>
<tr>
<th>Course level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate I</td>
<td>11</td>
</tr>
<tr>
<td>Certificate II</td>
<td>39</td>
</tr>
<tr>
<td>Certificate III</td>
<td>37</td>
</tr>
<tr>
<td>Certificate IV</td>
<td>11</td>
</tr>
<tr>
<td>Other/unknown</td>
<td>2</td>
</tr>
</tbody>
</table>

| Total number of Training Supplement courses | 34,811 |

1 A further 2,868 episodes of Training Supplement receipt could not be matched to a short course.

Take-up of the Training Supplement varied by job seeker characteristics but was generally higher among the lower-skilled job seekers at whom it was targeted. Relative to all Newstart Allowance and Parenting Payment recipients, a greater proportion of Training Supplement recipients were aged less than 25 years (24 per cent). This suggests a higher take-up of the initiative among younger people (Table 1.18). Take-up was also higher among Training Supplement recipients identified as Indigenous (13 per cent) relative to the proportion of Indigenous participants among all Newstart Allowance and Parenting Payment recipients (10 per cent). A higher proportion of Training Supplement recipients were also flagged as retrenched workers (11 per cent) relative to all Newstart Allowance and Parenting Payment recipients (8 per cent). However, this was somewhat lower than the proportion of retrenched workers that received Newstart Allowance (13 per cent), suggesting that the initiative was not necessarily targeted toward retrenched workers.

The information in Table 1.18 shows that the take-up of the Training Supplement did not always correspond with the groups at which it was originally targeted. While most Training Supplement recipients (78 per cent) were recorded as having not achieved Year 12 or equivalent qualifications, only 4 per cent of recipients were recorded as having trade qualifications which were described by them as being ‘non-useful’ from a labour market perspective. The remaining take-up can be...

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58 There were approximately 33,330 unique Training Supplement recipients found in DEEWR administrative systems, about 8 per cent lower than the DEEWR income support information dataset. Of these recipients, 2,430 could not be matched to a short course.

59 ‘Retrenched workers’ includes anyone who has been flagged as a retrenched worker, regardless of whether this was before or after they received the Training Supplement.
explained by the initiative having been extended to include all job seekers with a trade or vocational qualification, irrespective of whether the trade was deemed useful. Based on the differences between categories ‘vocational qualification’ and ‘highest educational level’, it appears that the Training Supplement was largely directed at the lower-skilled job seekers for whom it was targeted.

Table 1.18: Training Supplement and total income support recipients by selected characteristics

<table>
<thead>
<tr>
<th></th>
<th>Training Supplement recipients</th>
<th>Total NSA recipients</th>
<th>Total PP Partnered recipients</th>
<th>Total PP Single recipients</th>
<th>Total in NSA/PP Partnered/PP Single</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>52</td>
<td>59</td>
<td>8</td>
<td>5</td>
<td>36</td>
</tr>
<tr>
<td>Female</td>
<td>48</td>
<td>41</td>
<td>92</td>
<td>95</td>
<td>64</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 21</td>
<td>3</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>21–24</td>
<td>21</td>
<td>15</td>
<td>11</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>25–34</td>
<td>27</td>
<td>25</td>
<td>43</td>
<td>37</td>
<td>31</td>
</tr>
<tr>
<td>35–44</td>
<td>25</td>
<td>23</td>
<td>33</td>
<td>35</td>
<td>28</td>
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<tr>
<td>45+</td>
<td>24</td>
<td>37</td>
<td>8</td>
<td>13</td>
<td>26</td>
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<tr>
<td><strong>Indigenous status</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indigenous</td>
<td>13</td>
<td>10</td>
<td>8</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Non-Indigenous</td>
<td>87</td>
<td>90</td>
<td>92</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td><strong>Disability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>10</td>
<td>16</td>
<td>2</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>No</td>
<td>90</td>
<td>84</td>
<td>98</td>
<td>97</td>
<td>89</td>
</tr>
<tr>
<td><strong>Retrenched worker</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>11</td>
<td>13</td>
<td>2</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>No</td>
<td>89</td>
<td>87</td>
<td>98</td>
<td>98</td>
<td>92</td>
</tr>
<tr>
<td><strong>Vocational qualification</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes, useful</td>
<td>33</td>
<td>43</td>
<td>19</td>
<td>28</td>
<td>36</td>
</tr>
<tr>
<td>Yes, not useful</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>No vocational qualification</td>
<td>64</td>
<td>52</td>
<td>41</td>
<td>46</td>
<td>48</td>
</tr>
<tr>
<td><strong>Highest education level</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than Year 10</td>
<td>24</td>
<td>16</td>
<td>10</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>Year 10 / Year 11</td>
<td>54</td>
<td>31</td>
<td>20</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td>Year 12 or equivalent</td>
<td>19</td>
<td>43</td>
<td>27</td>
<td>32</td>
<td>37</td>
</tr>
<tr>
<td>Degree / postgraduate</td>
<td>2</td>
<td>9</td>
<td>5</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Unknown</td>
<td>1</td>
<td>1</td>
<td>38</td>
<td>24</td>
<td>13</td>
</tr>
</tbody>
</table>

Total recipients (No.) 33,330 573,240 121,093 331,566 1,025,899

1 Characteristics for all unique recipients measured on the day they commenced their first Training Supplement. For comparison, characteristics are reported for all income support recipients receiving Newstart Allowance (NSA), Parenting Payment (PP) Partnered and Single as at 1 March 2011.

Source: DEEWR administrative systems.

60 The administrative system automatically assessed income support recipients as eligible for the Training Supplement if they had indicated in their most recent Job Seeker Classification Instrument interview that they had completed a trade or vocational qualification, even if they had completed Year 12 or an equivalent qualification.
**Complementary training initiatives**

As noted earlier, many of the Training Supplement recipients also participated in other initiatives aimed at encouraging job seekers to undertake training during the economic downturn.

Approximately 11 per cent of Training Supplement recipients were flagged as retrenched workers by Centrelink and were able to access a higher level of employer servicing as a result of the Early Access initiative. This initiative provided greater incentives for JSA providers to source study and employment opportunities for these job seekers.

Additional funding was also available to recompense job seekers for the initial costs of training (such as course fees and materials). Among Training Supplement recipients, 50 per cent had also received the $208 Education Entry Payment and 41 per cent had received the additional $950 Training and Learning Bonus payment between 1 July 2009 and 30 June 2010.\(^{61}\)

Parenting Payment Single recipients could access the $62.40 per fortnight Pensioner Education Supplement—an existing additional income support supplement available to those in study. Ten per cent of Training Supplement recipients were also receiving the Pensioner Education Supplement, boosting their fortnightly additional training payment to $104.\(^{62}\)

PPP provided government-funded training places in areas of skills shortage to job seekers wanting to gain or upgrade their skills. Approximately 16 per cent of Training Supplement recipients were recorded as having engaged in a course funded by PPP.

Most of these complementary initiatives provided greater funding than the Training Supplement and may therefore have had a greater influence in encouraging job seekers to undertake further training. Given the size of these other payments as well as other confounding factors, it was difficult to determine the impact of the Training Supplement on people choosing to study. This should be borne in mind when considering the extent to which the Training Supplement contributed to the Jobs and Training Compact objectives.

**Effectiveness**

**Perceived importance of the Training Supplement**

Interviews with Centrelink staff on the perceived effectiveness of the Training Supplement provided mixed responses as to whether it encouraged job seekers to enter training. Some saw it as an important motivator to undertake training, while others believed that the supplement was not large enough to make a difference:

\(^{61}\) Not all Training Supplement recipients received the Education Entry Payment due to the restrictive eligibility criteria. Education Entry Payment recipients had to be on an eligible income support payment for at least 12 months and not have received the Education Entry Payment in the previous 12 months.

\(^{62}\) Of the Parenting Payment Single recipients who were receiving the Training Supplement, only 62 per cent were concurrently receiving the Pensioner Education Supplement. Centrelink has advised that this difference may have been due to the Training Supplement payment being automatically triggered by employment service providers when clients commenced courses. This indicates issues regarding the communication and implementation of these supplements to ensure that eligible clients actually receive payment.
It encourages people to get into studies—retrain, reskill. The first thing they ask about is, is there a Training Supplement? ... It’s good for you, and that’s kind of a motivation to these people. And a lot of customers will say, if I sit here and do nothing I’m okay; but if I go and study I’m penalised because of whatever the reason ... the Training Supplement helps with that conversation. (Centrelink staff member, South Eastern Melbourne, 2011)

I think it’s hard because it’s not much ... but I’m afraid it’s not a selling point to get them into training, it’s just there. (Centrelink staff member, Central Coast – Hunter, 2011)

Centrelink staff often acknowledged that the Education Entry Payment Temporary Supplement of $950 was a much more substantial and attractive payment to encourage training. However, this was criticised for causing higher dropout rates because the payment was received at commencement. Centrelink staff often regarded the Training Supplement as a better-targeted initiative, as it encouraged training among job seekers who were actually willing to study. It was also viewed by some as an important contributor to covering the costs associated with training:

They have extra costs, like travel and all of those things so I think it was a bit of an incentive to say you are not going to be as out of pocket as what you would have been if you didn’t receive it. (Centrelink staff member, North West / Northern Tasmania, 2011)

The Training Supplement aimed to increase training among lower-skilled job seekers by lowering the ongoing costs of training. Eighty-six per cent of respondents to the Survey of Training Supplement reported having incurred ongoing costs associated with training, including the costs of transport, food, computers, communications and stationery. The ongoing costs of training averaged $96 per fortnight among those surveyed. This indicates that the Training Supplement of $41.60 per fortnight reduced the costs of study but did not fully meet these costs for most recipients.

The effectiveness of the Training Supplement can be examined by the extent to which it encouraged further training. Among the Training Supplement recipients surveyed who were aware of the initiative before starting their course, 36 per cent reported that the supplement encouraged them to commence training.63

Of those surveyed who had completed their course, 11 per cent believed this would not have occurred if the supplement was not available to them (Table 1.19). The majority (76 per cent), however, believed that they would have completed their training irrespective of the Training Supplement (80 per cent for retrenched workers; 72 per cent for other recipients). This suggests that the deadweight (that is, the extent to which the Training Supplement did not influence training outcomes) was higher for retrenched workers than for other recipients. This may reflect the lower levels of disadvantage of retrenched workers relative to other job seekers.

63 The 2011 Training Supplement Survey included only those job seekers who commenced in training and were in receipt of the Training Supplement.
Table 1.19: Perceived importance of Training Supplement for course completion, 2011

<table>
<thead>
<tr>
<th>Do you think you would have completed your course if the Training Supplement was not available?</th>
<th>Other recipients</th>
<th>Retrenched workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>72</td>
<td>80</td>
<td>76</td>
</tr>
<tr>
<td>Don’t know</td>
<td>16</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>10</td>
<td>11</td>
</tr>
</tbody>
</table>


For respondents who had cancelled their training, only 6 per cent reported doing so because they could not afford to keep studying. More common reasons for course cancellation were that they found employment (25 per cent), for personal or health reasons (18 per cent) or because they did not like or were no longer interested in their training course (15 per cent).

While most survey respondents did not regard the Training Supplement as a key driver in completing their training course, the majority did view the supplement as an important contributor to helping with the costs of training. As shown in Table 1.20, 67 per cent of survey respondents considered the Training Supplement to have helped ‘a lot’ with (52 per cent) or to have been ‘essential’ for (15 per cent) the costs of training. The Training Supplement was particularly beneficial for female respondents and older recipients. Respondents who had studied in longer courses, such as Certificate III and IV level courses, were also more likely to report that the Training Supplement helped them with their costs of training. Only 7 per cent of respondents perceived the Training Supplement to have made no difference in helping with the costs of training.

Table 1.20: Perceived importance of Training Supplement for covering costs of courses, 2011

<table>
<thead>
<tr>
<th>To what extent has the Training Supplement helped you with the cost of undertaking the course?</th>
<th>Other recipients</th>
<th>Retrenched workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essential</td>
<td>17</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>A lot</td>
<td>51</td>
<td>53</td>
<td>52</td>
</tr>
<tr>
<td>A little</td>
<td>25</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Not at all</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>


**Course completion and the role of training**

Course completion and the perceived influence of training courses provide an important rationale for initiatives that promote training among lower-skilled job seekers. Table 1.21 shows the number of courses supported by the Training Supplement by exit reason. The majority of Training Supplement recipients successfully completed their training course (77 per cent). Course completion was proportionally greater among retrenched workers (80 per cent) than other recipients (76 per cent). Seventeen per cent of Training Supplement recipients (with a recorded reason for course exit) failed to finish their training course for non-personal reasons.

Successful course completion rates generally decreased as the difficulty and duration of the course increased. Course completion rates among Training Supplement recipients with a recorded reason...
for exit were 81 per cent for Certificate I level, 77 per cent for Certificate II and III levels and 75 per cent for Certificate IV level.

Training Supplement recipients who did not complete their training courses were generally more disadvantaged. Non-completion was higher for younger people, Indigenous people and those without vocational qualifications or with a highest education level of less than Year 10.

**Table 1.21: Course exit reason for Training Supplement recipients**

<table>
<thead>
<tr>
<th>Exit reason</th>
<th>Other recipients</th>
<th>Retrenched workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successful completion</td>
<td>76</td>
<td>80</td>
<td>77</td>
</tr>
<tr>
<td>Did not finish (non-personal reasons)</td>
<td>17</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>Did not finish (personal reasons)</td>
<td>7</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Total (No.)</td>
<td>31,018</td>
<td>3,565</td>
<td>34,583</td>
</tr>
</tbody>
</table>

1 Short courses for Training Supplement recipients that ended by 30 March 2012.
2 Includes approximately one-third of participants whose course end date was reached or where the recipient exited income support.
3 By matching exit reasons to the Survey of Training Supplement recipients, it was verified that this group had successfully completed their course.

Respondents to the Survey of Training Supplement recipients were generally optimistic that the course for which they received the supplement would improve their future job prospects. Eighty-seven per cent of retrenched workers reported that the skills gained from their course would help them find a job in the future. Of the 36 per cent of Training Supplement recipients who reported being employed at the time of interview, 69 per cent believed that the training course had helped them to get the job.

**Expenditure**

It was estimated that over 50,000 low-skilled job seekers would take up the Training Supplement from 1 July 2009 to 30 June 2011 at a total estimated administered cost of $73.4 million. However, the actual cost of this initiative between 1 July 2009 and 31 March 2012 was $15.3 million and was projected to cost less than $16 million by the time of the last payment date (30 June 2012) (Table 1.22).

**Table 1.22: Total administered cost of the Training Supplement**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administered expenditure—1 July 2009 to 30 June 2010</td>
<td>$5.18</td>
</tr>
<tr>
<td>Administered expenditure—1 July 2010 to 30 June 2011</td>
<td>$8.44</td>
</tr>
<tr>
<td>Administered expenditure—1 July 2011 to 31 March 2012</td>
<td>$1.68</td>
</tr>
<tr>
<td>Expected expenditure—1 April 2012 to 30 June 2012</td>
<td>$0.14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$15.44</strong></td>
</tr>
</tbody>
</table>

1 Estimates are based on the average duration applied to active recipients on 30 March 2012.

While the number of Training Supplement recipients was only a little lower than estimated, expenditure was considerably lower than expected. This discrepancy may reflect the shorter than anticipated length of training courses, meaning that the supplement was paid to job seekers for a
shorter period of time. It may also reflect the fact that the impact of the economic downturn was less severe than anticipated and that awareness of the Training Supplement was low among job seekers. There also appears to have been a preference among some job seekers, particularly retrenched workers, to seek employment rather than enter training. Nevertheless, it does suggest that more careful consideration needs to be given to gathering information on the courses likely to be taken up before funding is set aside for such an initiative.

Table 1.23 shows the average duration and cost of the Training Supplement by certificate level for episodes that ended between 1 July 2009 and 30 March 2012. The average cost of the Training Supplement for an episode was $279 and its average length was 94 days. Higher-level courses tended to last longer and therefore have higher average Training Supplement expenditure than lower-level courses. Of the identified certificate level courses, Certificate II level courses had the shortest average duration (owing to the higher completion rates of Certificate I level courses).

**Table 1.23: Duration and costs of Training Supplement by course level**

<table>
<thead>
<tr>
<th>Course level</th>
<th>Training Supplement episodes ended¹ (No.)</th>
<th>Training Supplement average duration (days)</th>
<th>Training Supplement average cost per episode²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate I</td>
<td>3,884</td>
<td>89</td>
<td>$265</td>
</tr>
<tr>
<td>Certificate II</td>
<td>13,909</td>
<td>82</td>
<td>$244</td>
</tr>
<tr>
<td>Certificate III</td>
<td>13,702</td>
<td>103</td>
<td>$307</td>
</tr>
<tr>
<td>Certificate IV</td>
<td>4,352</td>
<td>123</td>
<td>$364</td>
</tr>
<tr>
<td>Other/unknown</td>
<td>3,735</td>
<td>76</td>
<td>$225</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>39,582</td>
<td>94</td>
<td><strong>$279</strong></td>
</tr>
</tbody>
</table>

¹ Ended episodes include instances where the participant did not complete the training course.
² Average cost was calculated from the average episode length multiplied by the Training Supplement rate of $41.60 per fortnight.

Source: DEEWR administrative systems.

**Conclusion**

The Training Supplement provided financial support to encourage lower-skilled job seekers to undertake training during the economic downturn. Many job seekers commenced training during this period and received the Training Supplement, with take-up generally higher among the lower-skilled job seekers at whom it was targeted.

Few of those surveyed reported that the Training Supplement had encouraged them to enter their training. This may in part reflect the low awareness of the supplement among recipients before they entered training. Low levels of awareness, even among supplement recipients, suggests that more effective communication strategies are required to promote such initiatives as a means of encouraging job seekers to undertake training.

It was common for job seekers to report ongoing costs associated with their training. While the Training Supplement helped reduce the personal costs of study, it did not fully meet these training costs for most recipients and it was not intended to do so. Moreover, ongoing costs of training were not reported to be a primary reason for Training Supplement recipients cancelling their courses, highlighting the importance of non-financial training barriers for these job seekers.
The Training Supplement was not regarded by many of the recipients surveyed as the reason that they completed their training course. Nevertheless, the majority of recipients did regard the Supplement as an important contributor in helping with the costs of training. Most Training Supplement recipients surveyed were optimistic that their training course improved their employment prospects and many who were employed at the time of the survey believed that the training course helped them get their job.

These findings show that the Training Supplement was a contributor but not a major factor in encouraging job seekers to commence and successfully complete their training. Many Training Supplement recipients also participated in complementary training initiatives—for example, other Jobs and Training Compact initiatives and similar additional training initiatives for job seekers, including the Education Entry Payment Temporary Supplement. The interaction of these initiatives appears to have encouraged job seekers to undertake training during the economic downturn.
Temporary changes to the Liquid Assets Waiting Period
To provide greater support for those who lost their jobs during the economic downturn, the Australian Government introduced changes to temporarily double the amount of liquid assets a person could hold without being subject to a Liquid Assets Waiting Period (LAWP). This change was aimed at helping those who lost their jobs by enabling quicker access to income support.

Background
Liquid assets refer to those assets that can be exchanged for money at short notice. This may include cash, bank accounts, shares and other moneys. The waiting period applied to liquid assets is the period a person must wait before being paid an allowance if they have funds above a certain threshold. This is measured from the day after the date the person ceased work or study or at the date of claiming income support assistance.

The LAWP is a maximum of 13 weeks and is applicable only to those claiming Newstart Allowance, Youth Allowance, Sickness Allowance or Austudy payments. The waiting period can vary depending on the amount of liquid assets held by an individual and whether the individual is part of a couple or has dependent children. The purpose of the waiting period is to help target income support at those most in need of immediate financial assistance. This waiting period also acts to discourage income support reliance for those newly unemployed.

From 1 April 2009 to 31 March 2011, the Australian Government temporarily increased the maximum amount of liquid assets a person could hold before being subject to a waiting period. Single recipients without dependent children incurred a LAWP if their liquid assets equalled or exceeded $5,000 (an increase from $2,500). For couples and recipients with dependent children, the waiting period took effect if liquid assets equalled or exceeded $10,000 (an increase from $5,000). While these temporary changes were targeted towards those who lost their job during the economic downturn, they were applicable to any person granted income support payments relating to sickness, unemployment or study. The thresholds returned to the previous lower amounts from 1 April 2011.

The doubling of the maximum reserve of liquid assets aimed to reduce the time taken for people to access payment and thereby limit the personal savings expended before being entitled to income support. This was introduced in recognition of the added difficulty in maintaining employment during the economic downturn and was aimed at minimising the financial hardship brought about by the GFC. Before this change, liquid asset thresholds were unchanged since 1997 and were not increased to adjust for the rising costs of living.

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64 For a complete list, refer to Social Security Act 1991, s 1.1 L 50.
65 The Social Security Amendment (Liquid Assets Waiting Period) Bill 2009, which included these temporary changes to the LAWP, was given Royal Assent on 1 April 2009 (Daniels and Parliamentary Library 2009). This Bill also included amendments to exclude the surrender value of life insurance policies from the definition of ‘liquid assets’ for social security purposes.
66 Due to rounding when the formula for calculating a LAWP was applied, a single person without dependents could hold up to $5,499 before incurring a waiting period, while a couple or a person with dependent children could, in practice, hold up to $10,999.
The LAWP changes applied differently depending on the amount of liquid assets held by the individual, with waiting periods ranging from 0 to 13 weeks. To illustrate the effects of the change in liquid asset thresholds, Figure 1.15 identifies five possible categories of income support grants based on their liquid asset amounts:

- **Category One** (less than $3,000 for singles; less than $6,000 for families)—those in this category were not affected by the LAWP changes, as they were completely exempt from the LAWP under the regular and temporary thresholds.
- **Category Two** ($3,000–$5,499 for singles; $6,000–$10,999 for families)—those in this category were newly exempt from the LAWP as a result of the temporary changes. Applicants in this category received a reduction in their waiting period of up to five weeks.
- **Category Three** ($5,500–$8,999 for singles; $11,000–$17,999 for families)—those in this category received a reduced LAWP as a result of the changes. Applicants in this category had their waiting period reduced by five weeks—from 6 to 12 weeks under the regular threshold to 1 to 7 weeks under the temporary threshold.
- **Category Four** ($9,000–$11,499 for singles; $18,000–$22,999 for families)—those in this category received a reduced LAWP as a result of the temporary changes. Applicants in this category had their waiting period reduced by up to five weeks—from 13 weeks under the regular threshold to 8 to 12 weeks under the temporary threshold.
- **Category Five** ($11,500+ for singles; $23,000+ for families)—those in this category were not affected by the changes, as they did not receive a reduced LAWP. This category continued to serve the maximum 13-week waiting period.

**Figure 1.15: Conceptual diagram of the Liquid Assets Waiting Period changes in each liquid asset category**

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67 Category thresholds include rounding formula adjustments.
It is apparent that only those granted income support in Categories Two to Four—with liquid assets between $3,000 and $11,500 for singles and between $6,000 and $23,000 for families—should have been influenced by the temporary changes to the LAWPs.

Waiting periods from income support do not preclude access to employment services, particularly for retrenched workers. The Early Access to Employment Services initiative gave retrenched workers access to a higher level of employment assistance. Retrenched workers did not have to be receiving income support to access this assistance.

**Objective**

The temporary changes to the LAWPs aimed to reduce the time taken for people to access income support payments. In the context of the Jobs and Training Compact, the objective of this initiative was to ensure support for individuals who were particularly vulnerable during the economic downturn.

**Evaluation data sources**

The following sources were used to support the analysis of this initiative:

- DEEWR administrative systems data from the Research and Evaluation Dataset—an episodic longitudinal administrative dataset that provides liquid assets and waiting period information as well as demographic and payments information for people who are granted income support
- structured interviews with Centrelink staff and focus groups with job seekers to gain further insights into the temporary changes to the LAWP.

Further information on these collections is provided at the end of this report.

**Limitations on the analysis**

Limitations include the difficulties in isolating the changes to the liquid asset thresholds from other external factors that may have influenced these waiting periods—for example, changes to the economic environment and the types of people accessing income support during this period. The data may also be influenced by whether people accessed income support immediately after losing their jobs or if they were subject to other waiting periods.

There were also limitations in the administrative systems used in this analysis. Waiting periods were constructed based on the dates of income support claims and when payments were first received. However, these dates appear to have been generated by different administrative processes and have resulted in minor discrepancies.68 There were similar issues in identifying whether individuals were labelled as ‘singles’ or as ‘families’ where they were partnered or had dependent children. This identification was needed to calculate the expected waiting period for the individual, so this

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68 The number of waiting periods exceeds the number of grants by approximately 3 to 5 per cent.
administrative inaccuracy may have limited the extent to which the initiative could be reliably evaluated. There may also be limitations to identifying retrenched workers.69

The analysis does not consider whether LAWP changes contributed to changes in the income support duration or the costs associated with this threshold change. Given the relatively short period of analysis, these effects could not be identified. Furthermore, the central objective of the LAWP changes was to enable quicker access to income support payments. As such, this analysis focuses on assessing the extent to which the threshold changes influenced the take-up of income support and the time taken to access these payments.

**Effectiveness**

In assessing the effectiveness of the changes to the LAWP, it was necessary to consider whether these changes supported job seekers during the economic downturn by reducing the time it took them to access income support. This analysis examined whether job seekers were able to access income support more quickly and identified who may have benefited from the changes.

The analysis was restricted to successful income support applications for allowance types that may have been subject to the LAWP, referred to as income support ‘grants’. These grants were split by year:

- grants lodged between 1 April 2008 and 31 March 2009 (hereafter ‘2008–09’) were used to examine waiting periods before the temporary changes
- grants lodged between 1 April 2009 and 31 March 2010 (hereafter ‘2009–10’) and 1 April 2010 and 31 March 2011 (hereafter ‘2010–11’) were used to examine periods where thresholds were increased.

**Awareness and perceptions of the Liquid Assets Waiting Period**

In order to gauge whether the changes to the LAWP were effective in reducing income support waiting periods, it was appropriate to investigate the stakeholders’ familiarity with and perceptions of the LAWP.

Few retrenched workers in the focus group discussions were aware of the LAWP or of the temporary changes to the liquid asset thresholds. Retrenched workers were often new to income support and were unfamiliar with the income support system. In instances where retrenched workers knew of the LAWP, respondents often had little to say about the waiting period or the time it took them to access income support:

> I wasn’t in a position where I was scratching around for money or going hungry ... I was pleasantly surprised. (Retrenched worker focus group, Port Augusta – Whyalla – Port Pirie, 2010)

69 Retrenched workers were identified as those who had ever been flagged by Centrelink as having lost their job as a result of the economic downturn for the period that Early Access to Employment Services was available (24 February 2009 to 31 December 2010). This flag was applied to this analysis regardless of when they lost their job relative to the time they applied for income support and also included retrenched former insulation workers.
Thirteen weeks is a very long time to go without money, especially if you’re living by yourself. (Retrenched worker focus group, Port Augusta – Whyalla – Port Pirie, 2010)

Job seekers were often described as having a negative view of the LAWP, as it was seen as discriminating against the financially astute who had acted prudently to save their cash and assets. It was common for Centrelink staff to report that their clients expressed frustration with the LAWP because it forced them to spend their own money:

For those that it’s imposed for its unfavourable of course, because, you know, they don’t understand why they should have to live off their own money, and so it’s just explaining that whilst you are self-sufficient, the government is not going to support you. (Centrelink staff member, Illawarra, 2011)

The Henry Tax Review recommended the abolition of the LAWP, as it acted as a disincentive to save and encouraged people to run down their savings more quickly (Henry et. al. 2010). A further negative consequence of the LAWP as stated in the Henry Tax Review was that it could result in the inequitable treatment of people with relatively small levels of savings. This group was more likely to hold assets in a liquid form.

Centrelink staff also reported that those new to income support were not aware of the LAWP or the threshold changes. Those who benefited from these changes were generally not aware of the previous waiting periods and were unhappy with having to wait any length of time for income support:

It benefited customers, but they didn’t realise it was benefiting them because they didn’t realise what the old limit was. I find regardless of what the limit is, if a customer has to have a Liquid Assets Waiting Period ... they’re not happy anyway. (Centrelink staff member, South Eastern Melbourne, 2011)

It was like a marginal change, it wouldn’t be a huge group of customers in that waiting period and most of them didn’t know what it was before it changed. (Centrelink staff member, Ipswich–Logan, 2011)

Job seekers most familiar with the LAWP were those who frequently used the income support system. As this group typically had few liquid assets, they were not often subject to this waiting period. Centrelink staff supported this view:

Well it was a good idea, but I don’t know how many people it actually affected. The thing is they don’t know because you have no reason to know about the LAWP until you claim ... and those that tended to know about it from before tended to not have any funds available. (Centrelink staff member, Central Coast – Hunter, 2011)

The majority of income support recipients who accessed these payments did not have enough savings to be affected by the changes. Those who did often had to wait the full 13 weeks until receiving income support:

Most people tend to have either peaks and do the full 12 weeks or whatever. Most people either have a lot or nothing. (Centrelink staff member, North Eastern Perth, 2011)
It was evident that the reason for the limited awareness of the LAWPS changes was that it did not affect most people who were granted income support. This was because their liquid asset holdings were often so low that a waiting period did not apply to them.

**Liquid asset holdings of income support allowance grants**

The distribution of liquid asset holdings for those granted income support can be identified from administrative data. Table 1.24 categorises income support grants recipients into five categories based on their recorded holdings of liquid assets. The majority of those granted income support were in Category One (93 per cent), where liquid asset holdings were below $3,000 for singles and $6,000 for families. This category was exempt from the waiting period. Those in Categories Two to Four, who were potentially influenced by a decreased waiting period because of the threshold changes, represented only 3 to 4 per cent of all income support grants. The remaining 3 per cent were in Category Five and were subject to the 13-week waiting period.

Members of the subset of income support grant recipients recorded as retrenched workers typically had greater holdings of liquid assets. Greater proportions of these workers were in Categories Two to Four (4 per cent to 6 per cent) and appear to have been more strongly influenced by the temporary threshold changes than other income support grant recipients. Perhaps due to their recent work history, a greater proportion of retrenched workers were in Category Five and were required to serve the full 13-week waiting period.

**Table 1.24: Liquid asset distributions for those granted income support allowances by year, 2008–09 to 2010–11**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Per cent</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Category One</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $3,000 for singles</td>
<td>92.8</td>
<td>92.6</td>
<td>88.9</td>
<td>94.4</td>
</tr>
<tr>
<td>Less than $6,000 for families</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Category Two</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$3,000–$5,499 for singles</td>
<td>2.2</td>
<td>1.9</td>
<td>2.9</td>
<td>1.3</td>
</tr>
<tr>
<td>$6,000–$10,999 for families</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Category Three</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$5,500–$8,999 for singles</td>
<td>1.4</td>
<td>1.5</td>
<td>2.2</td>
<td>1.1</td>
</tr>
<tr>
<td>$11,000–$17,999 for families</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Category Four</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$9,000–$11,499 for singles</td>
<td>0.6</td>
<td>0.6</td>
<td>0.9</td>
<td>0.5</td>
</tr>
<tr>
<td>$18,000–$22,999 for families</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Category Five</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$11,500+ for singles</td>
<td>3.1</td>
<td>3.3</td>
<td>5.0</td>
<td>2.7</td>
</tr>
<tr>
<td>$23,000+ for families</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total grants (No.)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>854,486</td>
<td>906,840</td>
<td>167,163</td>
<td>877,977</td>
</tr>
<tr>
<td>129,863</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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1. 2008–09 does not include the retrenched worker subset, as this group was not flagged by Centrelink before the Early Access to Employment Services was introduced on 24 February 2009.

Source: DEEWR administrative systems.
The change in liquid asset distributions could reflect a number of economic factors. However, it is expected that, over this relatively short time horizon, changes in liquid asset distributions can be better explained by changes in the types of people accessing income support. The 2008–09 financial year was initially characterised by a strong economy and tight labour market. It could be expected that those accessing income support during this period represented a more disadvantaged group of job seekers who had difficulty finding employment in a strong labour market. This disadvantaged group may have held smaller amounts of liquid assets. As noted above, almost 93 per cent of those who accessed income support in 2008–09 were in the lowest liquid asset category (Category One).

During 2009–10, a greater number of people accessed income support—there was an increase of more than 6 per cent on the previous year. This reflects the increased number of job losses and fewer employment opportunities during the economic downturn. Approximately 18 per cent of recipients were identified as retrenched workers. Perhaps because of their recent work history, retrenched workers typically held greater amounts of liquid assets and proportionally more of these workers were in Categories Two to Five. For the total number of those granted income support in Categories Two to Five (who would have received a LAWP under the regular threshold), the median level of liquid assets rose strongly for singles—from $8,684 in 2008–09 to $9,583 in 2009–10—and rose slightly for families from $20,000 in 2008–09 to $20,144 in 2009–10.

During 2010–11, there was a decrease in the number of people who accessed income support and a smaller proportion of people identified as retrenched workers (approximately 15 per cent). Interestingly, liquid assets were lower than in the previous two years, with a greater proportion in the lowest liquid assets category (Category One). It is possible that the improvements to the Australian economy in 2010–11 had again changed the types of job seekers accessing income support, with an increase in the proportion of disadvantaged job seekers.

An examination of the characteristics of the five liquid assets categories in 2009–10 reveals that Category One (those who had the lowest holdings of liquid assets and were exempt from the LAWP) contained a greater proportion of people in disadvantaged groups (Table 1.25). Relative to other liquid assets categories, a greater proportion of those in Category One were: Indigenous, in younger age groups, non-retrenched workers, singles (without dependents), or on student or youth payments. This is unsurprising given that assets tend to accumulate with age and work experience, as can be seen by the smaller proportion of older age groups in Category One.

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70 Asset price fluctuations that typically follow an upward trend may have declined as a result of the GFC (depending on the composition of assets held). The increase in average weekly earnings, on the other hand, may have boosted the liquid assets held among those recently employed, while the increased costs of living may have reduced liquid asset amounts for other income support recipients.

71 The proportion of income support grants in each liquid assets category was also examined by month. The proportion in Categories Two to Five peaked in April 2009 and began to trend down following this period. A similar pattern was observed for retrenched workers. This is consistent with the finding that more people with higher levels of liquid assets were applying for income support during the economic downturn.
Table 1.25: Liquid assets categories by selected characteristics, 2009–10

<table>
<thead>
<tr>
<th>Liquid assets category</th>
<th>Category One</th>
<th>Category Two</th>
<th>Category Three</th>
<th>Category Four</th>
<th>Category Five</th>
<th>Total income</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of job seekers in each category</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>58</td>
<td>59</td>
<td>58</td>
<td>59</td>
<td>56</td>
<td>58</td>
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<tr>
<td>Female</td>
<td>42</td>
<td>41</td>
<td>42</td>
<td>41</td>
<td>44</td>
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<tr>
<td>Age group</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 21</td>
<td>29</td>
<td>10</td>
<td>12</td>
<td>13</td>
<td>7</td>
<td>27</td>
</tr>
<tr>
<td>21–24</td>
<td>18</td>
<td>13</td>
<td>13</td>
<td>12</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>25–34</td>
<td>21</td>
<td>21</td>
<td>19</td>
<td>17</td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td>35–44</td>
<td>15</td>
<td>19</td>
<td>17</td>
<td>17</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>45–54</td>
<td>11</td>
<td>20</td>
<td>20</td>
<td>21</td>
<td>24</td>
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<td>55+</td>
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<td></td>
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<tr>
<td>Indigenous</td>
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<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Non-Indigenous</td>
<td>92</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>93</td>
</tr>
<tr>
<td>Retrenched worker</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>18</td>
<td>27</td>
<td>27</td>
<td>28</td>
<td>28</td>
<td>18</td>
</tr>
<tr>
<td>No</td>
<td>82</td>
<td>73</td>
<td>73</td>
<td>72</td>
<td>72</td>
<td>82</td>
</tr>
<tr>
<td>Family type</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>77</td>
<td>61</td>
<td>63</td>
<td>63</td>
<td>60</td>
<td>75</td>
</tr>
<tr>
<td>Family</td>
<td>24</td>
<td>39</td>
<td>37</td>
<td>37</td>
<td>40</td>
<td>25</td>
</tr>
<tr>
<td>Payment type</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Austudy</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Newstart Allowance</td>
<td>62</td>
<td>82</td>
<td>78</td>
<td>79</td>
<td>84</td>
<td>64</td>
</tr>
<tr>
<td>Sickness Allowance</td>
<td>2</td>
<td>6</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Youth Allowance</td>
<td>31</td>
<td>10</td>
<td>14</td>
<td>15</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>Total (No.)</td>
<td>840,067</td>
<td>17,679</td>
<td>13,696</td>
<td>5,539</td>
<td>29,859</td>
<td>906,840</td>
</tr>
</tbody>
</table>

Source: DEEWR administrative systems.

It is interesting to note that characteristics of those in Categories Two to Four were more similar to Category Five than Category One. This suggests that those who benefited from the threshold changes had characteristics that were, on average, distinct from those with lower holdings of liquid assets but not much different from the wealthiest liquid asset category. Overall, these changes appear to have particularly benefited older job seekers, retrenched workers, members of families and Newstart Allowance recipients.

Concurrent waiting periods

It was possible for people to be subject to multiple types of waiting periods before accessing income support. Common waiting periods included the Income Maintenance Period, which was applicable for individuals receiving payments from their employer upon termination—for example, redundancy payments or personal or annual leave—and the Newly Arrived Residents Waiting Period and the

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72 This may also include income received from the General Employee Entitlements & Redundancy Scheme.
Seasonal Work Preclusion Period. The Ordinary Waiting Period of one week was also applied to Newstart Allowance and Sickness Allowance grants.  

Centrelink staff reported that those potentially subject to the LAWP often had a much longer Income Maintenance Period. As both waiting periods could be served concurrently, the LAWP was often not applied. Centrelink staff reported that retrenched workers were particularly susceptible to the Income Maintenance Period:

_A lot of people that we’re actually seeing that may be subject to [the LAWP] have been employed for a long period of time and may receive a large payout from work. So the leave payments that they’ve got takes them past the 13 week waiting period anyway, so the waiting period doesn’t have an impact on them it’s the other waiting period [Income Maintenance Period]._ (Centrelink staff member, South Eastern Melbourne, 2011)

In assessing the effectiveness of the changes to the LAWP, it is therefore important to limit the analysis to grants where the LAWP duration exceeded other waiting periods. This is referred to as a ‘binding’ LAWP. Unless otherwise specified, in the findings reported below, LAWPs refer only to binding LAWPs.

**Income support grants receiving a Liquid Assets Waiting Period**

One indicator used to assess the effectiveness of the temporary changes was whether it reduced the proportion of income support recipients who were subject to a binding LAWP.

The proportion of recipients receiving a LAWP decreased as a result of the threshold changes, from an average of 6.2 per cent in 2008–09 to 4.8 per cent in 2009–10 and to 3.8 per cent in 2010–11. Relative to all income support recipients, a greater proportion of retrenched workers were subject to this waiting period (5.8 per cent in 2009–10; 4.2 per cent in 2010–11). As noted earlier, this reflects the greater amounts of liquid assets held by retrenched workers.

A small proportion of those with a LAWP had ‘self-served’ their entire waiting period (that is, they were not subject to a LAWP because the time between job separation and claiming income support exceeded this waiting period). Those with self-served LAWPs accounted for 2.4 per cent of LAWP grant recipients in 2008–09. This increased to 2.6 per cent of LAWP grant recipients in 2009–10 and to 2.9 per cent in 2010–11.

The increased proportion of those with self-served LAWPs may reflect the shorter LAWP duration as a result of the temporary changes to the LAWP. It may also indicate that those receiving income support grants in this period were less familiar with the income support system or believed they could find a job without financial assistance. This is supported by the finding that retrenched workers self-served their entire waiting period at a higher rate (2.6 per cent in 2009–10 and 3.8 per cent in 2010–11).

73 This analysis assumes that all income support grants were subject to the Ordinary Waiting Period.

74 The self-served period was calculated as any time between the last date worked (or date of claim) and income support commencement.
As shown in Figure 1.16, the decrease in the proportion of grant recipients receiving a LAWP was largely the result of those in Category Two not receiving a LAWP. This is consistent with expectations, as this category should not have been subject to a LAWP under the temporary changes. Interestingly, there was also a smaller proportion of people in Categories Three and Four subject to a LAWP during 2009–10 and 2010–11. It is expected that all income support recipients in Categories Three to Five would still have been subject to a LAWP, although the temporary changes should have resulted in those in Categories Three and Four receiving reduced waiting periods. This highlights the potential data integrity issues associated with this waiting period, as well as the possibility that the LAWP had not been consistently applied to those granted income support who held equivalent amounts of liquid assets.

Figure 1.16: Proportion of grant recipients subject to a Liquid Assets Waiting Period by liquid assets category, 2008–09 to 2010–11

<table>
<thead>
<tr>
<th>Category</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category One</td>
<td>81%</td>
<td>14%</td>
<td>4%</td>
</tr>
<tr>
<td>Category Two</td>
<td>87%</td>
<td>79%</td>
<td>82%</td>
</tr>
<tr>
<td>Category Three</td>
<td>89%</td>
<td>84%</td>
<td>85%</td>
</tr>
<tr>
<td>Category Four</td>
<td>87%</td>
<td>85%</td>
<td>88%</td>
</tr>
<tr>
<td>Category Five</td>
<td>6%</td>
<td>5%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: DEEWR administrative systems.

**Reduced Liquid Assets Waiting Periods**

In order to determine whether the changes to the liquid asset thresholds reduced the time taken to access income support, it is useful to restrict the analysis to the liquid asset categories that should have been affected by these changes. This includes people in Category Two, who should have been exempt from a LAWP under the temporary changes, and people in Categories Three and Four, who should have experienced reduced waiting periods.

As shown in Figure 1.17, a greater share of people in each of these categories had a reduced LAWP during the temporary threshold changes. In 2008–09, before the temporary LAWP changes, only 19 per cent of those in Category Two were not subject to a LAWP. During the temporary threshold changes, however, this increased to 86 per cent not subject to a LAWP in 2009–10 and 96 per cent in 2010–11.
The temporary changes had a similar albeit less pronounced effect on those in Categories Three and Four. During these temporary changes, waiting periods of less than six weeks occurred for about 64 per cent of those in Category Three in 2009–10 and 63 per cent in 2010–11. In 2008–09, 28 per cent of those in Category Four had a waiting period of less than 13 weeks. During the temporary LAWP changes, however, this increased to 69 per cent for both 2009–10 and 2010–11, indicating that the LAWP changes did help most people in these categories to gain quicker access to income support.

The effect of the temporary changes to the LAWP was stronger for retrenched workers: 94 per cent of those in Category Two were not subject to a LAWP before the changes and this increased to 99 per cent in 2010–11. For retrenched workers in Categories Three and Four, approximately 80 per cent had a reduced waiting period as a result of the LAWP changes.

**Figure 1.17: Proportion of policy-influenced liquid assets categories with a reduced Liquid Assets Waiting Period, 2008–09 to 2010–11**

In theory, however, none of these policy-influenced categories should have received a reduced LAWP under the regular thresholds in 2008–09 and all of these categories should have received a reduced LAWP during the temporary threshold changes in 2009–10 and 2010–11. As already noted, 75 the LAWP changes should have reduced the waiting period for Category Three grants by five weeks, meaning that this category was expected to have a waiting period of one to seven weeks. This analysis has excluded the effect of those receiving a waiting period of six or seven weeks, as it is uncertain whether this category had actually benefitted from the LAWP changes.

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75 The LAWP changes should have reduced the waiting period for Category Three grants by five weeks, meaning that this category was expected to have a waiting period of one to seven weeks. This analysis has excluded the effect of those receiving a waiting period of six or seven weeks, as it is uncertain whether this category had actually benefitted from the LAWP changes.
this may be the result of data integrity issues and other unobserved waiting periods as well as the possibility that the LAWP was not consistently applied.

It is also possible that some people who were granted income support may have benefited from a reduced waiting period because of these changes but not by enough to be identified in this analysis. There are indications that the average LAWP duration reduced, although this analysis could not isolate the changes to the liquid assets distributions that also occurred during this period.

The three policy-influenced liquid assets categories comprised only 4 per cent of the total population that was granted an income support allowance. However, this represents a large number of grants, with the threshold changes having potentially benefited approximately 27,000 grants in 2009–10 and 20,000 grants in 2010–11. Accounting for the proportion of people who may have already benefited from a reduced LAWP under the regular thresholds, the number of LAWP beneficiaries may be closer to 21,000 grants in 2009–10 and 15,000 grants in 2010–11. This amounts to an estimate of 36,000 income support recipients who may have benefited from a reduced waiting period as a result of the temporary changes to the liquid asset thresholds.

**Conclusion**

The temporary changes to the LAWP were introduced to assist those who lost their jobs during the downturn by reducing the time taken to access income support. The vast majority of those granted income support held very small amounts of liquid assets and would have been exempt from a LAWP, even under the regular liquid asset thresholds. These temporary changes appear to have assisted those who owned modest amounts of liquid assets, many of whom were retrenched workers.

Centrelink staff reported that many of those potentially subject to the LAWP also received an Income Maintenance Period. As both waiting periods could be served concurrently, the LAWP often did not apply. It was also possible for job seekers to self-serve their entire waiting period by not applying for income support immediately after they lost their job. It was more common for people to self-serve their entire LAWP during the temporary threshold changes. This could reflect the shorter waiting period and the possibility that people granted income support during this period were less familiar with the income support system or believed they could find a job without income support.

The majority of those who were granted income support and who held liquid asset holdings that should have been affected by the threshold changes received reduced waiting periods. These reduced waiting periods were by no means universal as many who should have benefited from the changes did not get faster access to income support. It could not be determined whether this was the result of data integrity issues or an inconsistent implementation of the liquid assets threshold changes.

However, it was evident that, despite the fact that the temporary threshold changes affected only a small proportion of income support recipients, it reduced the time it took them to access income support payments. As a result, fewer job seekers, including retrenched workers, relied on their own assets before being entitled to income support.

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76 These estimates were discounted using the proportions of the 2008–09 categories already receiving a reduced LAWP.
Keep Australia Working Advisory Service
The Keep Australia Working (KAW) Advisory Service provided an integrated website and national telephone hotline service for job seekers, retrenched workers, employers and other Australians whose employment had been affected by the GFC.

Background
The KAW Advisory Service, announced in the 2009–10 Budget, was allocated $5.2 million to establish a website (Figure 1.18) and national telephone hotline service. The service was designed to provide information and advice on the employment and training initiatives and services (including the Jobs and Training Compact) offered by DEEWR and other government agencies during the economic downturn.

Figure 1.18: Keep Australia Working website landing page

![Keep Australia Working website landing page](source: www.keepaustraliaworking.gov.au)

The information was to help job seekers, employers and other organisations to determine where they could access various forms of assistance depending on their need. One of the telephone services available was a career advisory service staffed by qualified career advisors, which provided information and support to those affected by the GFC. The KAW website included information on the Insulation Workers Adjustment Package, assistance for retrenched workers, Jobs Fund, Jobs and Skills Expos and assistance in finding a job and other local services.
Funding for the KAW Advisory Service ceased on 30 June 2010. The telephone hotline service was in operation from 5 November 2009 to 30 June 2010. The website remained live after this time and was updated as needed but was eventually decommissioned in early December 2011.

**Objective**

The primary objective of the KAW Advisory Service, in the context of the Jobs and Training Compact, was to ensure support for individuals particularly vulnerable during economic downturns.

**Evaluation data sources**

Data sources used to support the analysis of the KAW Advisory Service included:

- DEEWR administrative systems, which included information on the number of website views and calls received by the KAW hotline service
- the Survey of Employment Service Providers (2010), which collected information on awareness and use of the KAW Advisory Service by employment service providers
- the Survey of Employers (2010), which collected data on employers’ awareness and use of the service
- the Survey of Employers of Apprentices (2011), which collected information on the awareness and use of the initiative for employers who hired apprentices
- interviews with JSA providers, where awareness of the KAW Advisory Service was explored.

More detail on these data sources is provided at the end of this report.

**Limitations on the analysis**

Very limited information was available on awareness and use of the KAW Advisory Service. This in part reflects the short time that the KAW Advisory Service was in operation. Stakeholder awareness of the initiative was restricted to employment service providers and employers. Information was not collected on job seekers’ awareness of the service, although they were a primary target group for this initiative. Moreover, data on awareness did not distinguish between the website and telephone hotline and the career advisory service.

Information on use of the KAW Advisory Service was primarily drawn from the recorded number of webpage views and calls received by the telephone hotline. More detailed information on the take-up of this service was not collected. This limited the extent to which target groups could be identified among users.

**Awareness**

An important indicator of the success of the initiative was whether those affected by the GFC were aware of the existence of the KAW Advisory Service. A little less than half (48 per cent) of those who responded to the 2010 Survey of Employment Service Providers were aware of the service.\(^{77}\) This appears consistent with the structured interviews with JSA providers which showed approximately half of those interviewed were aware of this initiative. It appears that some of the respondents in

\(^{77}\) Survey of Employment Service Providers interviews took place in June 2010.
the structured interviews had confused the KAW Advisory Service with other initiatives using the KAW banner—for example, the KAW Forums and the KAW Jobs and Skills Expos.

Employment service providers’ awareness of the KAW Advisory Service varied by site location. Fifty-four per cent of sites located in major cities reported being aware of the initiative, compared with 49 per cent in inner regional areas and 38 per cent in outer regional areas. Lower awareness in regional areas suggests that this may have been influenced by internet connectivity. Those in priority employment areas had much higher awareness (57 per cent) than other areas (40 per cent). This may reflect the greater promotion of the KAW Advisory Service in priority employment areas as it was promoted by Local Employment Coordinators and at Jobs and Skills Expos held in these regions.

Awareness of the KAW Advisory Service was typically higher among employment service providers who reported that the GFC had impacted their area. This is unsurprising given that the initiative was provided as a resource for those affected by the economic downturn. Only 38 per cent of those reporting to be ‘not at all’ affected by the GFC were aware of the initiative, compared with 47 per cent of those ‘slightly’ affected, 50 per cent of those ‘moderately affected’, and 52 per cent of those affected ‘quite a bit’ by the GFC. Interestingly, only 45 per cent of those ‘very much’ affected by the GFC reported to be aware of the KAW Advisory Service.

Awareness of the KAW Advisory Service was lower for surveyed employers, at approximately 14 per cent. This did not vary by the size or location of the business. Awareness was highest in the industries of accommodation, cafes and restaurants (17 per cent), construction (17 per cent), health and community services (16 per cent) and manufacturing (15 per cent). There may have been reduced recall of the initiative among employers as they were surveyed approximately six months after the closure of the KAW telephone service.

Awareness was slightly higher among the employers of apprentices surveyed in March and April 2011, approximately 10 months after the closure of the KAW telephone service. Of those employers of apprentices who had reported a downturn in their business as a result of the GFC, 78 per cent were aware of the KAW Advisory Service (Table 1.26).

Table 1.26: Awareness of the Keep Australia Working Advisory Service, 2010 and 2011

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>48</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>No</td>
<td>52</td>
<td>86</td>
<td>83</td>
</tr>
</tbody>
</table>

¹ Information on awareness of Keep Australia Working Advisory Service was sought only from those who reported experiencing a downturn in their business as a result of the GFC.


---

78 Information on awareness of KAW Advisory Service was sought only from those who reported experiencing a downturn in their business as a result of the GFC.
**Participation**

The KAW Advisory Service was designed to provide information about the services that could assist them during the economic downturn. A key indicator of the value of the website and telephone service was how many people actually accessed these services.

Twenty-eight per cent of employment service providers who were aware of the KAW Advisory Service reported to have used this service. This was similar to the findings from the interviews with JSA providers: approximately one in five of those interviewed who were aware of the KAW Advisory Service reported having used it.

Among all of the employment service providers surveyed, approximately 13 per cent reported using these services. This did not appear to vary by whether the site was located in a major city or regional area. However, reported usage was higher in priority employment areas (16 per cent) than other areas (12 per cent). Use of the KAW Advisory Service by employment service providers appeared to be influenced by whether or not the provider reported to be affected by the economic downturn. Of those reporting to be ‘not at all’ or ‘slightly’ affected by the GFC, only 8 per cent had used the service. This increased to 15 per cent for those affected by the GFC ‘moderately’ or ‘quite a bit’, while 18 per cent of those affected ‘very much’ reported using the KAW Advisory Service (Figure 1.19).

**Figure 1.19: Use of the Keep Australia Working Advisory Service by employment service provider sites affected by the Global Financial Crisis, 2010**

Employer use of the KAW Advisory Service was very low among survey respondents. In the Survey of Employers, less than 2 per cent who were aware of the KAW Advisory Service reported having used
the service. As stated above, this may in part reflect the time since the initiative was in operation, but it does suggest that very few businesses made use of this service.

DEEWR administrative systems record the number of people who accessed the KAW Advisory Service. During the period of operation of the KAW telephone service (5 November 2009 to 30 June 2010), the information line received 1,885 calls from people seeking information or advice. This equates to an average of approximately 11 calls per weekday. No further information was available on the types of callers, the information or advice sought or whether it was useful to those accessing the service.

The KAW website received almost 156,000 unique webpage views between 5 November 2009 and 30 June 2010, peaking at 42,600 in March 2010 (Figure 1.20). The spike in webpage views corresponds with the announcement of Round Two of the Jobs Fund and the introduction of the Insulation Workers Adjustment Package.

**Figure 1.20: Monthly Keep Australia Working website page views, November 2009 to June 2010**

![Figure 1.20: Monthly Keep Australia Working website page views, November 2009 to June 2010](image)

1 Page views represent the number of times a page was viewed, including when pages are refreshed or returned to. Unique views represent the number of sessions during which the page was viewed at least once within a 30-minute period.

Source: DEEWR administrative systems.

The most viewed topic on the KAW website was the Jobs Fund with approximately 28,000 page views over the period. This was followed by the Insulation Workers Adjustment package with 20,300 page views, ‘looking for a job’ (almost 13,000 page views) and ‘finding local services’ (12,700 page views). This suggests that the most frequent viewers of the KAW website were Jobs Fund applicants.

The reported usage in the Survey of Employers of Apprentices was similarly low, with less than 2 per cent of respondents who were aware of the initiative having used the service.
and employment service providers. Job seekers and employers, on the other hand, did not appear to have accessed the website to the same extent.

**Conclusion**

Based on the information available for this initiative, it was not possible to determine whether the KAW Advisory Service had supported those made vulnerable during the economic downturn. There was some evidence that awareness and use of the KAW Advisory Service was high among employment service providers, particularly those located in priority employment areas and in sites affected by the economic downturn. However, there was obvious scope to improve awareness of this service. This was particularly the case among employers, where reported awareness and use of the KAW Advisory Service was very low.

While administrative systems data suggests that significant numbers accessed these services, no information was available on the types of people accessing this initiative, what information was sought or whether the service had assisted them. This highlights the need for improved data collection for future evaluations.
2 Compact with Young Australians

Key findings

The economic downturn following the Global Financial Crisis (GFC) had a greater impact on the youth labour market than on the adult labour market. This is consistent with previous downturns and provides a strong rationale for targeting assistance at young people vulnerable when the economy worsens.

The Compact with Young Australians—as it refers to the youth initiatives of the Jobs and Training Compact—included initiatives designed to increase training places, increase the demand for apprenticeships and promote the re-engagement of early school leavers (ESLs) with education and training by introducing stricter participation requirements for income support.

Overall, the evaluation found that participants in this assistance benefited but at significant financial cost, as it appears many would have achieved positive outcomes in the absence of this assistance. Specifically:

- the skills base of ESLs who participated in the Pathways to Skills initiative improved. Approximately half of ESL participants achieved a positive outcome after the Australian Apprenticeships Access Program. The role of the Access Program in this transition could not be established.
- Apprentice Kickstart Bonus was found to be well marketed and well timed to coincide with the peak period for many employers to hire apprentices. Apprentice Kickstart was also found to have brought forward the start date of some apprenticeships and to have increased the number of apprenticeships.
- Securing Australian Apprenticeships (SAA) was not widely known among employers. The evaluation found some evidence that, as a result of the SAA bonus, businesses hired more apprentices or gave priority to out-of-trade apprentices. However, the post-GFC increase in apprenticeship numbers appears to have been a result of external factors such as a shallower than expected downturn. Apprenticeship retention rates also improved, due perhaps to a reduction in other labour market opportunities for young people as a result of the downturn.
- The strengthened participation requirements of Learn or Earn were found to be effective in increasing participation in study by ESLs, including an increased share of ESLs moving to a student-related benefit and attaining Year 12 (which may also be the result of improved reporting). The evaluation found no statistical evidence of unintended consequences, such as opting out of income support or avoiding participation in study. Insufficient time had elapsed for the evaluation to find out whether Learn or Earn resulted in longer-term improvements in employment outcomes.

The Compact with Young Australians in this report refers to the Jobs and Training Compact initiatives targeted towards young people. This should not be confused with the Compact with Young Australians announcement described in the Council of Australian Governments communiqué on jobs, training and youth transitions (COAG 2009). Interim evaluation findings of the National Partnership on Youth Attainment and Transitions, which included the COAG Compact with Young Australians, can be found in DEEWR (2012a and 2012b).
The evaluation was limited in the extent to which it could control for external factors that were likely to affect outcomes. This included changes in the economy and other elements of government education policy designed to improve schooling and training outcomes and employment prospects.

Overview

For the purposes of this report, the Compact with Young Australians refers to the Jobs and Training Compact initiatives primarily targeted towards young people and deemed within the evaluation’s scope. This should not be confused with the Compact with Young Australians policy described in the Council of Australian Governments communiqué on jobs, training and youth transitions (COAG 2009). However, there was significant crossover between these initiatives. The COAG strengthened participation requirements and entitlement to an education or training place were part of the Jobs and Training Compact.

The Compact with Young Australians—as it refers to the youth initiatives included in the Jobs and Training Compact—included measures to keep people at school or in training and post-school education. These measures were designed to improve skill levels by raising qualifications and to prevent young people, particularly those not in employment, education or training, from becoming long-term unemployed. The Compact with Young Australians primarily targeted ESLs and young people with limited skills because these groups were adversely affected by the economic downturn and were considered to be ill-placed to take advantage of opportunities in any subsequent recovery.

Young people and the Global Financial Crisis

Fluctuations in youth non-engagement with the labour market are largely driven by the health of the economy, with non-engagement greater in periods of economic downturn. Economic downturns reduce labour market opportunities throughout the labour force but particularly for young people. This is despite them being more mobile and better educated than most other Australians (with the exception of 15- to 19-year-old ESLs). Young people also attract lower salaries than other workers but typically have limited work skills and experience that are often prerequisites for a job. While downturns generally improve school retention and education participation rates, downturns also increase youth non-engagement, as reflected in increased youth unemployment and labour market discouragement.
Consistent with expectations, young people bore a disproportionate share of the labour market downturn in Australia. Following the GFC (which was generally considered to have had an impact on the Australian labour market from September 2008) the unemployment rate for 15- to 24-year-olds rose from 8.7 per cent to 11.5 per cent by September 2009. Over the same period, the unemployment rate for 25- to 64-year-olds rose from 3.3 per cent to 4.3 per cent.

The recovery among the youth labour market was slower than that of other Australians. Since the economic downturn, the unemployment rate for young people, especially for those aged 15 to 19 years, had largely remained unchanged (Figure 2.1). In the three years since early 2009, the monthly unemployment rate for 15- to 19-year-olds averaged 17.0 per cent and 7.8 per cent for 20- to 24-year-olds. The corresponding average for 25- to 64-year-olds was 4.0 per cent.

**Figure 2.1: Unemployment rates by age group, April 1986 to April 2012**

Source: ABS 2012d and seasonally adjusted DEEWR estimates.
Movements in age-specific unemployment rates are also reflected in the percentage change in the actual numbers of young people unemployed (excluding those in full-time education). These rose rapidly after the economic downturn (Figure 2.2). The trend in job losses was similar to that of older people initially. Over time, however, trends have diverged, particularly between 20- to 24-year-olds and other age groups. Disentangling the trends in Figure 2.2 is beyond the scope of this report. The issue of whether the Jobs and Training Compact contributed to changes in unemployment growth for young people is examined later in the report, particularly in the section on Learn or Earn.

**Figure 2.2: Unemployment growth since the start of the economic downturn in September 2008**

[Graph showing unemployment growth]
The effect of the economic downturn on the youth labour market is also evident from employment data. Between September 2008 and 2009, the number of employed 15- to 24-year-olds fell by 41,700 (with 15- to 19-year-olds accounting for 86.1 per cent of this fall), whereas total employment actually increased by 52,400 between these dates (Figure 2.3).

Earlier in the report, it was noted that the downturn had a much greater effect on full-time employment than part-time employment. Accordingly, the number of 15- to 24-year-olds who were employed full-time fell by 97,300 between September 2008 and 2009, indicating both a loss of jobs and movement from full-time to part-time jobs.

**Figure 2.3: Numbers employed since the start of the economic downturn, September 2008 to April 2012**

Source: ABS 2012d.
A broader measure of inactivity that arguably provides a better indicator of youth at risk of long-term unemployment is the proportion of young people not in employment, education or training (the so-called NEET rate). From 2008, there was a rise in the NEET rate in Australia (from 8.7 per cent to 10.7 per cent in 2009) (Figure 2.4). In this time period (2008 to 2009), the NEET rate for 15- to 19-year-olds rose from 6.5 per cent to 8.7 per cent, while for 20- to 24-year-olds the increase was from 10.8 per cent to 12.5 per cent. Since the downturn, the NEET rate has only come down marginally (10.4 per cent in 2010 for 15- to 24-year-olds). Significantly, much of the increase in the rate of NEET was due to youth dropping out of, or not moving into, the labour market rather than becoming unemployed.

Figure 2.4: The ‘Not in education, employment or training’ (NEET) rate for 15- to 24-year-olds, 1982 to 2011

While short periods of NEET are unlikely to be detrimental to a young person’s longer-term outcomes, being disengaged for a prolonged period is likely to be so. Based on administrative systems data of income support recipients, it is estimated that at the end of May 2010 there were around 170,000 young people in long-term disengagement from work or study. This corresponds to slightly fewer than 5 per cent of the youth population. This number also represented around half of total youth NEET at that time. Indigenous youth made up 16 per cent of all long-term NEET. The barriers to engagement of these young people are diverse and many have more than one barrier. The Compact with Young Australians was largely targeted towards these people.
Initiatives

The initiatives included under the Compact with Young Australians are summarised briefly in Table 2.1. Of the five main initiatives included under the Compact with Young Australians, Learn or Earn was the only ongoing initiative. The initiatives aimed at apprenticeships were short-term responses to restore the take-up of Australian Apprenticeships to pre-GFC levels. More information on these initiatives can be found in the following sections of the report.

As the Compact with Young Australians largely relied on existing government programmes and had to be accommodated within an existing legal framework (such as social security legislation), its specific initiatives did not target the same group. Pathways to Skills, for example, was aimed at 19- to 24-year-olds (and retrenched workers), while the initiative designed to strengthen participation requirements (Learn or Earn) was targeted at 15- to 20-year-olds.

Table 2.1: Initiatives of the Compact with Young Australians

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Duration</th>
<th>Target population</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pathways to Skills</strong>—5,500 (3,650 for young people) pre-vocational training and support places under the Australian Apprenticeships Access Program</td>
<td>2009–10</td>
<td>19- to 24-year-olds</td>
</tr>
<tr>
<td><strong>Apprentice Kickstart:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kickstart Bonus—$3,500 to employers who took on an apprentice aged under 20 years in a traditional trade</td>
<td>Dec 2009 to Feb 2010</td>
<td>15- to 19-year-olds</td>
</tr>
<tr>
<td>Pre-apprenticeship training—support for state and territory governments to provide more pre-apprenticeship training</td>
<td>Feb 2010 to Dec 2011</td>
<td>15- to 19-year-olds</td>
</tr>
<tr>
<td><strong>Securing Australian Apprenticeships:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recomencement and completion bonuses—additional employer incentives to employ out-of-trade apprentices and trainees</td>
<td>Jan 2009 to Dec 2010</td>
<td>Apprentices</td>
</tr>
<tr>
<td>Registered Training Organisations</td>
<td>Jul 2009 to Jun 2011</td>
<td>Apprentices</td>
</tr>
<tr>
<td><strong>Learn or Earn</strong>—strengthened participation requirements requiring young people without Year 12 to participate in full-time study or training to receive income support</td>
<td>Ongoing</td>
<td>15- to 20-year-olds</td>
</tr>
<tr>
<td><strong>Entitlement to an education or training place</strong></td>
<td>Jul 2009 to Dec 2011</td>
<td>15- to 24-year-olds</td>
</tr>
</tbody>
</table>

1 This initiative was excluded from the evaluation report due to limited data availability and because implementation was outside of the Jobs and Training Compact evaluation timeframe.
2 The entitlement to an education or training place for young people was excluded from the evaluation report due to limited data availability and the difficulties associated with isolating the impact of this initiative.

Objectives

The objectives of the Compact with Young Australians in the context of the broader Jobs and Training Compact objectives were to:

- assist job retention and employment viability among young people
- build the national skills base and improve transitions into further education, training and employment
- ensure support for young people particularly vulnerable during economic downturns.
Also, within the design of the Jobs and Training Compact, the Compact with Young Australians was intended to:

- raise the training and skill retention of vulnerable young people to ensure a productive and prosperous Australia by increasing the educational attainment of people aged 15 to 24 and their engagement with further education, training and employment
- limit the long-term scarring effects of an economic downturn.

Jobs and Training Compact initiatives for young people operated alongside a range of other labour market related measures. Together, these measures were broadly designed to ensure that young people were well prepared for the labour market or further study before they left school. These measures were also designed to assist young people to make a smooth transition from education to the workforce and to move disengaged youth into productive pathways in education or study.

**Measuring the performance of the Compact with Young Australians**

Generally, the approach to evaluating the Compact with Young Australians was the same as that used for other elements of the Jobs and Training Compact. The broad evaluation criteria are:

- programme engagement, including awareness (i.e. the extent to which the availability of programmes is known by people who would potentially benefit from the assistance) and participation (i.e. the number of programme participants relative to the eligible population)
- effectiveness—the extent to which the Jobs and Training Compact objectives are met
- efficiency—the costs of assistance.

The extent to which these criteria were addressed for each initiative varied according to the operational characteristics of these initiatives and limitations on the data. It is also important to note that, for each initiative, performance against programme objectives was not the focus. This in part reflects the fact that the initiatives of the Compact with Young Australians were part of a broad-level response to an economic downturn largely involving adjustments and additional funding to existing programmes rather than new programmes.

As noted above, data limitations affect the scope of the evaluation. Limitations include the availability of data, the measurement of longer-term outcomes and the capacity of the evaluation to isolate external factors when attempting to discover causal relationships. Data limitations specific to each initiative are discussed in more detail in the following sections.

In discussing methodological and data constraints facing the evaluation, the introduction to this report noted the difficulty involved in isolating any impacts of the Jobs and Training Compact from other factors, including changes in the economy and other labour market interventions, such as Job Services Australia (JSA). This constraint applies equally to the Compact with Young Australians. Isolating its impact on young unemployed people with any degree of certainty is not feasible because it was not possible to develop a counterfactual.

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81 Including a National Green Jobs Corps training package and additional places under a number of existing programmes not specifically targeted towards youth, such as the Productivity Places Program and the Language, Literacy and Numeracy Program. Two major initiatives were also announced—Skills for Sustainable Growth in 2010 and Building Australia’s Future Workforce in 2011 (DEEWR 2011a).
The situation concerning the measurement of longer-term outcomes is similar. Given the timescale of the evaluation, longer-term outcomes could not be measured as they did not have sufficient time to eventuate.

**Achievements against Jobs and Training Compact objectives**

The initiatives that made up the Compact with Young Australians fit into two broad types. The first type consisted of three separate programmes to boost take-up and retention of apprentices (delivered by way of pre-apprenticeship training and employer bonuses). The second type consisted of strengthened participation requirements to reduce the likelihood of ESLs becoming or remaining disengaged. In the context of the four main objectives of the Jobs and Training Compact (described in the introduction to this report), these initiatives were primarily aimed at building the national skills and capacity base for all Australians and improving transitions into further education and training. They were also designed to assist job retention and employment viability among disadvantaged groups and support individuals vulnerable during economic downturns.

Assessing the achievements of the Compact with Young Australians against these broader objectives was problematic because of data limitations and different objectives and target groups. It is clear, nevertheless, from the findings on the performance of individual initiatives that the Compact with Young Australians contributed towards achieving the Jobs and Training Compact objectives.

The evaluation found that the skills base of participants in the Access Program improved. Around half of ESLs assisted by the programme were subsequently employed or studying in the short-term. It was not possible in the evaluation to undertake a net impact analysis to establish the role of the programme in improving transitions for ESLs. The employment viability of young people was assisted by the Apprentice Kickstart Bonus, which influenced the decisions of employers on the timing, type and number of apprentices hired.

The extent to which this initiative increased apprenticeship commencements was less clear. An improved economy and shallower than expected downturn appear to have played a greater role. The Securing Australian Apprenticeships package was not well known. As a result, its contribution to Jobs and Training Compact objectives was likely to be minimal. However, there was evidence from employers who were aware of the package that the bonuses available to them increased apprenticeship commencements and retention.

Educational engagement was found to have improved for young people subject to the Learn or Earn initiative. This is expected to enhance transitions from school and improve the employment viability of young people and thereby raise the national skills base. It was too early for the evaluation to measure if these improvements increased employment outcomes.
Pathways to Skills
The Pathways to Skills initiative provided additional places in the Australian Apprenticeships Access Program (Access Program) to support groups at risk of being adversely affected by the GFC. Places were targeted at young Australians aged 19 to 24 years (3,650 places) and retrenched workers aged 25 years and over (1,850 places).

Background
The Access Program aims to support vulnerable job seekers who experience barriers to skilled employment with pre-vocational training support and assistance to help them to find and keep skilled employment in an Australian Apprenticeship. The Access Program consists of three stages—pre-vocational training, job search support and post-placement support.

Pre-vocational training aims to prepare job seekers for skilled employment in an Australian Apprenticeship. The pre-vocational training element of the Access Program includes a minimum training period of 150 hours (including at least 20 hours per week), contains a minimum of three units of competency and may include a work experience component of up to 25 per cent of the pre-vocational training hours. The programme is one of a number of ways of undertaking pre-vocational training for an apprenticeship.

Following pre-vocational training, participants are provided with individualised job search assistance for up to 13 weeks, involving developing job search skills and addressing personal barriers. Participants who then gain an apprenticeship or other employment or further study are entitled to receive post-placement support for a period of up to 26 weeks.

Pathways to Skills involved 5,500 additional places in the Access Program in 2009–10. The Access Program budget for 2009–10 was $33.7 million.

Objectives
The objectives of Pathways to Skills in the context of the Jobs and Training Compact was to:

- build the national skills and capacity base for all Australians and improve transitions to further education, training and employment
- ensure support for individuals, particularly vulnerable job seekers, during economic downturns.

Evaluation data sources
The following data sources were used to support the analysis of Pathways to Skills:

- DEEWR administrative systems data, which provided information on the number of referrals, commencements and outcomes of Access Program participants
- the Survey of Access Program Participants (2011), which asked questions on participants’ experiences, including their reason for participating in the Access Program, the role of the

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To be eligible for the Access Program, individuals have to satisfy residency, Centrelink registration and personal circumstances criteria. The personal circumstances criteria address a number of groups, including, but not limited to: early school leavers; ‘at risk’ Year 12 school leavers; Indigenous Australians; individuals registered as unemployed for three months or more; homeless people; people with disability; sole parents receiving Parenting Payment Single; and mature-aged workers.
programme in getting them a job or an apprenticeship and their opinions of training they had received
• the Survey of Employers of Apprentices (2011), which measured the importance of pre-apprenticeship training to employers
• the DEEWR Post-programme Monitoring Survey, which provides information on the proportion of participants surveyed who reported positive employment and training outcomes
• interviews and focus groups with JSA providers where their experiences with referring clients to the Access Program were discussed.

More detail on these data sources is provided at the end of this report.

Limitations on the analysis
A number of factors limited the analysis of the contribution of the Pathways to Skills initiative to achieving the Jobs and Training Compact’s objectives. In particular, it was not possible with the management information data to separately identify participants funded through Pathways to Skills from other Access Program participants. This made it difficult to draw conclusions on its contribution to achieving the compact’s objectives.

In late 2009, new contracts were awarded to Access Program brokers, with service delivery to commence from 1 January 2010. The start-up of the new contracts was later than anticipated and may have slowed programme take-up. Consistent with other initiatives, the relatively short timeframe for the evaluation limited longer-term monitoring of Access Program participants, particularly in examining the extent to which they commenced and completed apprenticeships.

Awareness
Participation in the Access Program depends, in part, on an individual’s awareness of the programme. Measuring awareness ideally requires information from potential programme participants and people in a position to facilitate programme entry, such as employment service providers. This information could not be obtained for the evaluation. While it was possible to collect some information on employment service providers, identifying and surveying the potential target group was not possible. Instead, the issue of awareness was investigated from the perspective of programme participants, including how they found out about the programme.

The majority of respondents to the Survey of Access Program Participants were made aware of the programme through their JSA provider (67 per cent). Other sources of information were Centrelink (9 per cent), newspaper advertisements (8 per cent) and ‘word of mouth’ (6 per cent) (Table 2.2).
Table 2.2: How participants became aware of the Australian Apprenticeships Access Program

<table>
<thead>
<tr>
<th>Source</th>
<th>Early school leavers</th>
<th>Retrenched workers</th>
<th>Other participants</th>
<th>Total Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Services Australia provider</td>
<td>71</td>
<td>65</td>
<td>64</td>
<td>67</td>
</tr>
<tr>
<td>Centrelink</td>
<td>9</td>
<td>8</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Newspaper</td>
<td>3</td>
<td>12</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Other¹</td>
<td>16</td>
<td>18</td>
<td>18</td>
<td>17</td>
</tr>
</tbody>
</table>

1 Other responses include word of mouth, internet, Australian Apprenticeships Access Program providers, Registered Training Organisations, employers, schools, and Jobs and Skills Expos. Columns may not add to 100 per cent as multiple responses were allowed.


Participation

In 2009–10, there were approximately 13,535 commencements in the Access Program, representing 90 per cent of the allocated places in the year (Table 2.3). Precisely how many of these were the additional places funded through the Pathways to Skills initiative of the Jobs and Training Compact was not known. However, it is possible to estimate this number based on approved commencements in previous financial years (i.e. approximately 9,500). On this basis, of the additional 5,500 places, about 4,000 (73 per cent) were estimated to have been taken up.

This lower than expected take-up may be explained in part by the Australian labour market faring better than anticipated, with fewer redundancies than expected and the new programme contracts being introduced only from January 2010.

Table 2.3: Australian Apprenticeships Access Program—total referrals and confirmed commencements, 2006–07 to 2009–10

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Total referrals</th>
<th>Total confirmed commencements¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006–07</td>
<td>15,480</td>
<td>9,556</td>
</tr>
<tr>
<td>2007–08</td>
<td>18,513</td>
<td>9,751</td>
</tr>
<tr>
<td>2008–09</td>
<td>16,356</td>
<td>9,810</td>
</tr>
<tr>
<td>2009–10</td>
<td>20,473</td>
<td>13,535</td>
</tr>
</tbody>
</table>

¹ A confirmed commencement occurs when a referred participant completes five consecutive days in the Access Program.

Source: DEEWR administrative systems.

Confirmed commencements (that occur when a referred participant completes five consecutive days in the Access Program) were slightly higher for males in 2009–10 (55 per cent). Indigenous Australians comprised 5.5 per cent of total commencements, while people with disability represented 2.4 per cent of total commencements. Forty-four per cent of confirmed commencements in 2009–10 were taken up by youth aged 15 to 24 years. Very few were taken up by retrenched workers.³³

³³ Retrenched workers who self-identified under another eligibility category could not be identified.
The most common reason given by surveyed participants for enrolling in the Access Program was to improve their prospects of gaining employment (79 per cent) (Table 2.4). Finding and/or keeping an apprenticeship was another common reason for participating (15 per cent), particularly among ESLs responding to the survey (19 per cent). While the Access Program was an approved activity for ESLs, very few cited this as the reason for participating in the programme.

Table 2.4: Main reason given by participants for participating in the Australian Apprenticeships Access Program, 2011

<table>
<thead>
<tr>
<th>Reasons for participating</th>
<th>Early school leavers</th>
<th>Retrenched workers</th>
<th>Other participants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>To enter employment</td>
<td>76</td>
<td>82</td>
<td>80</td>
<td>79</td>
</tr>
<tr>
<td>To obtain and/or maintain an apprenticeship</td>
<td>19</td>
<td>15</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>Compulsory</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Other(^1))</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

\(^1\) Other includes ‘career change’ and ‘enjoyment’. Some recipients provided multiple responses, including ‘all of the above’. These were categorised in the ‘To enter employment’ category.


Effectiveness

Outcomes for Australian Apprenticeships Access Program participants

Positive outcomes from the Access Program include employment (i.e. taking up an apprenticeship or any other employment) and participating in further education and training. Such outcomes are consistent with the objectives of Pathways to Skills and the broader Jobs and Training Compact. An outcome measure on its own does not provide information on the programme’s contribution to the outcome (i.e. its effectiveness), but it is an important indicator of programme performance. To get a broader picture of outcomes (and recognising that no single outcome measure tells the whole story), the evaluation considered two outcome measures:

- labour force and education status as reported by respondents to the Survey of Access Program participants
- paid outcomes.\(^85\)

The Survey of Access Program Participants found that 57 per cent of respondents were employed, doing an apprenticeship or studying (i.e. had achieved a positive outcome) at the time of the survey (Table 2.5).\(^86\) A greater share of ESLs (relative to other groups) were studying, while a greater share of retrenched workers were employed. The introduction of Learn or Earn, which targets ESLs and encourages educational outcomes, is one possible explanation for more of this group being in study.

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\(^84\) An approved activity satisfies activity test requirements for ESLs who are subject to Learn or Earn in order to receive income support.

\(^85\) Paid outcomes occur when the participant has achieved 13 weeks in one of the following outcomes: an apprenticeship, full-time or part-time employment, further education or training.

\(^86\) The department’s Post-program Monitoring Survey found a similar result. Of those in employment services who left the Access Program between 1 July 2009 and 30 June 2010 (with outcomes measured around three months later), 61 per cent reported positive outcomes (i.e. being in employment or in study or both) after leaving the Access Program. This survey measures outcomes for people referred to programmes by JSA providers, including those who complete the programme or who leave the programme before completing.
Table 2.5: Outcomes of Australian Apprenticeships Access Program survey participants at time of survey

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Early school leavers</th>
<th>Retrenched workers</th>
<th>Other participants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per cent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>27</td>
<td>49</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Apprenticeship</td>
<td>7</td>
<td>5</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Studying</td>
<td>17</td>
<td>13</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Positive outcomes</td>
<td>51</td>
<td>67</td>
<td>54</td>
<td>57</td>
</tr>
<tr>
<td>Looking for work</td>
<td>44</td>
<td>32</td>
<td>39</td>
<td>38</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>1</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>

1. Apprenticeships may be understated because some apprenticeships may have been recorded as employed.
2. Other reasons include health, personal issues and caring responsibilities.


Of those employed at the time of the survey (39 per cent), there was a fairly even split between permanent (51 per cent) and casual (49 per cent) employment as well as between part-time (47 per cent) and full-time (53 per cent). Ideally, once Access Program participants have completed the Access Program, they would go into permanent full-time work. Seventeen per cent of those surveyed were found to be in permanent full-time work.

Taken together, these data on outcomes indicate that around half of Access Program participants in 2009–10 achieved an employment outcome. A further 10 to 15 per cent were studying after participating in the programme. Outcomes are, of course, influenced by external factors, such as employers’ willingness and ability to take on apprentices as well as the availability of training and job vacancies. It is likely that the economic downturn would have increased completion rates but negatively affected employment outcome rates of participants.

It is important that positive outcomes are sustained. Information on paid outcomes gives an indication of sustainability. Access Program participants who are placed into a job, an apprenticeship or education and who remain in these placements for at least 13 weeks may qualify their provider for a paid outcome. In 2009–10, 3,479 paid outcomes were recorded for Access Program participants (Table 2.6), 62 per cent of which were for those aged 15 to 24 years.

Table 2.6: Australian Apprenticeships Access Program 13-week payable outcomes, 1 2006–07 to 2009–10

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Total 13-week payable outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006–07</td>
<td>3,632</td>
</tr>
<tr>
<td>2007–08</td>
<td>3,851</td>
</tr>
<tr>
<td>2008–09</td>
<td>3,587</td>
</tr>
<tr>
<td>2009–10</td>
<td>3,479</td>
</tr>
</tbody>
</table>

1. Enhancements to the Australian Apprenticeships Access Program from 1 January 2010 mean that outcomes may not be realised for up to one year from the date of confirmed commencement.

Source: DEEWR administrative systems.
Over time the number of payable outcomes remained relatively stable. In 2009–10, 10,654 training completions\(^{87}\) were recorded compared with 3,479 paid outcomes. While some of these would have recorded outcomes in later years, it seems that a significant proportion of those individuals who undertook their training in 2009–10 did not remain in work, an apprenticeship or education for up to 13 weeks.

Of those participants surveyed in 2011 who were in a job or apprenticeship at the time of the survey, labouring was the most common occupation (25 per cent). This was followed by customer service or sales work (23 per cent) and community and personal service work (19 per cent) (Table 2.7).

Table 2.7: Occupation of Australian Apprenticeships Access Program participants who were either employed or in an apprenticeship,\(^ 1\) 2011

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Early school leavers</th>
<th>Retrenched workers</th>
<th>Other participants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labourers</td>
<td>27</td>
<td>24</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Customer service or sales workers</td>
<td>28</td>
<td>20</td>
<td>21</td>
<td>23</td>
</tr>
<tr>
<td>Community and personal service workers</td>
<td>8</td>
<td>24</td>
<td>23</td>
<td>19</td>
</tr>
<tr>
<td>Technicians and trade workers</td>
<td>19</td>
<td>13</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Clerical and administrative workers</td>
<td>8</td>
<td>11</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Other occupation</td>
<td>10</td>
<td>9</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

\(^1\) Refers to those who reported being in a job or apprenticeship at the time of the survey.


Of those Access Program participants surveyed who were employed or in an apprenticeship, most were in the industries of Health Care and Social Assistance (14 per cent) and Accommodation and Food Services (14 per cent) (Table 2.8).\(^{88}\) Construction was reported to be the main industry for employment and apprenticeships among ESLs (20 per cent), followed by Accommodation and Food Services (19 per cent) and Retail Trade (19 per cent). In contrast, Health Care and Social Assistance was the main industry for retrenched workers (21 per cent) and other participants (13 per cent).

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\(^{87}\) Training completions for this period are understated because two information management systems operated for the same period and these data were not captured in one of these systems. Typically, it is assumed that 70 per cent of participants who commence the Access Program complete the pre-vocational training component. Information for the 2010–11 financial year would have allowed a more detailed analysis as many of those who commenced in 2009–10 would have completed in 2010–11. This information was not available.

\(^{88}\) While ‘Other industry’ has the highest proportion of respondents, it represents a number of industries, including public administration and safety (4 per cent), education and training (2 per cent), mining (2 per cent) and wholesale trade (5 per cent).
Table 2.8: Industry for Australian Apprenticeships Access Program participants who are either employed or in an apprenticeship,¹ 2011

<table>
<thead>
<tr>
<th>Industry type</th>
<th>Early school leavers</th>
<th>Retrenched workers</th>
<th>Other participants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care and Social Assistance</td>
<td>5</td>
<td>21</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>19</td>
<td>12</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>19</td>
<td>11</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>14</td>
<td>10</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Construction</td>
<td>20</td>
<td>3</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>2</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Other industries</td>
<td>23</td>
<td>36</td>
<td>44</td>
<td>35</td>
</tr>
</tbody>
</table>

¹ Refers to those who reported being in a job or apprenticeship at the time of the survey.


Among Access Program participants, approximately half (49 per cent) of those employed since starting the Access Program felt that participating in the programme helped them to get their job or apprenticeship. This proportion was slightly higher for ESLs (53 per cent) than retrenched workers (43 per cent). The main way that the programme helped was by ‘providing work skills’.

Importance of pre-apprenticeship training in hiring apprentices

Pre-apprenticeship training aims to increase the work-readiness of potential apprentices, thereby making them more attractive to employers. This raises the issue of whether this type of assistance can influence hiring decisions. To determine whether pre-apprenticeship skills were valued, employers of apprentices were asked what factors were important in their decision to hire an apprentice. All employers interviewed saw a good attitude and strong work ethic as important, while only 40 per cent saw pre-apprenticeship training as an important factor. Other work or study based factors, including ‘past work experience’ (57 per cent), ‘qualifications and licences’ (57 per cent), ‘prior skills’ (50 per cent) and ‘Year 12 completion’ (47 per cent), were reported to be more important in the decision to hire an apprentice than pre-apprenticeship training. However, this may underestimate the influence of the programme if, for example, some of the characteristics valued more highly by employers were in fact acquired by participants on the programme.

About one-quarter of apprentices used a pre-vocational pathway into apprenticeships. It is possible that this relatively low proportion may influence employers’ perceptions of the importance of this training. Employers seem to believe that apprenticeships are the first step in skills development and that anyone can be trained so long as they have the right attitude and a good work ethic.

Building the national skills base

The pre-vocational training component of the Access Program enables participants to build their skills base by participating in formal training and work experience.

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⁸⁹ In this case, pre-apprenticeship training is considered synonymous with pre-vocational training.

⁹⁰ The Survey of Australian Apprentices (2010 and 2011) found that 23 per cent of apprentices used pre-vocational pathways into apprenticeships. Of these, 3 per cent reported using the Access Program. Karmel and Oliver (2011a) found that approximately one in four apprentices completed a pre-apprenticeship programme before starting their apprenticeship or traineeship.
Most Access Program participants surveyed had completed the Access Program training at the time of interview (86 per cent). The main reasons that participants did not complete the training were personal/health reasons (31 per cent) and finding employment (27 per cent). Three-quarters of the participants surveyed were able to get into the training that they wanted (Table 2.9). Most participants reported that the training was no more difficult than expected (80 per cent) and that the training taught them something new (82 per cent). For most surveyed participants, the trainers for the pre-vocational courses were viewed as experienced and helpful (91 per cent).

### Table 2.9: Statements about Australian Apprenticeships Access Program training from participants

<table>
<thead>
<tr>
<th>Agrees or strongly agrees with the following statements</th>
<th>Early school leavers</th>
<th>Retrenched workers</th>
<th>Other participants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The trainers were experienced and helpful</td>
<td>87</td>
<td>92</td>
<td>93</td>
<td>91</td>
</tr>
<tr>
<td>The training helped my work skills</td>
<td>86</td>
<td>82</td>
<td>81</td>
<td>83</td>
</tr>
<tr>
<td>I was able to get into the training I wanted</td>
<td>76</td>
<td>71</td>
<td>72</td>
<td>73</td>
</tr>
<tr>
<td>The training has helped me to do my job</td>
<td>76</td>
<td>68</td>
<td>77</td>
<td>73</td>
</tr>
<tr>
<td>It helped my chances of getting an apprenticeship</td>
<td>68</td>
<td>55</td>
<td>54</td>
<td>59</td>
</tr>
</tbody>
</table>


There was a lower level of agreement that the Access Program training improved participants’ chances of getting an apprenticeship, although the majority (59 per cent) still held this view. ESLs in particular were more likely to hold this view (68 per cent), reflecting the fact that an apprenticeship is a more common pathway for young people. It may also indicate that ESLs have a greater capacity to benefit from the training, with 86 per cent of them agreeing that the training helped their work skills (compared with 83 per cent in total).

Several JSA providers who were interviewed reported referring their clients to the programme. In this context, some raised concerns about programme administration and compliance issues, although views on the programme were sometimes difficult to distinguish from more general views on apprenticeships. This, however, was not always the case:

> [The Access Program is a] good programme, especially for early school leavers ... This is a good option for school leavers who aren’t sure exactly what they want to study because they aren’t locked in to a particular field. (JSA provider, Canterbury–Bankstown and South Western Sydney, 2010)

A less obvious benefit of participation in the Access Program was its role in acting as a filter for aspiring apprentices. Twenty-two per cent of surveyed participants agreed or strongly agreed that the Access Program made them realise that they were not doing the type of work they wanted. This could be viewed as a benefit of the programme because it prevents people making a larger commitment by starting a job or apprenticeship and later realising that it was not what they wanted to do (Table 2.10). In effect, this has the potential to reduce apprenticeship dropout rates.
Table 2.10: Statements of perceived effectiveness of Australian Apprenticeships Access Program training from participants

<table>
<thead>
<tr>
<th>Agrees or strongly agrees with the following statements</th>
<th>Early school leavers</th>
<th>Retrenched Workers</th>
<th>Other participants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The training did not teach me anything new</td>
<td>14</td>
<td>16</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>The training was more difficult than I expected</td>
<td>15</td>
<td>15</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>It made me realise this wasn’t the type of work I wanted</td>
<td>23</td>
<td>22</td>
<td>20</td>
<td>22</td>
</tr>
</tbody>
</table>


Access Program participants reported that they had gained a number of skills from the Access Program training. The main skills included job specific skills (82 per cent) and workplace safety (47 per cent) (Table 2.11). Very few survey participants reported that they had gained nothing from the training.

Table 2.11: Skills gained from pre-vocational training for Australian Apprenticeships Access Program participants

<table>
<thead>
<tr>
<th>Skills gained</th>
<th>Early school leavers</th>
<th>Retrenched workers</th>
<th>Other participants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job specific</td>
<td>77</td>
<td>85</td>
<td>83</td>
<td>82</td>
</tr>
<tr>
<td>Workplace safety</td>
<td>50</td>
<td>46</td>
<td>45</td>
<td>47</td>
</tr>
<tr>
<td>First aid training</td>
<td>15</td>
<td>19</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td>Team work</td>
<td>18</td>
<td>15</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Life skills</td>
<td>18</td>
<td>13</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Job search skills</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>None</td>
<td>4</td>
<td>7</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

1 Refers to those who completed or were still in Access Program training at the time of interview.


**Job search and post-placement support**

A feature of the Access Program is the provision of job search assistance for up to 13 weeks. Providers are contractually obliged to deliver this service, yet only three-quarters of participants who completed the training reported receiving job search support (76 per cent). It is not clear from the survey if this means some providers were ignoring their obligations or that some participants did not recall receiving the assistance. Of those who did recall receiving the assistance, many were contacted by their provider at least fortnightly (44 per cent). The most common means of contact were telephone calls (76 per cent) and personal meetings at their provider’s office (41 per cent).

On entering employment or further education or training, Access Program participants were to receive between 13 and 26 weeks of individualised post-placement support. For those who found work, 46 per cent reported being contacted by their Access Program provider after starting work. Of these, 57 per cent reported receiving help from their provider after starting work. The most common help received was the provider talking to them regularly (38 per cent) (Table 2.12).
Table 2.12: Assistance received from Australian Apprenticeships Access Program provider after starting work

<table>
<thead>
<tr>
<th>Type of help received</th>
<th>Total</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talked to me regularly</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Helped me with a work related issue</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Helped me settle into work</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Paid for clothing or equipment</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Talked with my employer</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Other help</td>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>

1 ‘Other help’ includes assistance with further education or training, personal issues, transport, being referred to other employment service providers or to people in their community.


Conclusion

The Pathways to Skills initiative involved additional places in the Access Program to help build the skills and capacity base and to provide support for individuals vulnerable during the economic downturn. Poor quality administrative systems data limited the ability to analyse the extent to which these were met. However, it was possible to derive broad estimates of the effect of the additional funding provided through the Jobs and Training Compact.

In 2009–10, around 4,000 out of the 5,500 additional Access Program places announced for Pathways to Skills were taken up. Over the same period, there were 10,654 training completions and 3,479 payable outcomes, indicating that a large proportion of individuals who completed the Access Program did not achieve a sustained employment or education outcome. Nevertheless, the majority of participants in 2009–10 were either employed or studying after the programme.

Access Program participants who were surveyed reported that they gained a range of skills from the pre-vocational training. Almost half of those who had a job or apprenticeship since starting the programme felt that it helped them to get their job or apprenticeship. On this basis, it would appear that the Access Program has improved the skills base of its participants and assisted some to move into employment or further training.
Apprentice Kickstart Bonus
An effect of the GFC was a decline in apprenticeship commencements, particularly among young people. To encourage employers to take on apprentices, the Australian Government introduced the Apprentice Kickstart Bonus. Apprentice Kickstart tripled the commencement bonus paid to employers who hired teenage apprentices in skills shortage trades during the summer months of 2009–10.

Background
Following the recommendations of the Keep Australia working final report (DEEWR 2009), $100 million previously allocated to the Jobs Fund was redirected to fund Apprentice Kickstart. This included $80 million to fund the Apprentice Kickstart Bonus and $20 million for the Increased Pre-apprenticeship Training Opportunities initiative.91

The Apprentice Kickstart Bonus was available to employers and Group Training Organisations (GTOs)92 that hired apprentices aged 19 years and under who commenced in trades identified on the National Skills Needs List.93 The Apprentice Kickstart Bonus was announced in October 2009 and was available for apprentices hired from 1 December 2009 to 28 February 2010. The bonus was provided to employers as two incentive payments: the Commencement Bonus of $850 at the three-month point and a Retention Bonus of $2,500 at the nine-month point of the apprenticeship. This was in addition to the standard employer commencement payment of $1,500 paid at the three-month point, providing a total commencement payment of $4,850 to eligible employers.94

The apprenticeship system is an important source of future skilled workers. Issues raised by employers at the Keep Australia Working forums contributed to the introduction of Apprentice Kickstart. Employers identified the need for more incentives to be provided to help maintain apprenticeship commencements following the GFC so that skills were retained in the economy. Apprentice Kickstart was introduced as a temporary measure to provide incentives for employers to hire teenagers in skills shortage trades.

91 The Increased Pre-apprenticeship Training Opportunities initiative provided funding for states and territories to develop and manage programmes and projects to increase pre-apprenticeship training opportunities in their jurisdictions. This initiative has been excluded from the evaluation report due to limited data availability and because implementation was outside of the Jobs and Training Compact evaluation timeframe. In this report, the term ‘Apprentice Kickstart’ refers only to the Apprentice Kickstart Bonus.

92 GTOs are organisations that employ apprentices and place them with one or more host employers. The host employers provide on-the-job training while GTOs organise off-the-job training and well as recruitment, job rotation and payroll activities. GTOs are directly eligible for the Apprentice Kickstart Bonus, although they may choose to pass on this incentive payment to host employers. Where available, findings for employers and GTOs are reported separately in this analysis.

93 The term ‘skills shortage trades’ refers only to trade occupations listed on the National Skills Needs List that are studied at the Certificate III or IV level. The National Skills Needs List identifies trades deemed to be in national skills shortage based on research conducted by the department. For more information about the National Skills Needs List and eligibility criteria for Australian Apprenticeships incentives, see DEEWR 2013.

94 The Apprentice Kickstart Extension, a six-month continuation of the Apprentice Kickstart Bonus announced as part of the 2010–11 Budget, was not examined in this evaluation, as it was not part of the Jobs and Training Compact. The eligibility period for the extension was from 12 May to 12 November 2010.
Objective
The objective of the Apprentice Kickstart Bonus in the context of the Jobs and Training Compact evaluation was to encourage employers to hire young people in skills shortage trades to assist their employment viability and build the national skills base.

Evaluation data sources
The evaluation of the Apprentice Kickstart Bonus is supported by a number of data sources, including:

- the Survey of Employers (2010), which included questions on the awareness and take-up of Apprentice Kickstart
- the Survey of Employers of Apprentices (2010 and 2011), which asked employers of apprentices and GTOs questions regarding the awareness, take-up and perceived effectiveness of Apprentice Kickstart
- the Survey of Australian Apprentices (2010 and 2011), which asked apprentices questions regarding their apprenticeship experience
- interviews with employers of apprentices in 2010 and 2011, which involved more detailed discussions about the role of apprenticeship incentives for employers and GTOs
- interviews with State Training Authority representatives (2010 and 2011), which included state and territory government perspectives of the role of apprenticeship incentives
- DEEWR administrative systems data, which provided training contract information for apprentices and their employers as well as information regarding apprenticeship incentives.

Further information on these data collections is provided at the end of the report.

Limitations on the analysis
Due to the relatively short timeframe for the evaluation, longer-term outcomes (including apprenticeship completions) could not be measured. Intermediate outcomes, such as the proportion of Apprentice Kickstart apprentices still in training, were used to indicate the extent to which the bonus contributed to building Australia’s skills capacity.

Awareness and participation

Awareness
Key to the success of the initiative was making eligible employers aware of the existence of the bonus. A little more than half (53 per cent) of those responding to the 2010 Survey of Employers were aware of Apprentice Kickstart. Not surprisingly, awareness was highest among industries and businesses that typically employed apprentices and trainees, such as construction and manufacturing (67 per cent) and larger businesses with more than 20 employees (58 per cent).

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95 State Training Authorities are represented in each Australian state and territory. These authorities are responsible for the registration of training organisations, course accreditation and funding allocation within their own jurisdictions. Interviews with State Training Authority representatives were by telephone.

96 Of those surveyed, 25 per cent of manufacturing and 28 per cent of construction businesses reported having an apprentice or trainee at their worksite in the last 12 months, compared with 16 per cent for all industries surveyed. Many of the occupations listed on the National Skills Needs List were in the industries of manufacturing and construction.
Businesses located in inner regional Australia (57 per cent) and in priority employment areas (54 per cent) were also more likely to be aware of the bonus. Businesses which reported to be negatively affected by the GFC were slightly less aware of the bonus (52 per cent) compared with those not affected (55 per cent), suggesting that economically vulnerable businesses were perhaps less conscious generally of job creation-related government incentives.

In the 2010 Survey of Employers of Apprentices (which included more detailed questions relating to Apprentice Kickstart) nearly half of the employers (47 per cent) and almost all of the GTOs (96 per cent) surveyed were aware of the incentive when it was described to them.97 When asked specifically if they had heard about Apprentice Kickstart through their Australian Apprenticeship Centre (responsible for administering the incentive), 74 per cent of GTOs and 60 per cent of employers responded positively. Approximately 13 per cent of both employers and GTOs reported that they found out about the incentive through media or advertising.

In order to receive the bonus, employers must have hired teenage apprentices. Take-up of the bonus, therefore, was affected by employers’ attitudes to apprentices. Employers and GTOs in the Survey of Employers of Apprentices were asked to indicate the extent to which they agreed or disagreed with a series of statements about teenage and adult apprentices. As shown in Table 2.13, employers regarded adult apprentices more favourably than teenage apprentices for all statements.

Table 2.13: Level of agreement with statements regarding different types of apprentices, 2011

<table>
<thead>
<tr>
<th>Agrees or strongly agrees with the following statements</th>
<th>Employer views of teenage apprentices</th>
<th>Employer views of adult apprentices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don’t have the necessary experience</td>
<td>70</td>
<td>37</td>
</tr>
<tr>
<td>Not as productive as other staff</td>
<td>57</td>
<td>12</td>
</tr>
<tr>
<td>Retention of apprentices can be difficult</td>
<td>55</td>
<td>35</td>
</tr>
<tr>
<td>Have a good attitude and are willing to work</td>
<td>53</td>
<td>90</td>
</tr>
<tr>
<td>Don’t have the right maths skills</td>
<td>49</td>
<td>24</td>
</tr>
<tr>
<td>Don’t have the right reading or writing skills</td>
<td>47</td>
<td>17</td>
</tr>
<tr>
<td>Hard to integrate into the workforce</td>
<td>45</td>
<td>19</td>
</tr>
</tbody>
</table>


Employers were also asked to reflect on the potential challenges involved in employing teenage apprentices. Somewhat surprisingly given the above, 23 per cent of employers did not believe that there were any, while 45 per cent believed there were no challenges in employing adult apprentices. Key challenges in employing teenagers included their bad attitude at work (28 per cent) and their unreliability (14 per cent), while for adult apprentices the challenge most commonly reported (which had nothing to do with the apprentices themselves) was the view that wages were too low given their age (20 per cent) (Table 2.14).

97 There were approximately 3.3 apprentices per employer surveyed and 92 apprentices per GTO surveyed. The large number of apprentices employed by GTOs (and their specialist function as managers of apprentices) should be borne in mind when interpreting these survey responses.
These survey findings suggest that most employers preferred to hire adult rather than teenage apprentices. Perhaps due to the limited supply of adult apprentices, however, businesses tended to hire more teenagers. In contrast, the Apprentice Kickstart Bonus was aimed at influencing the demand for teenage apprentices by providing financial incentives to the employers who hired them. It is important to recognise that both the underlying supply and demand determine the market for apprenticeships, with Apprentice Kickstart being one of many factors that may influence the number of apprenticeship commencements for young people.

Table 2.14: Challenges employing different types of apprentices, 2011

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Employer views of teenage apprentices</th>
<th>Employer views of adult apprentices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad attitude at work</td>
<td>28</td>
<td>4</td>
</tr>
<tr>
<td>Inconsistent/unreliable</td>
<td>14</td>
<td>4</td>
</tr>
<tr>
<td>Immaturity</td>
<td>9</td>
<td>—</td>
</tr>
<tr>
<td>Wages too low</td>
<td>9</td>
<td>20</td>
</tr>
<tr>
<td>Lack necessary skills/qualifications</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Difficult to integrate/fit into the workplace</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Inexperienced/hard to train</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Less productive/slower</td>
<td>6</td>
<td>—</td>
</tr>
<tr>
<td>Lack of education/poor literacy or numeracy skills</td>
<td>4</td>
<td>—</td>
</tr>
<tr>
<td>Have other commitments</td>
<td>—</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>None</td>
<td>23</td>
<td>45</td>
</tr>
</tbody>
</table>

1 These questions allowed multiple response options to be selected. Source: Survey of Employers of Apprentices (2011).

**Trends in apprenticeship commencements**

Apprenticeship commencements are particularly susceptible to economic downturns. In these periods of uncertainty, businesses are generally less willing to invest in the additional training and supervisory costs over the three to four years of an apprenticeship (Karmel and Rice 2011). Decreases in commencements during economic downturns are traditionally followed by decreases in employment in trades.99

The economic downturn following the GFC had a disproportionate impact on young people entering apprenticeships. For teenagers in skills shortage trades, commencements dropped 25 per cent in the year following the GFC compared with a fall of 20 per cent for adults. Commencements in trades not listed on the National Skills Needs List were largely unaffected by the economic downturn, suggesting that these trades may not be as closely linked to broader economic conditions as are...
skills shortage trades. While all of the industries examined endured a decline in skills shortage trade commencements during the economic downturn, this was greatest among construction and property services (31 per cent), manufacturing (27 per cent) and other industry skills councils (29 per cent) (Table 2.15).

The economic downturn was less pronounced than expected$^{100}$ and the introduction of the bonus coincided with economic recovery.$^{101}$ Reflecting this, apprenticeship commencements rebounded in the year after Apprentice Kickstart, increasing by 25 per cent overall and by 50 per cent in construction and property services—an industry characterised by large fluctuations aligned with the economic cycle. Commencements during the Apprentice Kickstart period actually increased more for adult apprentices who were not eligible for the bonus (28 per cent) than for teenage apprentices (23 per cent). It therefore appears that it was the economic recovery, rather than Apprentice Kickstart (which was targeted towards hiring more teenage apprentices), that was the main driver of the increase in commencements since 2010.

Table 2.15: Percentage change in commencements in skills shortage trade apprenticeships by Industry Skills Council, 2007 to 2009

<table>
<thead>
<tr>
<th>Industry Skills Council</th>
<th>Economic downturn period $^2$</th>
<th>Apprentice Kickstart period $^3$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per cent</td>
<td>Per cent</td>
</tr>
<tr>
<td>Agrifood</td>
<td>-8</td>
<td>4</td>
</tr>
<tr>
<td>Construction and Property Services</td>
<td>-31</td>
<td>-30</td>
</tr>
<tr>
<td>Electrocomms and Energy Utilities</td>
<td>-23</td>
<td>-23</td>
</tr>
<tr>
<td>Manufacturing Skills Australia</td>
<td>-27</td>
<td>-26</td>
</tr>
<tr>
<td>Service Skills Australia</td>
<td>-15</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>-38</td>
<td>-16</td>
</tr>
<tr>
<td>Total</td>
<td>-25</td>
<td>-20</td>
</tr>
</tbody>
</table>

$^1$ Industry Skills Councils are used to represent industry. Industry Skills Councils are national bodies that provide advice to government on the industry requirements of training. There are 11 Industry Skills Councils in total.

$^2$ Percentage change in commencements from October 2007 to September 2008 (pre-GFC) to October 2008 to September 2009 (during economic downturn).

$^3$ Percentage change in commencements from October 2008 to September 2009 (during economic downturn) to October 2009 to September 2010 (the year which included the Apprentice Kickstart period).

Source: DEEWR administrative systems.

**Take-up**

Twenty-one per cent of employers surveyed in 2010 who had heard about Apprentice Kickstart reported having received the bonus. Not surprisingly, higher usage was reported among respondents to the Survey of Employers of Apprentices, with 43 per cent of employers and 81 per cent of GTOs who had heard about Apprentice Kickstart receiving the bonus. Those employers surveyed who had used Apprentice Kickstart typically hired one or two apprentices who attracted the bonus (79 per cent and 13 per cent respectively). Among those employers who had

$^{100}$ Karmel and Rice (2011) predicted that, because the economic downturn was less severe than expected, the resulting long-term reduction in apprenticeship commencements would be minimal, with the reduction in the supply of tradespeople estimated to be less than 1 per cent.

$^{101}$ Australia’s unemployment rate decreased from 5.9 per cent in June 2009 to 5.3 per cent in January 2010 (ABS 2012d).
claimed the bonus, 70 per cent stated that these were the only apprentices the business had hired in the last 12 months.

Take-up of Apprentice Kickstart among respondents to the Survey of Employers was highest among businesses with more than 20 employees (28 per cent of those aware of Apprentice Kickstart), the industries of construction (36 per cent), personal and other services (27 per cent) and the agricultural and manufacturing sectors (25 per cent). Take-up was also comparatively higher in businesses located in regional Australia (24 per cent) and in priority employment areas (25 per cent) but did not differ by whether or not businesses were affected by the GFC.

Apprentice Kickstart claims data indicate that 26,674 teenagers were potentially eligible to attract the bonus for their employers. Of these, 2,186 apprentices (8 per cent) had cancelled their apprenticeship before reaching the three-month point. For those who stayed in their apprenticeship, there were 22,672 successful Commencement Bonus claims by 16,139 businesses. At 30 June 2011, 1,733 outstanding apprenticeship claims (7 per cent) had yet to be made by employers.

Characteristics of apprentices differed somewhat between those who attracted the bonus and other commencements of adult apprentices that occurred during the eligibility period. Apprentices who attracted the bonus were more likely to have left school before completing Year 12 (Table 2.16). This is perhaps unsurprising given the younger age of Apprentice Kickstart apprentices (who have had less time to pursue study relative to adult apprentices).
### Table 2.16: Apprentice Kickstart and non-eligible commencements by characteristics, 2009–10

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Apprentice Kickstart commencements&lt;sup&gt;1&lt;/sup&gt; (aged 19 and under)</th>
<th>Comparison group commencements&lt;sup&gt;2&lt;/sup&gt; (aged 20 and over)</th>
<th>% of job seekers in each category</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Apprentice characteristics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Age at commencement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 and below</td>
<td>33</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>29</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>25</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>12</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td><strong>Indigenous Status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indigenous</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Non-Indigenous</td>
<td>97</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td><strong>Highest education level</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than Year 10</td>
<td>6</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Completed Year 10 or 11</td>
<td>48</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Completed Year 12</td>
<td>25</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Certificate I or II</td>
<td>19</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Certificate III or higher certificate</td>
<td>2</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Tertiary qualification</td>
<td>—</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td><strong>Employer characteristics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group Training Organisation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>14</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>86</td>
<td>91</td>
<td></td>
</tr>
<tr>
<td><strong>Organisation size&lt;sup&gt;3&lt;/sup&gt;</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1–19</td>
<td>60</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>20–49</td>
<td>11</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>50–199</td>
<td>10</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>200+</td>
<td>18</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td><strong>Industry Skills Council&lt;sup&gt;4&lt;/sup&gt;</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agrifood</td>
<td>5</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Construction and Property Services</td>
<td>31</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Electrocommunication &amp; Energy Utilities</td>
<td>15</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Manufacturing Skills Australia</td>
<td>34</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>Service Skills Australia</td>
<td>14</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td><strong>Total (No.)</strong></td>
<td><strong>22,672</strong></td>
<td><strong>7,358</strong></td>
<td></td>
</tr>
</tbody>
</table>

1. Apprentice Kickstart commencements refer to Apprentice Kickstart Commencement Bonus claims.
2. Comparison group commencements include apprentices aged 20 and over in skills shortage trades who commenced during the Kickstart eligible period and remained in their apprenticeship for at least three months.
3. Based on approximate number of staff per organisation.
4. Industry Skills Councils are used to represent industry. They are national bodies that provide advice to government on the industry requirements of training. There are 11 Industry Skills Councils in total.

Source: DEEWR administrative systems.
GTOs, smaller businesses and the construction, manufacturing, and services industries also reported a greater proportion of Apprentice Kickstart commencements relative to other commencements during the bonus period. This largely reflects differences in the types of apprenticeships entered into by teenagers and adults rather than any particular employer category that utilised Apprentice Kickstart. For instance, the construction, manufacturing, and service industries continued to employ a greater share of teenagers before and during the Apprentice Kickstart Bonus period, highlighting the proportionally greater opportunities for teenagers to work in these industries. It also implies that the Apprentice Kickstart eligibility requirements tended to favour industries that typically hired more young people. As these industries also endured the greatest decline in commencements during the economic downturn, the initiative appears to have been successful in targeting industries that hire more young people and are more susceptible to the external economic environment.

**Timing of apprenticeship hiring**

The Apprentice Kickstart Bonus appears to have influenced the hiring pattern of skills shortage trade apprenticeships in 2009–10. While commencements continued to be dominated by seasonal factors (with the spike in January reflecting the time at which most vocational training courses begin), there was a decrease in commencements in the months leading up to the Kickstart eligibility period (Figure 2.5). This was followed by an increase during the Kickstart eligibility period and a decrease in commencements in the months subsequent to this period.

**Figure 2.5: Total commencements in skills shortage trade apprenticeships by financial year, 2006–07 to 2009–10**

The decline in commencements in the two months between the announcement date and eligibility date (October to November 2009) suggests that employers delayed hiring apprentices until they were eligible to attract the incentive. Interestingly, while the anticipated decrease in
commencements occurred for teenagers compared with the same period in the previous year (52 per cent or 2,767 apprentices), commencements also decreased for adult apprentices who did not attract the incentive (10 per cent or 299 apprentices).\textsuperscript{102} In part, this may reflect uncertainty among employers of the Apprentice Kickstart eligibility criteria or a decision to postpone the hiring of any apprentices until the bonus period took effect.

During the three-month period in which the bonus operated (December 2009 to February 2010), skills shortage trade apprenticeships increased compared with the same period in the previous year and even surpassed commencement levels before the GFC. This effect was partly driven by an increase in those who attracted the bonus (51 per cent increase or 8,949 apprentices), although the number of apprentices who did not attract the bonus also increased (29 per cent increase or 1,762 apprentices).

In part, this may reflect uncertainty among employers of the Apprentice Kickstart eligibility criteria or a decision to postpone the hiring of any apprentices until the bonus period took effect.

During the three-month period in which the bonus operated (December 2009 to February 2010), skills shortage trade apprenticeships increased compared with the same period in the previous year and even surpassed commencement levels before the GFC. This effect was partly driven by an increase in those who attracted the bonus (51 per cent increase or 8,949 apprentices), although the number of apprentices who did not attract the bonus also increased (29 per cent increase or 1,762 apprentices).

In the two months after Apprentice Kickstart (March to April 2010), commencements decreased for teenage apprentices compared with the same period in the previous year (10 per cent decline or 498 apprentices) but increased for those who would not have attracted the bonus (32 per cent increase or 869 apprentices).\textsuperscript{103} This may be because the hiring decisions for many teenagers who attracted the bonus were brought forward. It may also suggest that employers who were unable to find suitable teenage apprentices subsequently hired adult apprentices.

Qualitative research confirms that some employers and GTOs changed their recruitment to take advantage of the bonus. According to the interviews with employers of apprentices, the key to the successful uptake of Apprentice Kickstart was timing. December to February was often a busy time in the recruitment process for apprentices because TAFE commenced in February. Many employers therefore structured their apprenticeship recruitment to take place after Christmas and before TAFE commenced.

When asked whether the timing of the bonus was appropriate for the needs of their business, 63 per cent of employers who had heard of Apprentice Kickstart felt that signing on apprentices during the summer months was ‘right’ for them:

\textit{Perfect timing for us because it was peak. Yeah because it was peak employment. (GTO, Sydney West & Blue Mountains, 2011)}

However, the increase in commencements during this period was not always believed to be the result of the Apprentice Kickstart Bonus. While the Victorian and ACT State Training Authority representatives reported an increase in commencements of teenage apprentices during the bonus period, they believed this to be related to an increase in construction (including construction related to Building the Education Revolution) rather than a result of the incentive.

\textsuperscript{102} Groups used in this analysis include skills shortage trade apprentices aged 19 and under (teenage apprentices eligible to attract the Apprentice Kickstart Bonus—i.e. the treatment group) and skills shortage trade apprentices aged 20 and above (adult apprentices who did not attract the Bonus—i.e. the control group). These trade apprentices must have been studying at the Certificate III or IV level. Potential substitution between Certificate III or IV and other certificate levels were not examined and this may underestimate the influence of the Apprentice Kickstart Bonus.

\textsuperscript{103} The two month post-programme period was selected to avoid the potential effects of the Apprentice Kickstart Extension that was announced as part of the 2010–11 Budget on 12 May 2010.
However, the timing of Apprentice Kickstart did not suit the Northern Territory, as the bonus was in place during the wet season when construction work was scarce:

*The timing for us, being that December to February time is during our wet season ... So a lot of work in the construction-type industry grinds pretty much to a halt for a number of months.* (State Training Authority representative, Northern Territory, 2010)

**Effectiveness**

In assessing policy effectiveness, it was necessary to consider how the initiative contributed to meeting its desired objectives. For the Apprentice Kickstart Bonus, this included whether it encouraged employers to:

- hire more teenage apprentices (referred to as ‘additionality’)
- give priority to hiring teenage apprentices over older apprentices (referred to as ‘substitution’)
- bring forward the timing of their hiring decisions (referred to as ‘inter-temporal displacement’).

Or alternatively, it did not influence employers’ hiring decisions (i.e. did none of the above). This is considered deadweight and was calculated as those hirings that did not result in any positive effect of the bonus.

In this context, additionality, substitution and inter-temporal displacement are all considered positive effects of the bonus, as each contributes to improving the employment viability of young people. The survey responses of employers of apprentices and GTOs who reported having received the Apprentice Kickstart Bonus were used to measure these effects.

**Additionality**

Additionality is the extent to which the Apprentice Kickstart Bonus encourages employers to create apprenticeship positions for young people that would not have otherwise existed. Few businesses and GTOs in the qualitative research reported that the bonus enabled them to employ more apprentices. Those that did were typically large organisations where the additional money allowed them to employ a few extra apprentices:

*So the Kickstart Bonus, that was actually quite a selling point, I guess, for our kitchens and the like to take on additional people. As a result I think that’s probably three or four more, just in Melbourne alone, three or four more chefs employed than normally would be.* (Managed services manager, Melbourne, 2010)

*I can specifically relate about 15 of the commencements that we had were specifically because of the Kickstart. Where we had marketed it, where employers rang us up and said, look, they are on the, on borderline about whether or not, of taking on. The incentive sort of suits them well. They were thinking about doing it in the next three or four months so they might as well take advantage of the incentive.* (GTO, South East Melbourne, 2010)

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104 This is in contrast to some other evaluations of programme effectiveness, where substitution and displacement effects are considered negative consequences of a policy or programme.

105 Due to small sample size, non-weighted survey data was used for effectiveness estimates based on those who hired under Apprentice Kickstart. The small sample size also means the estimates should be treated cautiously.
State Training Authority representatives were of the opinion that, while Apprentice Kickstart was ‘nice to have’, it was not the deciding factor for employers to take on an apprentice. They felt that the money did not make up for the four-year commitment required by an employer:

*Look, from our industry forums, what we’ve been told is that employers, while it’s nice to get an incentive, that isn’t the thing that makes them decide whether to take on an apprentice or not because it’s a four-year commitment, you know, even with the Kickstart it’s still not that much in the long-term.* (State Training Authority representative, New South Wales, 2010)

Employers and GTOs surveyed in 2010 that claimed to have received the bonus were asked whether they hired more Apprentice Kickstart eligible apprentices as a result of the bonus. This was used to calculate additionality estimates for Apprentice Kickstart. The bonus appears to have influenced GTOs much more than employers of apprentices, with 46 per cent of GTOs and 9 per cent of employers of apprentices reporting to have hired more Apprentice Kickstart eligible apprentices as a result of the bonus. The average additionality effect (i.e. weighted average for employers and GTOs) was estimated at approximately 14 per cent. Assuming this estimate represents all of those who hired under Apprentice Kickstart (rather than those surveyed who reported using the bonus), this equates to approximately 3,200 extra apprenticeship commencements made to teenage apprentices during the Apprentice Kickstart period.

It should be recognised that this measure of additionality is based on the survey responses of employers who reported having used the bonus. A separate study commissioned by the department used time-series regression modelling to estimate the additionality effects of apprenticeship incentives (DEEWR 2012c). The additionality estimates of the Apprentice Kickstart Bonus in this commissioned study were substantially higher, with more than 10,000 additional apprenticeship commencements (i.e. 45 per cent) reported to be associated with the bonus. As this estimate was considerably different to the survey approach, it suggests that additionality measures are particularly sensitive to the methodology used for estimation. The regression modelling approach is also sensitive to the model specification. Caution should therefore be taken when drawing conclusions from any single method of estimation.

**Substitution effects**

Substitution occurs when an employer hires a person who attracts an incentive instead of someone who would not have attracted the incentive and who otherwise would have commenced the apprenticeship. The substitution from non-eligible to eligible groups can be considered a desirable equity objective of the bonus, as it targeted teenagers who, due to their limited workforce experience, were typically more susceptible than others to prolonged labour market disadvantage.

Interviews with employers found that the bonus was not a key factor in taking on eligible apprentices. When specifically asked whether employers looked for apprentices who attracted the incentive, in most cases the response was a very clear ‘no’:

*So I guess there was an incentive for us to put someone on in that [Kickstart eligible] category ... but we didn’t actually, even though that I guess was a little bit of an incentive it*
was more of an incentive for us to put the right person on. (Electrical Services manager, South East Melbourne, 2011)

To measure substitution, employers of apprentices and GTOs who claimed to have received the bonus were asked whether they gave priority to hiring apprentices who would attract the Apprentice Kickstart Bonus. The substitution effect was estimated to be approximately 11 per cent for employers of apprentices and 15 per cent for GTOs. This gives an average substitution effect for employers and GTOs who reported to have hired under Apprentice Kickstart of 12 per cent.\(^\text{106}\) Again, assuming that this estimate represents all employers and GTOs who hired under Apprentice Kickstart, there were approximately 2,700 commencements made to teenagers under Apprentice Kickstart that would have otherwise gone to those who did not attract the bonus.

**Inter-temporal displacement effects**

Inter-temporal displacement refers to employers bringing forward their apprenticeship hiring decisions in order to receive the bonus. This was considered a desirable objective, as it encouraged employers to recruit apprentices during the economic downturn, thereby building skills for recovery.

Interviews with employers of apprentices revealed that, due to the tight timeframe for eligibility of Apprentice Kickstart, they were encouraged by their Australian Apprenticeship Centre or GTO to speed up their recruitment of teenage apprentices:

> I said, ‘if you start them before this date, you’ll get this extra money’. So if you’re gonna start them anyway, put them on before that time. (GTO, Sydney West & Blue Mountains, 2010)

On the other hand, Apprentice Kickstart unintentionally encouraged some employers to postpone their hiring decisions in order to take advantage of the incentive:

> I think it postponed our commencement ... [employers] were holding off in the traditional trades because they knew if they commenced in that period, obviously they’d get that incentive, so it was a timing thing. I mean they were going to commence anyway ... (GTO, Mildura, 2011)

> People did stall their recruitment so they got the money, but I think that, it’s not that they weren’t going to recruit. (State Training Authority representative, Tasmania, 2010)

To measure inter-temporal displacement, employers of apprentices and GTOs surveyed in 2010 who reported having claimed the bonus were asked if they had ever hired apprentices earlier than usual to obtain an employer incentive. Approximately 10 per cent of employers of apprentices and 18 per cent of GTOs reported this to be the case, giving an average inter-temporal displacement effect of 11 per cent. A smaller proportion of respondents delayed hiring apprentices in order to obtain an incentive, with 7 per cent of employers and 8 per cent of GTOs claiming this was the case.

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\(^{106}\) Calculated as the proportion of employers of apprentices and GTOs who reported hiring under Apprentice Kickstart and giving priority to eligible teenage apprentices as a result of the bonus. This average substitution effect was weighted based on the proportion of employers and GTOs that claimed Apprentice Kickstart.
Deadweight refers to the proportion of employers who claimed Apprentice Kickstart who would still have hired the same teenage apprentices at the same date in the absence of the bonus. Deadweight was a consistent finding among the employers interviewed in the qualitative research. Irrespective of the size of the business, Apprentice Kickstart had generally not been the reason for employing an apprentice. It was an extra injection of money into the business that was readily accepted but the apprentice would still have been employed:

Any bonus we get is ‘Yeah, great—terrific’ but it’s not making us to decide whether we put kids on or not in this particular business ... I suppose if you’ve committed yourself to take on an apprentice you want to make sure there’s work for them. (Commercial construction manager, South East Melbourne, 2010)

To us an incentive is a bonus; it’s definitely not why we do it. If that was the case we’d be putting a lot more on, but we’ve got to train them. (Steel manufacturing manager, South West Perth, 2010)

Deadweight was calculated as the proportion of employers of apprentices and GTOs surveyed in 2010 that claimed the bonus but was not influenced by Apprentice Kickstart (i.e. they did not hire more teenage apprentices, give priority to these apprentices or bring forward the hiring of these apprentices). Deadweight was estimated at 80 per cent for employers of apprentices and 51 per cent for GTOs (Figure 2.6). The average deadweight was estimated to be 76 per cent or approximately 17,200 of the total Apprentice Kickstart claims.

Figure 2.6: Effect of the Apprentice Kickstart Bonus on apprentice hiring/placing decisions

![Bar chart showing the effect of the Apprentice Kickstart Bonus on apprentice hiring/placing decisions](chart.png)

Source: Survey of Employers of Apprentices (2010).

---

1 Average derived from the weighted average of Apprentice Kickstart Commencement Bonus claims by employers and GTOs. Where respondents reported more than one positive effect of the Apprentice Kickstart Bonus, the impact was ranked by its importance in meeting the Apprentice Kickstart objectives:

a) Additionality refers to additional Apprentice Kickstart eligible apprentices hired as a result of the bonus.

b) Substitution refers to where priority was given to eligible apprentices but where no additional apprentices were hired as a result of the bonus.

c) Inter-temporal displacement refers only to where apprentices were employed earlier than usual as a result of the incentive but where no other additionality or substitution effects had been reported.
These findings are comparable to respondents’ assessments of the overall importance of the bonus. More than one-quarter (29 per cent) of employers and over half of GTOs (54 per cent) who reported to have hired under Apprentice Kickstart reported that the bonus had played a ‘fairly important’ or ‘very important’ role in their decision to hire an apprentice (Figure 2.7).

**Figure 2.7: Importance of Apprentice Kickstart incentive in decision to hire/place an apprentice**

<table>
<thead>
<tr>
<th>Employers</th>
<th>GTOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Important at all</td>
<td>Not Important at all</td>
</tr>
<tr>
<td>40%</td>
<td>27%</td>
</tr>
<tr>
<td>Not all that important</td>
<td>Not all that important</td>
</tr>
<tr>
<td>31%</td>
<td>19%</td>
</tr>
<tr>
<td>Fairly important</td>
<td>Fairly important</td>
</tr>
<tr>
<td>21%</td>
<td>30%</td>
</tr>
<tr>
<td>V. important</td>
<td>V. important</td>
</tr>
<tr>
<td>9%</td>
<td>24%</td>
</tr>
</tbody>
</table>

1 Refers to employers of apprentices who hired under Apprentice Kickstart.

Source: Survey of Employers of Apprentices (2010).

**Expenditure**

Total approved expenditure for the Apprentice Kickstart Bonus was $64.4 million, consisting of $19.3 million for the Commencement Bonus and $45.1 million for the Retention Bonus payment. This was below the $80 million allocated for the Apprentice Kickstart Bonus (Table 2.17).

**Table 2.17: Apprentice Kickstart Bonus expenditure, 2009 to 2011**

<table>
<thead>
<tr>
<th>Claim type</th>
<th>No. of Apprentice Kickstart claims</th>
<th>Approved expenditure ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprentice Kickstart Commencement Bonus</td>
<td>22,672</td>
<td>$19.3</td>
</tr>
<tr>
<td>Apprentice Kickstart Retention Bonus</td>
<td>18,055</td>
<td>$45.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20,727</strong></td>
<td><strong>$64.4</strong></td>
</tr>
</tbody>
</table>

1 Data extracted as at 30 June 2011.

Source: DEEWR administrative systems.

Based on the deadweight estimates provided in Figure 2.6, the cost per successful outcome as a result of the bonus was approximately $11,800 per apprentice.\(^{107}\) This high cost per successful outcome is an inherent problem in incentives targeted at hiring more teenage apprentices at the margin but paid to all eligible teenage apprentices hired.\(^{108}\)

It should be emphasised that these estimates were based on survey data and, as a result, are subject to sample, response and recall bias. Furthermore, an additional form of response bias may exist for

\(^{107}\) Cost per additional apprentice was calculated as the total cost of the initiative divided by number of Apprentice Kickstart Commencement Bonus claims estimated to be achieved as a result of additionality, substitution and inter-temporal displacement effects. This was estimated to occur for 5,440 apprentices. Note that this was almost double the average cost estimate of the time-series regression modelling approach commissioned by the department, at $6,500 for each additional place (DEEWR 2012c).

\(^{108}\) Deadweight was an issue highlighted in a similar employer-based apprenticeship incentive scheme provided in Austria, referred to as the ‘Blum-Bonus’. The results of an analysis of the Blum-Bonus conducted by Wacker (2007) identified that the majority of the apprenticeships supported by the incentive were actually not new commencements, as intended by the subsidy, but rather, commencements that would have occurred anyway (Hoeckel 2010).
these estimates as only those employers and GTOs surveyed who were aware of Apprentice Kickstart could report on its effectiveness. Of the employers surveyed in 2010 who had an Apprentice Kickstart claim recorded in administrative records, approximately 42 per cent were not aware that their business had claimed the incentive.

It is uncertain what effect this bias may have had on these estimates. Some respondents who claimed Apprentice Kickstart but were unaware of doing so may have been less likely to report that this incentive encouraged them to speed up, hire more or give priority to teenage apprentices. On the other hand, accounting for other forms of response bias (including where the respondent was not the appropriate person in the organisation to survey), and recall bias (where the respondent could not remember the incentive due to a lapse in time), may have improved the positive influence of Apprentice Kickstart. As a consequence, caution should be used in drawing conclusions from the estimates of Apprentice Kickstart effectiveness.

These estimates also do not consider the alternative costs incurred had these apprentices not been hired without Apprentice Kickstart. Another consideration not examined was the potential for the bonus to act as a multiplier, enabling businesses to hire additional non-apprentice staff. In this respect, Apprentice Kickstart may have acted as a cash stimulus and may be consistent with the measures introduced as part of the broader Nation Building Economic Stimulus Plan. Limited information regarding these secondary benefits of Apprentice Kickstart precluded their analysis in this evaluation.

**Sustainability of Apprentice Kickstart apprentices**

An indicator of how the Apprentice Kickstart Bonus contributed to building the national skills base is whether the apprentices who attracted the bonus have remained in their apprenticeship. Indeed, a risk of the bonus was that employers would be less selective in hiring apprentices and sustainability would be reduced.

Employers and GTO representatives surveyed were asked whether their apprentices who attracted the bonus were still employed by their organisation. This was the case for 86 per cent of employers surveyed in 2010 and 84 per cent when asked again in 2011. The most common reason provided by employers for why the apprentice was no longer with the organisation was that they had resigned.

Administrative records also show that 84 per cent of apprentices who attracted the Apprentice Kickstart Commencement Bonus were still in their apprenticeship 18 months after commencement, while 16 per cent had cancelled. For the subset of apprentices who attracted the Retention Bonus at the nine-month point of their apprenticeship, 91 per cent of apprentices were still employed and 9 per cent had cancelled their apprenticeship. This is consistent with the usual pattern of apprenticeships, with relatively higher levels of attrition in the first year.

Of those who attracted the bonus, cancellation rates were higher among groups typically considered more vulnerable in the workforce. Females, Indigenous people, people with disability and early school leavers had proportionally higher cancellation rates than other groups. Cancellation rates were also higher among those hired by GTOs, smaller businesses, and the agrifood and services industries.
Interestingly, cancellation rates were lower for apprentices who attracted the bonus than other skills shortage trade apprentices who commenced in the same period. As shown in Figure 2.8, apprentices who attracted the bonus had cancellation rates that were approximately two percentage points lower than the comparison group. This is surprising given that teenagers typically have higher cancellation rates than older apprentices (represented in the comparison group). Apprentice Kickstart therefore appears to be associated with improved retention of teenage apprentices even after employers had received their bonus payments. However, it was too early to conclude whether this effect was lasting and whether this improved retention would result in higher completion rates for teenage apprentices.

Figure 2.8: Cumulative cancellation rates after three months for Apprentice Kickstart apprentices and comparison group since 2009-10

Satisfaction with Apprentice Kickstart
Employers surveyed in 2011 who hired apprentices as part of Apprentice Kickstart typically reported that they were either ‘very satisfied’ (57 per cent) or ‘satisfied’ (37 per cent) with these apprentices. All of the GTO representatives surveyed indicated that they were either ‘satisfied’ or ‘very satisfied’ with their apprentices who attracted the bonus. Of those who indicated that they changed their hiring practices based on Apprentice Kickstart, almost all believed that hiring apprentices eligible for the bonus was the correct decision.

Just over three-quarters (78 per cent) of employers and all GTOs surveyed who hired under Apprentice Kickstart indicated that they would take advantage of the bonus if it were offered again.
The main reasons for this were that the bonus helped to offset training costs (42 per cent) and was financially beneficial (24 per cent) Table 2.18:

And that helps cover some of the costs. Because we pay for all their fees at TAFE, we pay for all their books at TAFE, and we pay them obviously for the time they have off as well, so that gives me a bit of reimbursement for the training costs basically. (Motor Vehicle Parts & Manufacturing manager, South West Perth, 2011)

Yes, definitely, they certainly help—every bonus that we’ve received has gone against the staff wages and it’s assisted that way. I think even at one stage when we had three apprentices—a first year, a second year and a third year—it was looked upon in terms of from our financial committee as being a great bonus, I guess, and goes directly to the bottom line … (Social Club manager, Melbourne, 2011)

Table 2.18: Employers’ reasons for taking / not taking advantage of the Apprentice Kickstart Bonus if it were offered again

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Employers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helps offset training costs</td>
<td>42%</td>
</tr>
<tr>
<td>Financially beneficial</td>
<td>24%</td>
</tr>
<tr>
<td>Not enough work for an apprentice</td>
<td>16%</td>
</tr>
<tr>
<td>Incentive has no impact on hiring decisions</td>
<td>14%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
</tr>
</tbody>
</table>


Conclusion

The economic downturn following the GFC had a disproportionate impact on young people entering trade apprenticeships. As the downturn was less severe than expected, commencement numbers have since returned to pre-GFC levels. It is evident that this improvement was, in part, also attributable to Apprentice Kickstart. The bonus appears to have assisted the employment viability of young people by influencing employers’ decisions on the timing, type and number of apprentices hired.

Commencements increased during the period that Apprentice Kickstart operated, particularly among teenage apprentices, but only a relatively small proportion of employers reported this to be the result of the bonus. Employers typically stated that the bonus had little influence on employing these apprentices, while the effect was substantial for GTOs. For some employers, the incentive had encouraged them to hire more, give priority to or bring forward the hiring of teenage apprentices in skills shortage trades so that they could attract the bonus. For most employers, however, the bonus was not a key factor in hiring apprentices, with most apprentices employed based on the needs of the business. Many stated that they would still have employed their apprentices, thereby leading to considerable deadweight for this initiative.

For apprentices who attracted the bonus, most were still employed in their apprenticeship 18 months later. Perhaps surprisingly, given that a risk of the bonus was that employers would be
less selective in hiring, cancellations were actually lower for those who attracted Apprentice Kickstart compared with similar apprentices who did not.

Overall, the influence of the Apprentice Kickstart Bonus in encouraging employers to hire teenagers in skills shortage trades has contributed to achieving the objectives of the Jobs and Training Compact. However, this effect has occurred with significant deadweight. The targeting of the initiative on teenagers in skills shortage areas was effective in both improving the employment viability of young people and building the national skills base. It also helped to reduce the barriers for young people wanting to follow an apprenticeship pathway in the aftermath of the GFC.
Securing Australian Apprenticeships

The Securing Australian Apprenticeships (SAA) package was introduced in recognition that employers may find it more challenging to maintain their support for apprentices during an economic downturn. The SAA package provided additional incentive payments to employers and GTOs to recommence out-of-trade apprentices and promote the retention and completion of apprenticeships in skills shortage trades.

Background

The SAA package provided additional incentive payments to employers and GTOs to support apprenticeship retention and completion. These included:

- Securing Australian Apprenticeships Recommencement Bonus—a recommencement bonus of $1,800 for employers and GTOs who hired out-of-trade apprentices (apprentices with a cancelled training contract) to continue their incomplete training
- Securing Australian Apprenticeships Completion Bonus—a completion bonus of $1,000 provided to employers and GTOs who successfully completed Australian Apprenticeships at the Certificate III or IV level in skill shortage trades on the National Skills Needs List or at diploma or advanced diploma level.

Out-of-trade apprentices who are not reconnected to employment represent a loss of investment in training and a potential loss to the supply of qualified trade workers (Karmel and Oliver 2011b). The SAA package was designed to support these apprentices by creating incentives for employers and GTOs to hire out-of-trade apprentices and retain and complete apprenticeships that may have otherwise been terminated as a result of the economic downturn. The package was available for recommencements and completions that occurred between 1 January 2009 and 31 December 2010.

Australia’s response to promote the retention and completion of apprentices during the economic downturn was not unique. Buchanan et. al. (2009), in their report to the Australian Apprentices Taskforce, identified initiatives used in other industrialised countries to support their apprenticeship systems during economic downturns. These initiatives included the use of tax incentives or

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109 GTOs are organisations that employ apprentices and place them with one or more host employers. The host employers provide on-the-job training while GTOs organise off-the-job training and well as recruitment, job rotation and payroll activities. GTOs are directly eligible for SAA, although they may choose to pass on this incentive payment to host employers. Where available, findings for employers and GTOs are reported separately in this analysis.

110 The ‘Securing Australian Apprenticeships through Registered Training Organisations’ initiative is also included in this report. This initiative was to offer financial support to RTOs to cover the cost of off-the-job training where an Australian Apprentice with an incomplete qualification had been made out of trade. In this report, the term ‘Securing Australian Apprenticeships’ refers only to the additional Recommencement and Completion Bonuses.

111 For more information about the National Skills Needs List and eligibility criteria for Australian Apprenticeships incentives see DEEWR 2013.

112 Payments were backdated for claims made from 1 January 2009 until the announcement of the SAA package on 19 February 2009.

113 Examples include Ireland’s schemes of employer-based rotation of retrenched apprentices to provide opportunities to complete the on-the-job phase of their apprenticeship; an apprenticeship register for retrenched apprentices; and specialised training for retrenched apprentices. Britain provided government support to subsidise off-the-job training for retrenched apprentices; while in Denmark and Germany, the full cost of institutional-based training of apprentices was government funded.
subsidies to encourage employers to hire and retain apprentices by lowering the effective cost of employing apprentices. Support for Australian apprenticeships during the economic downturn borrows from these initiatives in place overseas. As most of these initiatives were introduced in response to the recent economic downturn, there was scant evidence available on their effectiveness. Consequently, international comparisons could not be made with the results of this analysis.  

**Objective**

The objective of the Securing Australian Apprenticeships package in the context of the Jobs and Training Compact evaluation was to encourage employers to maintain support for apprentices during the economic downturn so as to uphold the value of apprenticeships and build the national skills base.

The package aimed to provide this support through incentives for employers to hire out-of-trade apprentices and through additional bonuses for employers to complete apprenticeships in skills shortage trades.

**Evaluation data sources**

This study is supported by a number of data sources. These include:

- the Survey of Employers (2010), which included questions on the awareness and take-up of the SAA package
- the Survey of Employers of Apprentices (2010 and 2011), which asked employers of apprentices and GTOs questions regarding the awareness, take-up and perceived effectiveness of the SAA package
- the Survey of Australian Apprentices (2010 and 2011), which asked apprentices questions regarding their apprenticeship experience
- interviews with Employers of Australian Apprentices (2010 and 2011), which involved more detailed discussions about the role of apprenticeship incentives for employers and GTOs
- focus groups in 2011 with out-of-trade apprentices based on their experiences
- interviews in 2010 and 2011 with representatives of State Training Authorities to obtain the perspective of state and territory governments on the role of apprenticeship incentives and their relationship with similar incentives offered by those jurisdictions
- DEEWR administrative systems data, which provided training contract information on apprentices and their employers.

Further information on these data collections is provided at the end of this report.

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114 An exception to this was an earlier Danish study by Westergaard-Nielsen and Rasmussen (1999), which found employer subsidies had an impact on the supply of apprenticeship positions but only in some industries. The authors estimated that, in the absence of the subsidy, the demand for apprenticeships in the affected industries would have been 7 per cent smaller. It was also found that, in periods of economic downturn, these subsidies allowed employers to maintain apprenticeship numbers and also assist with the continued uptake of apprentices.

115 State Training Authorities are represented in each Australian state and territory. These authorities are responsible for the registration of training organisations, course accreditation and funding allocation within their own jurisdictions. Interviews with State Training Authority representatives were conducted by telephone.
Limitations on the analysis
There was limited capacity to isolate the impact of the SAA package from external factors, as suitable control groups could not be formed. This was in part a reflection of the low survey response rates for the Surveys of Employers of Apprentices and the prolonged period for which the SAA package was available. Apprentice outcomes were not comparable, as out-of-trade apprentices could recommence at different stages of their apprenticeship. As such, the extent to which the effectiveness of the SAA package could be measured was limited.

Awareness and participation

Awareness
Key to the success of the initiative was making eligible employers aware of SAA. Based on the findings of the Survey of Employers, awareness was low, with only 30 per cent of those responding to the survey reporting being aware of the package. This is perhaps unsurprising given that the SAA bonuses were additional to the Standard Recomencement ($750) and Standard Completion ($2,500) Bonuses already available to employers who hired or successfully completed apprenticeships. It is possible that employers did not distinguish the SAA package as separate incentive payments.

Larger businesses responding to the Survey of Employers were more likely to be aware of SAA (34 per cent). Awareness of the initiative did not appear to differ by the location of the business—that is, whether the business was situated in a metropolitan or regional area, or in a location identified as a priority employment area.

Employers in manufacturing (40 per cent) and accommodation, cafes and restaurants (35 per cent) reported the highest level of awareness of the SAA package (Table 2.19). These industries more often had employers report that an apprentice had been at their worksite in the past year.

While 60 per cent of employers surveyed reported that they were negatively affected by the GFC, their awareness of the SAA package was the same as other businesses, suggesting that economically vulnerable businesses did not seek out government incentives any more than other businesses.
Table 2.19: Proportion of employers reporting being aware of Securing Australian Apprenticeships package, being negatively affected by GFC or having had an apprentice at their worksite in past year, by selected industries, 2010

<table>
<thead>
<tr>
<th>Selected industries</th>
<th>Awareness of SAA package</th>
<th>Negatively affected by GFC</th>
<th>Had apprentice at worksite in past year¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>40</td>
<td>64</td>
<td>25</td>
</tr>
<tr>
<td>Accomm., Cafes and Restaurants</td>
<td>35</td>
<td>66</td>
<td>19</td>
</tr>
<tr>
<td>Health and Community Services</td>
<td>34</td>
<td>41</td>
<td>25</td>
</tr>
<tr>
<td>Construction</td>
<td>33</td>
<td>57</td>
<td>29</td>
</tr>
<tr>
<td>Property and Business Services</td>
<td>29</td>
<td>66</td>
<td>10</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>28</td>
<td>55</td>
<td>12</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>27</td>
<td>66</td>
<td>18</td>
</tr>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>26</td>
<td>59</td>
<td>7</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>25</td>
<td>60</td>
<td>8</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>19</td>
<td>48</td>
<td>9</td>
</tr>
<tr>
<td><strong>Industry average</strong></td>
<td><strong>30</strong></td>
<td><strong>60</strong></td>
<td><strong>17</strong></td>
</tr>
</tbody>
</table>

¹ Includes trainees.
Source: Survey of Employers (2010).

Awareness of the package among employers of apprentices was found to be lower than awareness among employers generally. Only 10 per cent of respondents to the 2010 Survey of Employers of Apprentices and 18 per cent in the 2011 survey reported being aware of SAA. This was unexpected given that this survey was restricted to businesses that had hired at least one apprentice since July 2009. In contrast, more than half of GTOs responding to the Survey of Employers of Apprentices reported being aware of SAA. This may reflect the larger size of GTOs, the networks used to promote employer incentives and the extent to which these (often not-for-profit) organisations rely on apprenticeship incentives to support their business model.

Promotion of the SAA package was primarily through the Australian Apprenticeship Centres responsible for administering the incentive and most respondents to the Survey of Employers of Apprentices aware of the package had heard about SAA this way (64 per cent of employers and 55 per cent of GTOs). Media or advertising was the next most common means of finding out about SAA for employers (19 per cent) while for GTOs it was through their own organisation or through a Registered Training Organisation (RTO) (12 per cent).

The incidence of being out of trade

The low awareness of SAA may in part be explained by whether it was common for apprentices to be out of trade (as the package was targeted towards these people). If few apprentices were made out of trade following the GFC, the SAA package may not have been actively promoted to employers.

The Survey of Australian Apprentices found that around one in eight apprentices were out of trade at some time during their apprenticeship. In 2010, most (61 per cent) of these apprentices were out

¹¹⁶ Despite this anomaly, findings were broadly consistent for both the Survey of Employers and the Survey of Employers of Apprentices.
¹¹⁷ About half of GTOs also have an Australian Apprenticeship Centre arm.
of trade for less than one month. The same group of apprentices were asked this question in 2011, with most out-of-trade apprentices reporting that they were out of trade for more than one month (55 per cent). This may be the result of the elapsed time between surveys; however, it may also suggest that there were a group of apprentices who have struggled to obtain or maintain employment.

The SAA Recomencement Bonus was aimed at out-of-trade apprentices laid off as a result of the economic downturn, yet the reason for being out of trade did not affect whether the apprentice was eligible to attract the bonus. Indeed, the main reason for being out of trade among apprentices surveyed was that they had chosen to leave their employer (35 per cent in 2010; 33 per cent in 2011) (Table 2.20). The proportion of apprentices that reported that their employer had run out of work decreased from 31 per cent in 2010 to 25 per cent in 2011, probably reflecting an easing in the economic downturn.

Table 2.20: Main reasons for apprentices being out of trade,1 2010 and 2011

<table>
<thead>
<tr>
<th>Main reason</th>
<th>Apprentices 2010</th>
<th>Apprentices 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprentice’s decision to leave/change employers</td>
<td>35</td>
<td>33</td>
</tr>
<tr>
<td>Employer ran out of work</td>
<td>31</td>
<td>25</td>
</tr>
<tr>
<td>Employer terminated apprentice’s employment</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>Injury/illness</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>Business closed</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>15</td>
</tr>
</tbody>
</table>

1 Out of trade during apprenticeship or cancelled at the time of survey interview.

These findings are broadly consistent with the National Centre for Vocational Education Research (NCVER) Apprentice and Trainee Destinations Survey. Karmel and Oliver (2011b) use this survey to show that job loss or redundancy became a more important reason for not completing an apprenticeship during the economic downturn, increasing from 9.5 per cent in 2008 to 26.8 per cent in 2010.118 The authors also found that retrenched apprentices were less likely to be employed than apprentices who did not complete their apprenticeship for other reasons.

Apprentices who were out of trade found work through a range of approaches. In 2010, the most common approaches included returning to their previous employer (22 per cent) or directly asking employers for work (19 per cent). In 2011, the most common approach was to go through friends and family (28 per cent):

It’s hard to find another job in the commercial field. I was unemployed for about five months and I just did little bits here and there. Like, did insulation for a couple of days just to get some money. I just couldn’t get back in. Everyone was drying up on work ... (Out-of-trade apprentice focus group, South East Melbourne, 2011)

118 This survey question was based on main reason for not completing an apprenticeship or traineeship among technicians and trades workers.
Approximately one in three apprentices surveyed in 2010 reported that they had experienced difficulties finding work. These apprentices cited factors such as a lack of available positions (52 per cent), their lack of qualifications or training (24 per cent) or just getting knocked back (22 per cent). Very few specifically cited the GFC as a factor causing difficulties in finding work, although the downturn may have contributed to the lack of available positions.\(^{119}\)

The impact of the GFC was much greater for employers. Forty-two per cent of those responding to the Survey of Employers of Apprentices reported that their business experienced a downturn as a result of the GFC. Of the businesses affected, 16 per cent had reduced their workforce. This was done by laying people off (48 per cent) or by not replacing staff (44 per cent):

> Probably this time last year was pretty awful, we cut our staff by about a quarter. And that was every week. It was: ‘Oh, how many are we going to put off this week?’ We just simply ran out of work. (Commercial construction manager, South East Melbourne, 2010)

> We did lose about half our staff, and we had nine apprentices at the time. Mostly because we just didn’t know if we could be here for long—for the duration. We were at risk. (Steel manufacturing manager, South West Perth, 2010)

Apprentices were not necessarily the most likely employees to be laid off as a result of the GFC. Qualified tradespeople were identified most frequently as having lost their jobs in the economic downturn (reported by 52 per cent of employers and 48 per cent of apprentices surveyed) (Table 2.21). Apprentices and office staff were also reported to have been laid off during this period but to a lesser extent.

**Table 2.21: Percentage of staff laid off as a result of the economic downturn according to employers and apprentices, 2010**

<table>
<thead>
<tr>
<th>Type of staff laid off(^1)</th>
<th>Employers</th>
<th>Apprentices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified tradespeople</td>
<td>52</td>
<td>48</td>
</tr>
<tr>
<td>Apprentices</td>
<td>21</td>
<td>24</td>
</tr>
<tr>
<td>Office staff</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>Older workers</td>
<td>1</td>
<td>29</td>
</tr>
<tr>
<td>Single people (as opposed to those with families)</td>
<td>—</td>
<td>17</td>
</tr>
<tr>
<td>Trainees</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Unskilled staff/labourers</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Casuals or part-time employees</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>New starters (‘last in, first out’)</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Contractors/sub-contractors</td>
<td>3</td>
<td>&lt;1</td>
</tr>
<tr>
<td>Other employees</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Don’t know which employees were laid off</td>
<td>4</td>
<td>&lt;1</td>
</tr>
</tbody>
</table>

\(^1\) Multiple responses were allowed. Small numbers of responses were obtained for some questions. In these cases, results should be treated with caution.

Employers of apprentices surveyed in 2011 often had mixed opinions of out-of-trade apprentices. Employers generally agreed that out-of-trade apprentices had a good attitude and were willing to work (66 per cent) (Table 2.22). On the other hand, retention of out-of-trade apprentices appeared to be a concern for employers (43 per cent), as did a perceived lack of experience (41 per cent). The importance of a good attitude and willingness to work was raised in the in-depth interviews where it was reported that employers had no real issues with taking on an out-of-trade apprentice so long as the apprentice had not been laid off as a result of a poor work ethic:

I’ve got to find out the background actually, why they got laid off, but the way that I do think, I never judge a book by its cover. They just come in, if they can deal with us for the first one month, you can handle it here, if everything goes well, why not? (Mechanic, Melbourne, 2010)

So there can be that feeling that they’re ready to come back to work and they’re feeling good about it and they just want to, you know, be earning a wage and working again. Yeah, so I think that possibly can be a plus in some ways. Providing you know they haven’t left their old job in bad circumstances or whatever. (Hotel owner, Melbourne, 2011)

<table>
<thead>
<tr>
<th>Agree or strongly agree with the following statements</th>
<th>Employers’ views of out-of-trade apprentices</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per cent</td>
</tr>
<tr>
<td>Have a good attitude and are willing to work</td>
<td>66</td>
</tr>
<tr>
<td>Retention of apprentices can be difficult</td>
<td>43</td>
</tr>
<tr>
<td>Don’t have the necessary experience</td>
<td>41</td>
</tr>
<tr>
<td>Hard to integrate into the workforce</td>
<td>28</td>
</tr>
<tr>
<td>Not as productive as other staff</td>
<td>26</td>
</tr>
<tr>
<td>Don’t have the right maths skills</td>
<td>23</td>
</tr>
<tr>
<td>Don’t have the right reading or writing skills</td>
<td>17</td>
</tr>
</tbody>
</table>


The Survey of Employers of Apprentices (2011) also found that more than half (54 per cent) reported that, overall, there were no challenges to employing out-of-trade apprentices. Small proportions of employers indicated that they may be concerned about why the apprentice was out of trade (9 per cent) or that they would be difficult to fit into the workplace (8 per cent). A few employers surveyed stated that the lack of incentives to hire out-of-trade apprentices was a challenge.

**Take-up**

Reported take-up of SAA was low among respondents to the Survey of Employers. Only 10 per cent of those aware of SAA reported having used the incentive, representing about 3 per cent of all employers surveyed. Take-up of SAA was greatest among businesses with more than 20 employees (17 per cent of those aware of SAA—approximately twice the take-up of smaller business), the industries of construction (16 per cent) and manufacturing (15 per cent), in businesses located in regional Australia (13 per cent) and in priority employment areas (12 per cent). Importantly, take-up of SAA did not differ by whether or not businesses were affected by the GFC, implying that affected businesses did not use incentives any more than unaffected businesses.
The Survey of Employers of Apprentices largely supports these findings, although as expected this survey reported higher take-up by employers. Approximately one-quarter of employers and about 70 per cent of GTOs surveyed in 2010 that had heard about SAA had taken advantage of its bonuses. Employers of apprentices that had used the SAA Recommencement Bonus usually hired one apprentice (79 per cent) or, in 16 per cent of cases, two apprentices who attracted the bonus. Among those employers who had claimed the bonus, only 32 per cent stated that these were the only apprentices hired in the last 12 months. This suggests that the (typically larger) businesses that took on out-of-trade apprentices also hired other apprentices.

SAA claims records indicate that more than 100,000 claims were made for the initiative in the two-year period that it operated. By 30 June 2011, almost 29,000 Recommencement Bonus claims and more than 71,000 SAA Completion Bonus claims had been made by employers and GTOs (Table 2.23). According to NCVER data, out-of-trade apprenticeship recommencements represented about 19 per cent of total apprenticeship commencements (NCVER 2011a), which helps explain why Recommencement Bonus claims were small relative to Completion Bonus claims.

Table 2.23: Securing Australian Apprenticeships claims information, 2009 to 2011

<table>
<thead>
<tr>
<th>Claim type</th>
<th>Total employers¹</th>
<th>Total apprentices</th>
<th>Total claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAA Recommencement Bonus</td>
<td>20,224</td>
<td>27,260</td>
<td>28,863</td>
</tr>
<tr>
<td>SAA GTO Recommencement Bonus²</td>
<td>31</td>
<td>362</td>
<td>362</td>
</tr>
<tr>
<td>SAA Completion Bonus</td>
<td>38,624</td>
<td>71,453</td>
<td>71,453</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100,678</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Includes Group Training Organisations (GTOs).
² Securing Australian Apprenticeships (SAA) Recommencement Bonus for GTOs was a separate payment made to GTOs in recognition of the increased effort involved in placing out-of-trade apprentices with host employers during this period.

Source: DEEWR administrative systems. Data extracted as at 30 June 2011.

Multiple SAA claims for individual apprentices were modest with less than 6 per cent attracting the SAA Recommencement Bonus more than once. This implies that most recommenced apprentices did not move between employers during this period. It was not possible for employers to receive more than one Completion Bonus payment for the same apprentice.

The Completion Bonus was not limited to out-of-trade apprentices. Any apprentice in a skills shortage trade at the Certificate III or higher level was eligible to attract the bonus (provided that they successfully completed within the period that SAA operated). Among eligible apprentices who completed their apprenticeship, approximately 85 per cent attracted the SAA Completion Bonus payment for their employers. The number of SAA Completion Bonus claims made by employers and GTOs suggests that SAA claims were more common than the survey found. This supports the assertion that employers often claimed the bonus at the same time as the Standard Completion Bonus. As noted earlier, the SAA package was additional to recommencement and completion.

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¹ The Securing Australian Apprenticeships initiative ceased on 31 December 2010. Claims could be submitted by employers within 12 months of the apprentice being eligible for the Securing Australian Apprenticeships incentive.

² Estimates based on Technicians and Trades at Certificate III or higher qualifications.

122 Calculated as the proportion of SAA Completion Bonus claims made for eligible completions over a two-year period.
bonuses already available to employers. It is therefore likely that some employers claimed SAA at the same time as these other incentives without realising that these were additional payments.

The characteristics of apprentices who attracted SAA differed somewhat between the two bonuses. Those who attracted the Recommencement Bonus (who must have previously been out of trade) more commonly exhibited characteristics associated with greater barriers to work than did apprentices who attracted the Completion Bonus (Table 2.24). This latter group (who must have finished their apprenticeship) generally had fewer barriers to employment than other apprentices.

Relative to those who attracted the Completion Bonus, a greater proportion of Recommencement Bonus apprentices were teenagers when they first began their apprenticeship (76 per cent compared with 72 per cent for apprentices who attracted the Completion Bonus) and Indigenous (3 per cent compared with 2 per cent). A greater proportion of Recommencement Bonus apprentices had not completed high school when they started their apprenticeship (48 per cent compared with 41 per cent for the Completion Bonus apprentices), suggesting that early school leavers were more likely to have once been out of trade. A greater proportion of Recommencement Bonus apprentices also worked for smaller businesses and in priority employment areas. These apprentices also more commonly worked within the construction and services skills industries—industries that experienced the largest declines in apprenticeship commencements during the economic downturn. Somewhat surprisingly, the manufacturing industry—which also experienced a decline in commencements following the GFC—had a smaller proportion of Recommencement Bonus apprentices relative to those who attracted the Completion Bonus.
### Table 2.24: Apprentices attracting Securing Australian Apprenticeships Bonuses by selected characteristics

<table>
<thead>
<tr>
<th>Apprentice Characteristics</th>
<th>SAA Recomencement Bonus</th>
<th>SAA Completion Bonus</th>
<th>% of job seekers in each category</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age at commencement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 20</td>
<td>76</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>20–24</td>
<td>15</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>25–44</td>
<td>9</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>45+</td>
<td>&lt;1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Indigenous status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indigenous</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Non-Indigenous</td>
<td>97</td>
<td>98</td>
<td></td>
</tr>
<tr>
<td><strong>Highest education level</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than Year 10</td>
<td>5</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Completed Year 10 or 11</td>
<td>43</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Secondary schooling completed</td>
<td>29</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Trade/TAFE qualification</td>
<td>21</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Tertiary qualification</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Employer characteristics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>11</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>89</td>
<td>83</td>
<td></td>
</tr>
<tr>
<td><strong>Organisation size</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1–19</td>
<td>63</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>20–49</td>
<td>14</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>50–199</td>
<td>10</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>200+</td>
<td>14</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td><strong>Priority employment area</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>39</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>61</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td><strong>Industry Skills Council</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agrifood</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Construction and Property Services</td>
<td>31</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Electrocommunications and Energy Utilities</td>
<td>14</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Manufacturing Skills Australia</td>
<td>23</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Service Skills Australia</td>
<td>25</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td><strong>Total (No.)</strong></td>
<td>27,622</td>
<td>71,453</td>
<td></td>
</tr>
</tbody>
</table>

1. Organisation size based on approximate number of staff per organisation.
2. Industry Skills Councils are used to represent industry. Industry Skills Councils are national bodies that provide advice to government on the industry requirements of training. In total there are 11 Industry Skills Councils.

SAA: Securing Australian Apprenticeships.

Source: DEEWR administrative systems.
**Effectiveness**
Businesses interviewed who could recall having received the SAA incentive payments often had little to say about them. They were happy to receive the payments but most felt the incentives offered few additional benefits for them or the apprentice. Moreover, while the apprentice was at least able to continue with their apprenticeship, the additional money the employer received for recommencing or completing the apprentice had no discernible impact on apprentices’ employment or retention. Indeed, the lack of awareness among survey participants suggests that the SAA package was not a major factor in the employers’ recruitment and retention of apprentices.

**Securing Australian Apprenticeships Recommencement Bonus**
The impact of the SAA Recommencement Bonus on hiring practices can be assessed by the extent to which it encouraged employers to create apprenticeship positions for out-of-trade apprentices that would not have otherwise existed (i.e. additionality) or encouraged employers to give priority to hiring these out-of-trade apprentices (i.e. substitution). ‘Deadweight’ refers to the proportion of employers who received the bonus but whose hiring decisions were not affected by the availability of the bonus.

The additionality, substitution and deadweight effects of the SAA Recommencement Bonus were estimated from the responses to the Survey of Employers of Apprentices (2010 and 2011). The survey found that few employers who reported having used the bonus indicated that it actually influenced their hiring decisions. The bonus generally had a greater influence on GTOs, perhaps owing to their larger size and the extent to which they use these incentives to support their business models.

**Additionality**
In 2010, approximately one-third of surveyed GTOs and 9 per cent of surveyed employers of apprentices reported that they received the SAA Recommencement Bonus and hired more out-of-trade apprentices as a result (Figure 2.9). In 2011, these figures increased to 50 per cent for GTOs and decreased to 5 per cent for employers of apprentices. The weighted average additionality for both employers of apprentices and GTOs was approximately 12 per cent in 2010 and 10 per cent in 2011. Based on the average of these estimates and assuming that this estimate represents all employers and GTOs who hired under the SAA Recommencement Bonus, this suggests that approximately 2,600 more out-of-trade apprentices recommenced their apprenticeship as a result of the incentive.

123 Due to small sample size, non-weighted survey data were used to calculate these effectiveness estimates. Accordingly, these estimates should be treated cautiously. See also the discussion of potential survey bias provided in the section on expenditure on Apprentice Kickstart.

124 An alternative estimate of additionality was also available from the Survey of Employers of Apprentices. Employers who reported having claimed the SAA Recommencement Bonus were also asked whether they took on an out-of-trade apprentice as a result of an (unspecified) incentive payment. Given that SAA was the main incentive targeted at hiring out-of-trade apprentices, it is reasonable to assume that employers were referring to SAA when responding to this question. In 2010, only 3 per cent of employers agreed to this statement, but this increased to 33 per cent in 2011. This improvement in effectiveness suggests that the SAA Recommencement Bonus may have encouraged more employers to hire out-of-trade apprentices than initial estimates suggest. However, it does also highlight the sensitivity of these estimates.

125 Weighted average was based on the proportion of employers and GTOs that claimed the SAA Recommencement Bonus.
Substitution

Substitution estimates of the SAA Recommencement Bonus were based on the surveyed employers and GTOs who employed an out-of-trade apprentice (who attracted the bonus) instead of someone who would not have attracted the incentive. This substitution from hiring non-eligible to eligible groups was a desirable equity objective of the bonus, as these out-of-trade apprentices were typically shown to have greater barriers to work. Returning these apprentices to training could have potentially improved their skill levels and reduced their likelihood of prolonged labour market disadvantage.

In 2010, approximately 17 per cent of GTOs and 3 per cent of employers of apprentices who reported using the bonus claimed to give priority to eligible out-of-trade apprentices as a result of the bonus. Surprisingly, when surveyed again in 2011, 20 per cent of GTOs and 29 per cent of employers of apprentices reported giving priority to these apprentices. This probably reflects greater awareness of the incentive by employers in 2011. It may also suggest that, while employers gave priority to these apprentices, this has not necessarily resulted in additional out-of-trade apprentices being employed.

The weighted average substitution effect (based on the proportion of bonus claims by employers of apprentices and GTOs) was approximately 5 per cent in 2010 and 28 per cent in 2011. Based on the average of these estimates, this suggests that approximately 4,000 out-of-trade apprentices were given priority as a result of the SAA Recommencement Bonus.

Deadweight

‘Deadweight’ refers to the proportion of employers who claimed the bonus who would still have hired the same out-of-trade apprentices in the absence of the incentive. This was calculated from the respondents to the Surveys of Employers of Apprentices (2010 and 2011) who claimed the bonus but were not influenced by it—that is, the proportion of hiring that did not include any positive effect of the bonus on out-of-trade apprentices. Deadweight is an inherent problem in incentives targeted at hiring at the margin but paid to all apprentices hired (in this case, hiring more out-of-trade apprentices who would not have otherwise been employed but paid to all eligible out-of-trade apprentices hired).

As shown in Figure 2.9, deadweight estimates based on the 2010 survey were 91 per cent for employers of apprentices and 56 per cent for GTOs. Based on the weighted average of these 2010 survey estimates, the average deadweight was estimated at 87 per cent. Deadweight estimates were much smaller for the 2011 survey—71 per cent for employers of apprentices and just 30 per cent for GTOs. The weighted average of these 2011 survey estimates was approximately 67 per cent.
Figure 2.9: Effect of the Securing Australian Apprenticeships Recommencement Bonus on apprentice hiring/placing decisions,\(^1\) 2010 and 2011

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employers</strong></td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>GTOs</td>
<td>33%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Employers</strong></td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>GTOs</td>
<td>24%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>10%</td>
<td>23%</td>
</tr>
</tbody>
</table>


1 Average derived from the weighted average of Securing Australian Apprenticeships Recommencement Bonus claims by employers and Group Training Organisations. Where respondents reported more than one positive effect of the bonus, the impact was ranked by its importance in meeting the Securing Australian Apprenticeships package objectives:
   (a) Additionality refers to the extra out-of-trade apprentices hired as a result of the bonus.
   (b) Substitution refers to where priority was given to out-of-trade apprentices but where no additional out-of-trade apprentices were hired as a result of the bonus.

Overall effectiveness and sustainability

These estimates are consistent with employers’ assessments of the overall importance of the SAA Recommencement Bonus. More than 18 per cent of employers who used SAA in 2010 (and 38 per cent in 2011) indicated that it played a ‘fairly important’ or ‘very important’ role in their decision to hire out-of-trade apprentices.

It is also possible to assess the effectiveness of the SAA Recommencement Bonus from the extent to which recommenced apprentices remained in their apprenticeship. A risk of this type of incentive is that employers would be less selective in hiring out-of-trade apprentices and, as a result, sustainability would be reduced.

In the Survey of Employers of Apprentices, 87 per cent of employers in 2010 and 80 per cent in 2011 reported that the apprentices they hired under the Recommencement Bonus were still employed by their organisation. Administrative systems data support these findings. As at 30 June 2011, 85 per cent of apprentices attracting the Recommencement Bonus had either completed or remained in their apprenticeship (30 per cent completed; 55 per cent were still in training). The remaining 15 per cent of recommenced apprentices had since cancelled their apprenticeship (Figure 2.10).
Apprentices in vulnerable groups typically had poorer outcomes. Cancellations among apprentices who attracted the bonus were disproportionately higher for females (18 per cent), teenagers (16 per cent), Indigenous apprentices (23 per cent) and people with disability (23 per cent). Unsurprisingly, apprentices who entered their apprenticeship without completing high school also had higher cancellation rates (19 per cent), as did those hired by GTOs (18 per cent) and in the industries of agrifood (21 per cent) and service skills (20 per cent). NCVER (2011a) confirm that these industries typically experience higher cancellation rates.

**Securing Australian Apprenticeships Completion Bonus**

The SAA Completion Bonus was introduced in response to a perceived risk that employers would find it more difficult to retain apprentices during the economic downturn. The effect of a downturn on completions could be both immediate (through employers retrenching apprentices) and gradual (through fewer apprenticeship commencements). As most apprenticeships take three to four years to complete, it is unlikely that any variability in commencements since the GFC would affect completions in the time period of analysis for this evaluation (although its effect on completions may become apparent in the future).126

Over the last five years, apprenticeship completion numbers have increased steadily as more people have entered apprenticeships (Figure 2.11). The economic downturn did not seem to influence completion numbers during this period. Completion numbers largely reflect the economic conditions in the preceding years, with the downturn coming at the end of a period of historic growth in the apprenticeship system (Karmel and Oliver 2011b). Administrative systems data show that completions in skills shortage trade apprenticeships increased by approximately 7 per cent during

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126 Kapuscinski (2004) observed that the recession in the early 1990s severely reduced traditional trade commencement numbers. This led to a reduction in the number of apprentices in training, and four years later, a decrease in completions.
the two-year period that the SAA Completion Bonus was available. This, however, was lower than the 16 per cent annual increase in completions in 2008. Factors other than the incentive appear to have had a more important influence on completions.

There was a slight decrease in the number of completions after the end of the SAA Completion Bonus period. Completions decreased by 4 per cent in the first half of 2011 (compared with the same period when the bonus operated). This suggests that the bonus encouraged employers to retain and complete people in apprenticeships during the Completion Bonus period. Interestingly, the bonus appears to have influenced employers to bring forward apprenticeship completions in its final month of availability. These apprenticeship completions may have occurred earlier than usual so that employers could receive the incentive payment. Completions increased by 13 per cent in December 2010 compared with the same period in the previous year. In contrast, completions decreased by 11 per cent in January 2011 compared with January 2010.

Figure 2.11: Apprenticeship completions for skills shortage trade apprenticeships, 2007 to 2011

Completion rates (as opposed to numbers) provide a clearer indication of the immediate impact of the downturn on apprenticeship completions. NCVER data reveal that any effect of the GFC on completion rates was marginal, with rates remaining between 45 and 46 per cent of apprenticeship commencements from 2004 to 2006 in trade occupations (NCVER 2011a). Karmel and Oliver (2011b), who use a life-table approach to track apprentice cohorts who commenced before and after the economic downturn, found that 43.8 per cent of trades workers who

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SAA: Securing Australian Apprenticeships.
Source: DEEWR administrative systems.

Completion rates include both apprentices and trainees.
commenced in the first quarter of 2007 (before the economic downturn) had completed their apprenticeship 19 quarters later. This increased to 45.1 per cent for the cohort that commenced two years later (during the economic downturn). The authors explain that the potential increase in apprentices losing their jobs during the downturn appears to have been more than offset by fewer apprentices choosing to leave their apprenticeships, perhaps due to more limited alternative labour market opportunities available to them.

The impact of the SAA Completion Bonus on hiring practices can be assessed in terms of additionality (the extent to which it encouraged employers to create more apprenticeship positions than would otherwise have existed) and retention (whether the bonus encouraged employers to retain more apprentices than would otherwise have been the case). If employers received the Completion Bonus but it did not influence their hiring decisions, this is considered deadweight. Additionality, retention and deadweight effects of the SAA Completion Bonus were estimated from responses to the Survey of Employers of Apprentices (2010 and 2011). In contrast to the Recommencement Bonus, these survey findings reveal that the SAA Completion Bonus influenced the hiring decisions of many employers who used it.

Additionality
An objective of the SAA Completion Bonus was to encourage employers to hire more apprentices than they would have otherwise. As the SAA Completion Bonus provided additional funding to employers who complete apprenticeships, this funding was, in part, expected to increase the number of apprenticeships available. This additionality effect could be expected to be modest, as employers could not receive the SAA Completion Bonus for newly hired apprentices (as apprenticeships are longer than the two-year period for which the incentive was available).

The 2010 Survey of Employers of Apprentices found that one-quarter of GTOs and 15 per cent of employers of apprentices who claimed having received the Completion Bonus reported having hired more apprentices as a result (Figure 2.12). In 2011, this increased to 60 per cent for GTOs and to 25 per cent for employers. The weighted average additionality effect for both employers of apprentices and GTOs was estimated to be 17 per cent in 2010 and 31 per cent in 2011.

Retention
A further objective of the SAA Completion Bonus was to encourage employers to retain more apprentices than would have otherwise been the case. In 2010, approximately 28 per cent of GTOs and 22 per cent of employers of apprentices who used the bonus claimed to have retained more apprentices as a result of the bonus. In 2011, this increased to 60 per cent of GTOs and 28 per cent of employers of apprentices. The weighted average retention effect for employers and GTOs was approximately 23 per cent in 2010 and 33 per cent in 2011.

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128 Due to small sample size, non-weighted survey data was used for effectiveness estimates based on those who reported having used the SAA Completion Bonus.
129 Weighted average based on the proportion of employers and GTOs that claimed the SAA Completion Bonus.
Deadweight

Deadweight, in this instance, refers to the proportion of employers who claimed the SAA Completion Bonus who would still have hired or retained the same apprentices in the absence of the incentive. This was calculated from respondents to the Surveys of Employers of Apprentices (2010 and 2011) who claimed the bonus but did not report that they were influenced by it.

Deadweight estimates for the 2010 survey were 74 per cent for employers of apprentices and 69 per cent for GTOs (Figure 2.12). The weighted average in 2010 was 73 per cent. Deadweight estimates were smaller in the 2011 survey (63 per cent for employers of apprentices and 40 per cent for GTOs), giving a weighted average of approximately 59 per cent.

While these effectiveness estimates suggest that the SAA Completion Bonus was better performing than the SAA Recommencement Bonus, this is not necessarily the case because each bonus targeted a different population. The SAA Recommencement Bonus was targeted towards out-of-trade apprentices, who tend to be more disadvantaged than other apprentices, while the SAA Completion Bonus was more broadly targeted towards traditional trade apprenticeships on the National Skills Needs List.

Figure 2.12: Effect of the Securing Australian Apprenticeships Completion Bonus on apprentice hiring/placing decisions,2 2010 and 2011

![Figure 2.12](image)

1 Average derived from the weighted average of Securing Australian Apprenticeships Completion Bonus claims by employers and Group Training Organisations. Where respondents reported more than one positive effect of the bonus, the impact was ranked by its importance in meeting the Securing Australian Apprenticeships package objectives:
(a) Additionality refers to the extra apprentices hired as a result of the bonus.
(b) Retention refers to where an apprentice was retained in their apprenticeship but where no additional apprentices were hired as a result of the bonus.


Expenditure

Total approved expenditure for the SAA package by 30 June 2011 was approximately $124 million, consisting of $52.6 million for the SAA Recommencement Bonus and $71.5 million for the SAA Completion Bonus (Table 2.25). This was below the $155.3 million allocated to fund this measure.
Table 2.25: Securing Australian Apprenticeships expenditure

<table>
<thead>
<tr>
<th>Claim type</th>
<th>Total claims</th>
<th>Approved expenditure ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAA Recommencement Bonus</td>
<td>29,225</td>
<td>$52.6</td>
</tr>
<tr>
<td>SAA Completion Bonus</td>
<td>71,453</td>
<td>$71.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100,678</strong></td>
<td><strong>$124.1</strong></td>
</tr>
</tbody>
</table>

1 Claims and expenditure by 30 June 2011. Claims can be made up to 12 months following eligibility. Source: DEEWR administrative systems.

Based on the estimates provided in Figure 2.12, the cost per additional out-of-trade apprentice hired as a result of the SAA Recommencement Bonus was approximately $7,800 and the cost per additional apprentice hired or retained as a result of the SAA Completion Bonus was $2,900.130

Due to small survey samples and the low levels of SAA awareness and take-up among survey respondents, the estimates of effectiveness and cost effectiveness are indicative only. Aside from the inherent problems of sample-based inference, the Survey of Employers of Apprentices may not fully capture the influence of the SAA package because some claims may have occurred after the 2011 survey. Moreover, these estimates do not consider the alternative costs that may have been incurred had these apprentices lost their jobs (or not been hired without the SAA package) and they do not consider the potential for the SAA package to act as a multiplier to enable businesses to hire extra non-apprentice staff.

**Securing Australian Apprentices through Registered Training Organisations**

Securing Australian Apprentices through Registered Training Organisations (SAA–RTOs) initiative was meant to offer financial support to RTOs to cover the cost of training for out-of-trade apprentices. It was proposed that RTOs would continue to provide off-the-job training to support out-of-trade apprentices during the economic downturn.

The SAA–RTOs initiative was to become operational by 1 July 2009. By this time, however, state and territory jurisdictions had already implemented changes to their User Choice funding models.131 User Choice provides funding to allow apprentices to continue off-the-job training while out of work. Council of Australian Governments (COAG) decisions on 5 February 2009 directed that Commonwealth-funded initiatives were not to be used to displace funding that other jurisdictions were already providing under existing arrangements and, as a result, the SAA–RTOs initiative was not needed.

A related initiative aimed at supporting out-of-trade apprentices in each jurisdiction was the out-of-trade register. State Training Authority representatives interviewed for the evaluation had mixed views on this initiative. Those in the smaller jurisdictions of the Northern Territory, ACT and Tasmania reported that, as the GFC did not have as large an effect on them as it did on other parts of

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130 Cost per additional apprentice outcomes for the SAA Recommencement Bonus was calculated as total SAA Recommencement Bonus expenditure divided by the number of out-of-trade apprentices hired or given priority as a result of the SAA Recommencement Bonus. For the SAA Completion Bonus, this was calculated as total SAA Completion Bonus expenditure divided by the number of apprentices reported to be hired or retained as a result of the bonus. These costs per additional outcome estimates are not necessarily comparable due to the different target populations of each incentive.

131 User Choice is a competitively-based national initiative that governs public funding allocations to RTOs.
the country, the number of out-of-trade apprentices registered was minimal. The out-of-trade register was therefore viewed as something that had come about (and remained) in response to DEEWR requesting that the State Training Authorities adopt a proactive approach in response to the GFC rather than from a sense of necessity.

The larger jurisdictions of Victoria, New South Wales and Queensland, on the other hand, reported much larger numbers of apprentices on their out-of-trade registers. State Training Authority representatives from New South Wales and Queensland reported that their registers contained around 1,000 apprentices at any one time. The corresponding figure for Victoria was reported to be as much as 600 at any given time. The registers were believed to offer a good link between employers and out-of-trade apprentices.

**Conclusion**

Most employers surveyed managed to retain and complete their apprentices during the economic downturn. In the minority of cases where staff numbers had contracted as a result of the GFC, it was more common to lay off other staff than to lay off apprentices.

Apprenticeship completion rates were largely unaffected by the GFC. However, these rates may conceal changes to the reasons that apprentices had become out of trade. While there is evidence that retrenchment became a more common reason for being out of trade during the downturn, this appears to have been offset by fewer apprentices choosing to leave their apprenticeships.

The businesses interviewed that could recall having received SAA incentive payments regarded them positively, yet often had little to say about them. While few employers were aware of the SAA Recommenement Bonus, there was some evidence that businesses hired more apprentices or had given priority to out-of-trade apprentices eligible for the bonus as a result. Similarly, there was evidence that the SAA Completion Bonus led to increased retention and some additional commencements.

The effect of this package on the maintenance of support for apprenticeships during the economic downturn, however, appears to have been small. In part, this may reflect the lower than anticipated impact of the GFC on apprenticeship cancellations, with deadweight evident for these incentives. The evaluation does not reveal the extent to which the SAA package supported the apprentices benefiting from the initiative. Correspondingly, this does not show the alternative costs incurred if these apprentices lost or not recommenced their apprenticeships.
Learn or Earn
To promote the re-engagement of ESLs into education and training, the Australian Government introduced strengthened participation requirements for 15- to 20-year-olds (known as Learn or Earn). This initiative required that young people participate in full-time education or training (or other approved activities) to attain Year 12 or Certificate II level equivalent qualifications in order to receive income support payments.

Background
The strengthened participation requirements initiative, better known as Learn or Earn, formed part of the Youth Compact endorsed by the Council of Australian Governments (COAG) in April 2009 as part of the National Partnership on Youth Attainment and Transitions. This initiative included additional education requirements for young people in receipt of unemployment benefits (the Youth Allowance (Other) income support payment). To remain eligible for Youth Allowance, young people without Year 12 or an equivalent Certificate II level (or above) qualification were generally required to participate in full-time study or training (or study or training in combination with other approved activities) for at least 25 hours per week. ESLs undertaking these activities were expected to devote their attention to completing their studies and training.

Learn or Earn was introduced on 1 July 2009 for new Youth Allowance (Other) participants aged 15 to 20. Following a transition period, these arrangements were applied from 1 July 2010 to all Youth Allowance (Other) recipients of this age who had not attained Year 12 or equivalent. From July 2012 Learn or Earn was expanded to include 21-year-olds.

Learn or Earn was introduced as part of an ongoing arrangement to promote the productive engagement of young people and the acquisition of at least basic qualifications. This was done with the realisation that young people typically are among the first to lose their jobs during economic downturns and, even during economic recovery, unemployment among young people tends to remain high. Young people who leave school early also have a higher risk of becoming long-term unemployed and this can lead to a scarring effect: that is, a persistent reduction in employability derived from prolonged periods of joblessness (Scarpetta et. al. 2010).

The Learn or Earn initiative is consistent with a ‘training first’ approach to labour market policy. This approach recognises that ESLs may not yet have the skills to find or remain in employment. During periods of economic downturn in particular, training first initiatives aim to encourage young people to engage in education and training to develop their skills so that they can find sustainable employment when the economy improves.

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132 COAG comprises the Australian Prime Minister, the Premiers of the Australian states and the Chief Ministers of the territories. In Australia, the states and territories have constitutional responsibility for school education.

133 Interim evaluation findings of the National Partnership on Youth Attainment and Transitions that included the COAG Compact with Young Australians, can be found in DEEWR (2012a and 2012b).

134 A similar requirement for full-time study or training applied to young people whose parents sought Family Tax Benefit Part A. As this requirement was outside of DEEWR’s responsibilities, this requirement was not examined in this evaluation.
If the Learn or Earn initiative were successful in promoting further study, ESL youth on income support would either continue to receive Youth Allowance (Other), if continuing to study (in a short-course), or else they would transfer to a student-based income support payment (Figure 2.13).\textsuperscript{135} Other potential pathways for ESLs included moving to full-time work or moving to a payment type without participation requirements (e.g., Disability Support Pension) or disengaging from income support entirely. A further intention of Learn or Earn was to deter young people at risk of not attaining Year 12 or equivalent from leaving education.

\textbf{Figure 2.13: Early school leaver pathways}\textsuperscript{1}

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\textsuperscript{1} Part-time work categorised as ‘Study’ if done in conjunction with education or training or as ‘Not in full-time employment, education or training’ otherwise.

\textbf{Objectives}

Learn or Earn seeks to lift qualification levels and better engage young people in education and training. By promoting the engagement of young people during the economic downturn, the objectives of Learn or Earn in the context of the Jobs and Training Compact were to:

- build the national skills base
- improve the longer-term employment viability of young people and enable them to take advantage of opportunities in the recovery.

\textsuperscript{135} Student-based income support payments included Youth Allowance (Student), Youth Allowance (Apprentice) and Abstudy.
**Evaluation data sources**
A number of data sources support the analysis of the performance of Learn or Earn. These include:

- ABS surveys such as the annual Survey of Education and Work and the monthly Labour Force Survey, which contain aggregate information on teenage educational participation and attainment
- DEEWR administrative systems data from the Research and Evaluation Dataset—an episodic longitudinal administrative dataset that provides demographic and income support payment information for young people receiving income support
- interviews and focus groups in priority employment areas with young people, RTOs, Centrelink and JSA providers who were subject to, or involved with, Learn or Earn
- the Stepping Stones longitudinal survey of employment services and income support, which includes employment and training outcomes information for young people who received income support.\(^{136}\)

Further information on these data collections is provided at the end of this report.

**Limitations on the analysis**
As with other Jobs and Training Compact initiatives, a range of constraints have imposed limitations on the effective analysis of this initiative. These include external factors such as fluctuations in economic conditions and youth demographics that influence the extent to which young people participate in education and achieve employment outcomes. Concurrent developments in Australian Government youth policy—including the reforms, incentives and obligations targeted towards improving youth participation in education and training—also limit the extent to which the effectiveness of Learn or Earn can be assessed.\(^{137}\)

Administrative systems data used in this analysis are unable to perfectly match and identify young people within the income support system. This is particularly problematic when identifying ESLs based on data fields that may not be well maintained.\(^{138}\) An inherent problem in using administrative systems is that there is limited potential to track individuals once they are outside the employment services system or no longer on income support. Therefore, it is difficult to evaluate the extent to which Learn or Earn may have influenced youth disengagement or the employment outcomes of young people, as individuals may have either avoided or exited the income support system.

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\(^{136}\) Stepping Stones survey findings refer to people in receipt of Youth Allowance (Other) at the time of sample selection. Unless otherwise stated, reported cross-sectional data are from wave three of the survey (interviewed between March and June 2010) and longitudinal data are from both wave three and wave four (interviewed between September and December 2010).

\(^{137}\) This includes the National Partnership on Youth Attainment and Transitions developed by COAG in 2009, and the National Strategy for Young Australians in 2010. Important components of these strategies include the education or training requirement for ESL families to continue receiving Family Tax Benefit Part A, the entitlement to an education or training place, and the National Youth Participation Requirement equalising the school leaving age to at least age 17. Other elements that may influence the Learn or Earn initiative include the bringing forward to 2015 of the agreed target that 90 per cent of 20- to 24-year-olds should hold a Year 12 or equivalent qualification and the provision of career and transition services to young people through the Youth Connections program. Interim evaluation findings of the National Partnership on Youth Attainment and Transitions can be found in DEEWR (2012a and 2012b).

\(^{138}\) This was partly due to the incompatibility of the Centrelink/DEEWR systems and the different ways DEEWR and Centrelink identified ESLs. System enhancements since July 2012 have synchronised the identification and servicing of ESLs.
Importantly, the relatively short timeframe for analysis means that longer-term outcomes cannot be measured for youth who were subject to the Learn or Earn participation requirements.

The limited data availability also means some important effectiveness considerations cannot be assessed. These include the extent to which Learn or Earn may have influenced workforce productivity or future job quality, which are important contributors to the longer-term employment viability of young people. For the same reasons, the quality and equivalence of certificate level courses cannot be examined in detail.

**Early school leavers and the youth population**

*Youth snapshot*

As part of the Jobs and Training Compact, the Learn or Earn initiative was targeted towards young people aged 15 to 20 years who were in receipt of Youth Allowance (Other) and who had left school early (i.e. those who have not completed Year 12 or an equivalent qualification). It may have also influenced those at risk of leaving school. In August 2011, the population of 15- to 20-year-olds was 1.82 million. Of these:

- 1.58 million (87 per cent) were in work or study
- 151,500 (8 per cent) were not in education, employment or training. This included 6 per cent on unemployment benefits or other income support and 2 per cent not receiving income support—for example, gap year students, discouraged job seekers, those on a break or waiting for a course to start, and unemployed people not eligible for income support. This group was able to access employment assistance through JSA.

The majority (66 per cent) of young people aged 15 to 19 years (the age group for which ABS data are available) had not yet attained Year 12 or equivalent education. Figure 2.14 shows that of those with less than Year 12 or equivalent:

- 85 per cent were engaged in study
- 4 per cent were in full-time work
- 11 per cent were not fully engaged in education, employment or training. This included 3.6 per cent receiving Youth Allowance (Other) and 2.4 per cent receiving other forms of income support payments.

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139 Information on activity derived from ABS 2012d, not in education, employment or training estimates by DEEWR using ABS data. Income support data are sourced from Centrelink records in the DEEWR administrative systems.
Reasons for leaving school

To evaluate the contribution of Learn or Earn to the Jobs and Training Compact objectives, it was important to gain an understanding of the reasons that ESLs had left school.

The ESLs who participated in focus groups often cited learning difficulties, personal barriers and caring responsibilities as reasons that they could not continue their schooling. More commonly, however, respondents reported not liking school or preferring to either undertake more hands-on training or move directly into the workforce:

*I left school because I had ADHD, and so study wasn’t really an option for me, so I chose to look for work. I found school boring and I would rather be out in the workforce doing something constructive, rather than sitting behind a desk, not taking anything in.* (ESL focus group, Illawarra, 2010)
I left because they weren’t teaching me anything. Got into a bad group with all the smoking and wagging and fighting and stuff. They thought it would be better if I just left. (ESL focus group, North Eastern Perth, 2010)

JSA site and case managers identified similar reasons for young people leaving school:

The reason that they’re in this situation, they’ve got maybe one parent at home who may not be at home all the time, or it’s an abusive family relationship, or peer pressure, drugs, alcohol, the beach ... (JSA site manager, Gold Coast, 2010)

A lot of them say ‘I just want a job. I left school because I didn’t want to study’. (JSA case manager, Central Coast – Hunter, 2010)

ESL clients fall into two groups: those desperate to get away from school because they hate it, aren’t academically inclined; and those who want to rush into being an adult and think they can be independent and cope. (JSA site manager, North West / Northern Tasmania, 2010)

Awareness
One indicator of the successful implementation of the Learn or Earn initiative is the level of awareness of the initiative among the target group. While they were generally not aware of the descriptions ‘Learn or Earn’ or ‘strengthened participation requirements’, most of the ESL focus group participants who were receiving income support payments indicated that they had been informed (usually by Centrelink) that if they did not have a Year 12 or equivalent qualification they would need to enrol in further study or training. The study requirements for ESLs were reportedly not very clear at the time of implementation, so information was not always consistent. For instance, some young people stated that the option of job search was still available to them:

Centrelink told me I either had to look for work or go to school. (ESL focus group, Canterbury–Bankstown & South Western Sydney, 2010)

Many of the ESLs receiving income support who were not aware of Learn or Earn had already enrolled or commenced in some form of study or training and did not require the assistance of Centrelink or their JSA provider:

I haven’t been informed about that ... I’ve applied to go study, but that was me, I didn’t get pushed into that by anybody. But mainly looking for work. I heard about it but no one told me about it. (ESL focus group, North Eastern Perth, 2010)

Not surprisingly, ESLs who were not receiving income support were less aware of the Learn or Earn requirements. These ESLs were often still living with their parents and were unable to access income support, so there was minimal compulsion for this group to talk to Centrelink or JSA providers. Therefore, most were uninterested in the details of these requirements because they believed that Learn or Earn did not apply to them.

Centrelink and JSA staff both reported that explaining the Learn or Earn requirements to their clients had been challenging. There was confusion among these organisations as to whose role it was to inform young people of the details of Learn or Earn, with each holding the belief that the initiative
had not adequately been explained by the other. Staff believed that knowledge of the participation requirements was low among ESLs even after it had been explained to them:

*The main difficulty has been explaining the changes. A lot of them were ignorant to what we had to say and/or believe that that would really happen* ... *(JSA case manager, Illawarra, 2010)*

Confusion over the requirements of Learn or Earn dissipated over time, and awareness and acceptance of the initiative gradually increased among young people. Improved awareness may have been the result of the initiative later being rolled out to existing income support recipients and efforts by the department and service providers to ensure that ESLs understood the initiative and the services available to them.

**Effectiveness**

In assessing the effectiveness of Learn or Earn, it was necessary to consider whether the initiative improved participation in study, educational attainment and labour market outcomes for early school leavers. The unintended consequences of the initiative were also considered.

Youth engagement in education and training is influenced by a number of economic and psychosocial factors. Of particular importance to this analysis was the influence of the GFC. In periods of economic downturn, individuals tend to seek refuge in education and training because there are fewer alternative labour market opportunities available to them. This is particularly evident for young people without prior work experience.

To assess the effectiveness of Learn or Earn as it relates to the Jobs and Training Compact objectives, the evaluation used a cohort analysis based on administrative systems data that tracked ESLs who had Learn or Earn requirements with a comparison group of school completers not directly affected by the initiative. This approach was supported by data on education and training indicators to identify whether there was improved engagement of young people. It was also supported by interviews with young people, RTOs, Centrelink and JSA providers who were subject to, or involved with, Learn or Earn.

The cohort analysis compared 15- to 20-year olds who were subject to the Learn or Earn requirements (i.e. ESLs on income support) with young people who were not subject to these requirements (school completers on income support) and tracked these groups over 18 months. Groups were selected based on the period in which they began receiving income support between 1 July and 30 September of each year. To allow the greatest possible time to analyse the impact of the Learn or Earn initiative (which applied to early school leavers new to income support from

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140 DEEWR made available extensive information on the initiative to providers and introduced systems enhancements. JSA providers introduced innovative approaches for servicing ESLs and strengthened their connections with education and training providers.

141 A potentially more robust approach is to compare education participation rates for similar groups of young people in two separate (but similar) periods of economic downturn. Other things being equal, the difference in participation rates could then be used to estimate the influence of Learn or Earn. This approach, however, was not feasible because education participation rates in Australia have changed significantly since the last major economic downturn (i.e. the recession of 1990–91).
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1 July 2009, four cohorts were tracked: an ESL group from 2008, a school completers group from 2008, an ESL group from 2009 and a school completers group from 2009.

The cohort analysis does not attempt to isolate the effectiveness of Learn or Earn from external factors or control for the differences in characteristics of ESLs and school completers. It should also be recognised that the cohort analysis reflects only new entrants to income support and not the experiences of all young people who received income support during this period.

A similar analysis was conducted for young people who were already receiving income support when Learn or Earn was introduced and were therefore subject to a transition period. In general, this analysis showed more modest differences for ESLs who were subject to the Learn or Earn requirements. This is presumably because, given the transition period, existing income support recipients had less time to be exposed to the new participation arrangements and there was an additional lag before they enrolled in training courses. It may also indicate that it was more difficult to engage young people who were already receiving income support. The cohort analysis findings for existing income support recipients are excluded due to the shorter time profile and the added difficulty in interpreting the Learn or Earn transition period.

It is important to note that the findings of the cohort analysis are reported as averages and may conceal differences within particular groups of young people. For instance, when compared with non-Indigenous youth, proportionally fewer Indigenous youth who entered income support during the period were on a student payment or had achieved Year 12 or equivalent qualifications. However, the small proportions of Indigenous youth within these cohorts limited the extent to which outcomes for this group could be reliably measured.

As can be seen in Table 2.26, the ESL and school completer groups exhibit quite different characteristics, although these do not appear to change much across cohort years. Most notable was the age difference of these groups. ESLs were almost 17 years of age on average and school completers were more than 19 years of age on average. The ESL cohorts were characterised by a greater representation of young people who identified as Indigenous (approximately 13 per cent for ESLs compared with 5 per cent for school completers), resided in remote locations (7 per cent for ESLs; 4 per cent for school completers) or in regions identified as priority employment areas (50 per cent for ESLs and 42 per cent for school completers). Females were not as highly represented in the ESL cohorts (47 per cent), as they were in the school completer cohorts (53 per cent or higher). It is interesting to note that the ESL cohorts were approximately twice the size of the school completer cohorts. This highlights the extent to which these income support recipients had not achieved Year 12 or equivalent education at the time they had entered income support.

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142 Income support cohorts were also selected based on October to December inflows. Findings were similar to the July to September inflows.

143 These transitional arrangements have caused further discrepancies in the matching of DEEWR/Centrelink administrative systems. These complexities were particularly problematic for identifying ESLs.
Table 2.26: Early school leaver and school completer cohorts on income support and aged less than 21, by characteristics

<table>
<thead>
<tr>
<th>Cohort characteristics</th>
<th>2008 early school leavers</th>
<th>2009 early school leavers</th>
<th>2008 school completers</th>
<th>2009 school completers</th>
</tr>
</thead>
<tbody>
<tr>
<td>% female</td>
<td>47</td>
<td>47</td>
<td>56</td>
<td>53</td>
</tr>
<tr>
<td>% born in non-English speaking country</td>
<td>8</td>
<td>8</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>% Indigenous</td>
<td>13</td>
<td>12</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>% located in priority employment area</td>
<td>50</td>
<td>50</td>
<td>41</td>
<td>42</td>
</tr>
<tr>
<td>% located in remote area</td>
<td>7</td>
<td>7</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Average age (years)</td>
<td>16.9</td>
<td>16.8</td>
<td>19.1</td>
<td>19.0</td>
</tr>
<tr>
<td>Total number in cohort</td>
<td>34,252</td>
<td>35,039</td>
<td>13,302</td>
<td>17,451</td>
</tr>
</tbody>
</table>

Source: DEEWR administrative systems.

Based on the differences in characteristics between ESLs and school completers, it should not be expected that these groups would share similar experiences in their education or labour market outcomes. It is also conceivable that these groups have underlying (unobservable) differences in their characteristics. For instance, a young person on income support who remained in education may be more motivated or academically inclined than an ESL on income support.

There is potential to estimate the causal effect of the Learn or Earn initiative based on multivariate regression or other more sophisticated statistical matching techniques. In this analysis, however, a descriptive cohort analysis was selected because of its simplicity and versatility. Using this approach, the analysis can help to identify past trends, highlight the possible influence of external factors and provide at least an indication of the potential influence of Learn or Earn. This can be assessed using several indicators without the need to apply further assumptions to the analysis.

**Has participation in training or study increased?**

Since the introduction of Learn or Earn, participation in education by young people has increased. The proportion of young people aged 15 to 19 (the age group for which ABS data are available) who were enrolled in formal education or training increased from 76.4 per cent in May 2009 to 77.8 per cent in May 2010. This increased further to 78.6 per cent in May 2011 and to 80.3 per cent in May 2012 (ABS 2012b). The full-time schooling participation rate for 16- to 17-year-olds also improved from 75.6 per cent in 2009 to 77.7 per cent in 2010, 78.8 per cent in 2011 and 79.4 per cent in 2012. The participation rate in Certificate level II or higher qualifications for 15- to 19-year-olds also increased from 24.2 per cent in 2009, to 26.1 per cent in 2010 and 28.2 per cent in 2011 (ABS 2011a and NCVER 2011b). While these improvements in participation are encouraging, it must be emphasised that this may be attributable to a range of factors, including fewer alternative labour market opportunities during the economic downturn. It was not possible in the evaluation to separate the impact of Learn or Earn from these other factors.

Participation in training changes over time. The extent of this change was measured by longitudinally surveying ESLs receiving Youth Allowance (Other) in the department’s Stepping Stones survey. Of those who responded to two successive waves of the survey in 2010, 52 per cent of ESLs and 69 per cent of school completers reported to be studying in both waves. A greater proportion of ESLs had moved from studying in the first wave to no longer studying when surveyed again six months...
later (24 per cent of ESLs compared with 9 per cent of school completers), which may in part reflect the shorter courses undertaken by ESLs. Twenty per cent of ESLs and 15 per cent of school completers were not studying in the initial wave but were studying in the following wave, while only 4 per cent of ESLs and 6 per cent of school completers were not studying at either wave. These findings also suggest that participation in training has increased, but again this may not be because of Learn or Earn.

The influence of Learn or Earn in increasing participation in study and training was examined in the cohort analysis of income support recipients. If ESLs were to comply with the Learn or Earn initiative, it could be expected that a greater proportion of the young people who remain on income support would be receiving a student payment. Figure 2.15 shows the proportions of early school leavers and school completers who began receiving income support in 2008 or 2009 who were on a student payment over an 18-month period. After 18 months, the proportion of ESLs on student payments was nearly three percentage points higher in the 2009 cohort (36 per cent) than in the 2008 cohort (33 per cent). By comparison, the proportion of school completers (not subject to Learn or Earn) who were on a student payment after 18 months was five percentage points lower in the 2009 cohort than in the 2008 cohort (reflecting the improved labour market). This suggests that Learn or Earn may have increased participation in study or training among income support recipients who were subject to this initiative.\[144\]

Figure 2.15: Proportion of income support cohorts on a student payment

\[1\] Student payments include Youth Allowance (Student), Youth Allowance (Apprentice) and Abstudy.

Source: DEEWR administrative systems.

\[144\] Some young people may choose to remain on Youth Allowance (Other) if they are undertaking short course study of less than 12 months. A similar analysis found an increased proportion of ESLs studying on non-student payments for the 2009 cohort, relative to school completers.
According to the department’s administrative systems the most popular courses studied by ESLs, as a proportion of those in study, were in Business Administration (9 per cent), Education (7 per cent), Information Technology (5 per cent), Arts (4 per cent) and Beauty Therapy (4 per cent). This is similar to the courses mentioned by the JSA representatives and ESLs interviewed, which also included Year 11 or 12 courses provided through TAFE, and Certificate II or III level courses in Transport and Logistics, Retail, Childcare and Aged Care.

The Stepping Stones survey found that most ESLs in formal study (71 per cent) were studying full-time. The most common types of qualifications attained by ESLs were at the Certificate II (31 per cent), Certificate III (26 per cent) and Certificate IV (9 per cent) levels. The main reasons ESLs gave for studying were to ‘improve their job prospects and skills’ (74 per cent), ‘general interest’ (12 per cent) or that it was ‘part of their current job’ (6 per cent).

Only 3 per cent of ESLs reported that it was ‘because they had to’. When respondents were interviewed again approximately six months later, this proportion increased to 9 per cent, probably because the Learn or Earn target group had widened to include existing recipients of Youth Allowance (Other).

Employment service providers (e.g. JSA providers) were active in assisting many ESLs into training. Of ESL respondents to the Stepping Stones survey who were in training, 52 per cent reported that they received help with this training from their provider. This compares with only 36 per cent of the school completers group.

JSA representatives reported that they used a number of pathways to assist ESLs into training. Apprenticeships were reported to be a pathway for some of their more capable ESL clients, but this was not common. The Australian Apprenticeships Access Program was offered to ESLs who wanted to follow this pathway. However, it was not always taken up due to ESLs not having attained the skills to start an apprenticeship or not having apprenticeship positions readily available to them.

Male early school leavers often preferred training options which involved outdoor work or ‘working with your hands’. The training courses available through the National Green Jobs Corps were viewed by JSA staff as an important means of sourcing relevant training for this group, particularly for those who had been labourers.

While some ESLs returned to school, this was relatively uncommon and was generally confined to regional areas where few alternative training options were available. ESLs had generally expressed a preference for TAFE or other vocational training over high school, as they were perceived to be treated more like adults:

|They [TAFE] don’t treat you like, basically you can’t do anything. (ESL focus group, North Eastern Perth, 2010) |

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145 Based on the 2009 cohort of ESLs studying that had a course recorded in the DEEWR administrative systems. Note that this may be skewed towards courses with longer durations since it records the number of people in the course for each month rather than engaged in the course over the entire period of observation.
In most cases, early school leavers reported a variety of study and training options available to them. Many of these ESLs had reported that their provider found them training. This was often fully or partially funded by their JSA provider or by government-subsidised Productivity Places Program courses:

*It is a bit hard looking for work, but there are heaps of options for study. Green Corps has quite a few courses that I could choose from—from horticulture to laying concrete. (ESL focus group, Illawarra, 2010)*

Many JSA providers interviewed claimed a shortage of Productivity Places, with training places once available to them being redirected to fund Certificate IV level courses. These courses were not considered suitable for ESLs.

The infrequency or unavailability of courses was more evident in the regional areas visited, particularly in Port Augusta – Whyalla – Port Pirie and North West / Northern Tasmania regions. JSA providers reported difficulties in finding training opportunities for ESLs in these regions, with the courses available often run sporadically or in areas of training not suitable for ESLs. JSA providers also believed that the capacity or motivation required for ESLs to participate in online learning was often limited:

*In these regions the availability of suitable projects and hosts can be a bit limited sometimes. (JSA site manager, Port Augusta-Whyalla-Port Pirie, 2010)*

*[JSA providers] need the person to be placed somewhere. So they feel a bit of pressure to place them in any course that's available. (RTO, Northern Adelaide, 2011)*

A more widespread issue was course timing. JSA providers reported that, due to the rigid timetabling of courses, early school leavers were often ‘stuck in limbo’ when waiting for a training course to begin. There were also difficulties in keeping ESLs engaged in activities when TAFE and schools were on a break from classes. In some cases, ESLs reported that this led to the cancellation of their income support benefits:

*I got told I had to do a course, but that was after they had finished all the enrolments for TAFE so I had to go into TAFE after it had already started. (ESL focus group, Central Coast-Hunter, 2010)*

*They’re annoyed with me now because it starts next year—I can’t help that the TAFE course starts next year. They cut off my payments because I can’t study yet and I can’t find a job because they won’t help. (ESL focus group, Central Coast – Hunter, 2010)*

During these periods of delay, JSA providers were required to engage early school leavers in other activities, such as Work for the Dole, Green Corps or voluntary work. In some isolated cases, JSA providers reported difficulties in finding activities for their ESL clients that were considered meaningful:

*We send them down to [company] to rip up rags for 25 hours a week until they get into a course ... It’s trying to find an activity or getting them into an activity that’s going to be suitable and meet their needs. (JSA site manager, Port Augusta – Whyalla – Port Pirie, 2010)*
Has Year 12 or equivalent attainment increased?

Educational attainment is an important indicator of whether increases in training participation have led to course completion. Changes in age-specific education attainment levels may reflect the contribution of Learn or Earn to building the skills capacity of young Australians. A variety of data sources were used to examine whether educational attainment of ESLs had increased and the possible contribution of Learn or Earn to this increase.

The proportion of 15- to 19-year-olds with Year 12 or equivalent qualifications increased by 2.5 percentage points from 32.8 per cent in 2009 to 35.3 per cent in 2010. This decreased slightly to 34.4 per cent in 2011 and increased to 36.6 per cent in 2012 (ABS 2012b). By comparison, the proportion of 20- to 24-year-olds increased by 1.1 percentage points from 84.5 per cent in 2009 to 85.6 per cent in 2010. This decreased to 84.1 per cent in 2011 and increased to 85.9 per cent in 2012. This in large part reflects fluctuations due to sampling errors. The increase in attainment in 2010, however, is consistent with the fact that younger people tended to remain in education during the economic downturn, as fewer job opportunities were available to them. However, it may also suggest that Learn or Earn has improved teenage educational attainment.

The education level of ESLs interviewed in the Stepping Stones survey also improved (as could be expected from tracking the same individuals over time). When first interviewed in this survey, 26 per cent of ESLs aged less than 21 years and in receipt of Youth Allowance (Other) at the time of sample selection reported having Year 12 or equivalent. In three subsequent interviews at approximately six-monthly intervals, this proportion increased to 32 per cent, 38 per cent and 45 per cent.

Changes in the educational attainment of young people identified in administrative systems data as being in receipt of the unemployment benefit are consistent with the survey data. Youth Allowance (Other) recipient numbers as a whole have grown since the GFC. The proportion with Year 12 qualifications also increased strongly during this period (Figure 2.16). This reflects the role of the economic downturn in keeping young people in education. It may also indicate that a greater proportion of youth with Year 12 qualifications accessed unemployment benefits during this period.

This increase also corresponds with, but is not necessarily attributable to, the roll-out of Learn or Earn. Importantly, however, it may also represent improved reporting of Year 12 attainment among income support recipients. Before the Learn or Earn initiative, the ‘highest level of education’ field recorded in the administrative systems was less likely to have been maintained or updated, as it did not influence a young person’s participation requirements. It is expected that previously incorrect attainment records would have been updated following the implementation of Learn or Earn.
The role of Learn or Earn in improving Year 12 attainment can also be shown by tracking the cohorts of ESLs who subsequently attained Year 12 or equivalent qualifications. The tracking of cohorts decreases the influence of improvements to reporting of Year 12 attainment, as these young people must have already commenced income support with a qualification of less than Year 12 recorded in the department’s administrative system. After 18 months, Year 12 or equivalent educational attainment increased by more than five percentage points for the 2009 ESL cohort (20 per cent) compared with the 2008 cohort (15 per cent) (Figure 2.17). This chart also highlights the importance of seasonality. The three-month period for which cohorts of new income support recipients were selected occurred between July and September of each year. The noticeable increase in Year 12 attainment after 15 months coincides with the end of the school year, when qualifications are usually awarded.
This improvement in Year 12 attainment (or equivalent) among early school leavers appears to be, at least in part, influenced by Learn or Earn and other initiatives aimed at improving school retention. However, it is also likely to be influenced by the increasing availability of Certificate II training courses (which for the purposes of this initiative were seen as equivalent to Year 12). The question of whether Certificate II qualifications are really equivalent to Year 12 completion is beyond the scope of this evaluation. However, there is evidence to suggest that they are not (Ryan 2011 and Lim and Karmel 2011). This implies that further investigation is required to determine the causal influence of different qualification types and raises concerns of training quality and notions of course equivalence. Caution is therefore advised in interpreting these evaluation findings, which treat Certificate II and Year 12 as equivalent qualifications.

146 Ryan (2011) uses Longitudinal Survey of Australian Youth data to analyse the labour market prospects of similar groups of young people who completed Certificate II and III level qualifications compared with those who attained Year 12. He found that young people with these certificate level qualifications (that did not form part of an apprenticeship or traineeship) tended to have poorer outcomes in their early working lives than did Year 12 completers. On the basis of this research, Certificates II (and III) level courses appear to be less than Year 12 in vocational terms (i.e. in terms of labour market outcomes early on in working lives). Lim and Karmel (2011) investigate what might be the vocational equivalent to Year 12 completion. This was assessed based on the attributes and learning volumes of the courses as well as student outcomes. They conclude that the concept of equivalence is problematic, with vocational education more appropriately regarded as a work-focused alternative to Year 12, which may better suit young people not academically inclined. They do, however, disqualify Certificate II as a viable equivalent to Year 12 completion. Certificate II level qualifications were found to have shorter nominal hours and were less complex than Year 12, with poorer full-time employment outcomes for females, but no difference in outcomes for males. Certificate III level qualifications were therefore regarded as being closer to the equivalence of Year 12 completion.

147 Note that the COAG National Partnership on Youth Attainment and Transitions included two measures of Year 12 equivalence. These measures were used in the targets to:

- lift the Year 12 or equivalent or Certificate II attainment rate to 90 per cent by 2015
- lift the Year 12 or equivalent or Certificate III attainment rate to 90 per cent by 2020.
Course completion among income support cohorts may provide a more general indication of the skills gained by ESLs who were subject to Learn or Earn. The cohort analysis reveals that the proportion of ESLs who had completed a training course after 18 months increased by 3.2 percentage points, from 58.4 per cent for the 2008 cohort to 61.6 per cent for the 2009 cohort. By comparison, there was a decrease in the proportion of the 2009 school completer cohort who had ever completed a training course relative to the 2008 school completer cohort.

Despite increases to the proportion of ESLs who had completed training, failure to complete was an issue identified by some of the JSA and RTO representatives interviewed. Many believed non-completion to be the result of the compulsory aspect of Learn or Earn: young people who were not interested in study were still required to be engaged in a training course.\footnote{This was consistent with the findings of the Stepping Stones survey, where course difficulty, not liking the course and course expulsion were more commonly reported reasons for stopping or not completing study for ESLs compared with school completers.} As a result, it was common for JSA and RTO representatives to report ESLs not attending training or dropping out before the course had finished. Some JSA providers also reported that course attendance was difficult to monitor:

\begin{quote}
I question whether these kids are actually turning up to TAFE, going to classes. They give us the paperwork which shows they are enrolled, but I doubt whether they are actually going. (JSA site manager, Illawarra, 2010)
\end{quote}

RTOs echoed these concerns, with some believing that the early school leavers who did not want to learn disrupted the rest of their class, often devaluing the quality of the course. This was a grievance for RTOs whose funding had often relied on participants seeing the course through to completion:

\begin{quote}
Yes, probably people being placed in training by the JSA that they’re not interested in and they therefore start to not turn up and they don’t progress and we only get paid if they progress ... (RTO, Northern Adelaide, 2011)
\end{quote}

\begin{quote}
If you’ve got students who don’t want to be in a class they generally become disruptive, which can impact the experience of other students. And also the less work they put in the less likely they are to succeed themselves. (RTO, Ipswich–Logan, 2011)
\end{quote}

An important issue raised by one RTO representative interviewed was that Learn or Earn and related initiatives aimed at improving Year 12 retention were creating problems of excess demand within the education system. It was their belief that schools could no longer cater for these young people who would have previously left school early:

\begin{quote}
[Schools] are all struggling to provide and deal with the new students that originally they should have left school at 15 and now they are staying behind; and that is really the more important issue for the education departments as well as for the schools to deal with. And we have the feeling that the schools are happy for some of those students to leave when they hit 17 rather than encouraging them to finish Year 12 or some equivalent qualification. (RTO, Canterbury–Bankstown and South Western Sydney)
\end{quote}
A further difficulty mentioned by JSA representatives was that course non-completion had placed an additional strain on some of the relationships they had forged with young people. These JSA providers found that it was particularly difficult to get young people who had failed their training course to continue to comply with the Learn or Earn requirements:

A lot of them fail and having us telling them to go back and study, they will just say no. (JSA site manager, Illawarra, 2010)

Are fewer young people not in education, employment or training?

A key objective of the Learn or Earn initiative was to better engage young people in productive pathways. The success of this can be determined by whether there was a reduction in youth inactivity, as shown by a decrease in the proportion of young people not in education, employment or training. As noted in the overview, during the most recent economic downturn there was a sharp increase in the proportion of 15- to 24-year-olds not engaged in education or employment, from 8.7 per cent in 2008 to 10.7 per cent in 2009.

The extent of youth non-engagement can also be shown by the proportion of the income support cohort receiving unemployment benefits. Teenagers not in education or employment are often receiving Youth Allowance (Other) unemployment benefits. The Learn or Earn participation requirements were aimed at discouraging youth from receiving unemployment benefits, as it implied that they were receiving income support but not studying. An exception to this is where young people remained on Youth Allowance (Other) when undertaking training in short courses.

Figure 2.18 shows the proportions of each income support cohort on Youth Allowance (Other) for each month after inflow onto income support. Initially, this proportion was four percentage points lower for the ESL cohort in 2009 (31 per cent) than in 2008 (35 per cent), whereas it was nine percentage points higher for school completers (47 per cent in 2009; 38 per cent in 2008). After 18 months, the proportion on Youth Allowance (Other) for the 2009 ESL cohort was two percentage points lower than it was for the 2008 ESL cohort. The Learn or Earn requirements appear to have encouraged young ESLs to move off unemployment benefits, while school completers (who did not have Learn or Earn requirements) were less likely to move off unemployment benefits for the 2009 cohort.

While Learn or Earn appears to have achieved a modest decline in young people receiving Youth Allowance (Other), the flattening of the ESL cohort curves after the six-month point indicates that almost one in five early school leavers remained on unemployment benefits, while there was a continued decline in the proportion of school completer cohorts receiving unemployment benefits. This highlights the differences in characteristics of the early school leaver and school completer cohorts.

149 While a smaller proportion of ESLs were on unemployment benefits in 2009 than 2008, this was not as small as 2007. The increase in the proportion of young people on unemployment benefits since 2007 may reflect the influence of the economic downturn on youth unemployment.
It should be noted that school completer cohorts were typically older than ESL cohorts. Before July 2012, Youth Allowance (Other) was payable only to those aged under 21. As such, there was greater scope for school completer cohorts receiving Youth Allowance (Other) to transfer to Newstart Allowance (i.e. unemployment benefits for adults aged 21 or older). Therefore, they would not be identified in the figure and appear as if they have moved off unemployment benefits when they have not.

Youth non-engagement was an issue encountered in all regions visited for the evaluation. There was consensus among Centrelink and JSA staff that the intention behind Learn or Earn in actively engaging young people in further study and training was positive. However, in practice, Learn or Earn was sometimes reported to be difficult to apply and not conducive to achieving the desired outcomes for some young people. Centrelink and JSA staff reported that the initiative was effective for young people who were inclined to study and had provided the impetus needed to undertake further study or training. However, it was reported to be very difficult to engage those who could not or did not want to study.

A major criticism of Learn or Earn made by JSA and Centrelink staff was its perceived inflexibility. Many believed that it failed to take into consideration the psychosocial challenges faced by many ESLs. Learning difficulties and non-vocational barriers were common reasons cited for ESL non-engagement:

They’ve got homeless issues or abuse at home, they’ve got issues, they’ve got drugs, they’ve got alcohol, they’ve got concerns or they’ve got learning disabilities or barriers to that. We’re dealing with non-vocational barriers as to why they’ve left school in the first place, and then
their own personal issues ... they need some guidance. They don’t fit a school environment.
(JSA site manager, Gold Coast, 2010)

Some JSA staff interviewed also reported that the prescriptive approach of Learn or Earn was contrary to their role as employment service providers. This approach was also believed to be at odds with an employment service tailored to individual circumstances.150

Staff feel like [Learn or Earn] doesn’t belong with JSA, that it makes them more like truant officers than employment service providers because the main aim is to get ESLs back to education, not into work. (JSA site manager, North West / Northern Tasmania, 2010)

In circumstances where non-vocational barriers were present, young people were often referred to intensive services, including counselling, and drug and alcohol rehabilitation. It was also possible for ESLs with barriers to learning to be referred to alternative programmes. The programmes available to ESLs varied depending upon the nature and severity of these learning barriers.151

The Youth Connections programme was used to help address young people’s barriers to education. This programme targeted early school leavers and those at risk of disengaging with education to help them make a successful transition to further education and work. Youth Connections providers were not interviewed as part of this evaluation,152 although Centrelink and JSA providers reported that it was used for some clients with multiple barriers who did not perform well in a classroom environment. Pre-employment or pre-apprenticeship training—such as the Australian Apprenticeships Access Program—was another programme reported to be used by some JSA providers to teach life skills and get ESLs on a pathway to a recognised qualification.

Poor levels of literacy and numeracy were common barriers to education reported by some JSA representatives, particularly among those who left school before Year 10. The most common programme used by JSA providers for their younger clients with foundation skills barriers was the Language, Literacy and Numeracy Program.

If Certificate II level courses were not considered appropriate for the individual, participation in Certificate I level courses was generally enough to satisfy the Learn or Earn requirements so long as this provided a pathway to attaining Year 12 or Certificate II level qualifications.153 Many JSA and Centrelink staff interviewed were unaware that Certificate I level courses could be used as a Learn or Earn pathway:

For some people a Cert. I is all they could handle. Some may need a less formal approach to study and some may need to have an exemption. I know in some circumstances they can get

150 The Learn or Earn guidelines state that ESLs are not required to look for work. Participation in voluntary job search activities does not count towards satisfying their 25 hours per week of activities.
151 ESLs who lacked capacity to study due to a physical, intellectual or learning disability were not required to undertake education and training activities. Typically they participated in Stream 4 (a service stream available to those with significant barriers to finding employment) or Disability Employment Services.
152 Youth Connections and its contribution to the National Partnership on Youth Attainment and Transitions can be found in DEEWR (2012a and 2012b).
153 The courses satisfy ESL participation requirements if studied full-time, or studied part-time and in combination with other suitable ESL activities for at least 25 hours per week.
an exemption but I think there needs to be a lot more flexibility. A lot of these kids didn’t finish school not because they didn’t want to, they didn’t finish because of a lot of complex issues, family breakdowns, substance abuse, lack of capacity ... (JSA site manager, Ipswich–Logan, 2010)

The reported take-up of these alternative programmes and services suggests that it was an important avenue to actively engage and assist ESLs with the greatest barriers to education and training. Some JSA staff expressed concern, however, that Learn or Earn was the ‘default setting’ applied to ESLs.

**Learn or Earn compliance and non-participation**

It is conceivable that the emphasis on study and training imposed by Learn or Earn could induce some ESLs to avoid these requirements. For those who had already entered income support, this could be achieved by moving to another payment or service that did not have study requirements (assuming they were eligible for such a payment). Alternatively, ESLs could be exempted from these requirements due to a change in personal circumstances, or else they might not comply with these requirements.\(^ {154}\) The ways in which Learn or Earn could potentially be circumvented are estimated here by comparing the difference between the 2008 and 2009 income support cohorts of early school leavers and school completers after 18 months on income support.

The proportion of the ESL cohorts receiving non-participation-based payments was approximately twice that of the school completer cohorts (Table 2.27). The annual change between the 2008 and 2009 cohorts, however, revealed a decrease in non-participation-based payments for both groups. Comparing annual changes between ESLs and school completer groups reveals only minor differences, suggesting that Learn or Earn did not encourage ESLs to move to other non-participation-based payments.

Table 2.27: Indicators of potential avoidance or non-compliance of Learn or Earn among income support cohorts 18 months after commencement, 2008 and 2009

<table>
<thead>
<tr>
<th>Proportion of income support cohort who have:</th>
<th>Early school leavers</th>
<th>School completers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008 cohort (%)</td>
<td>2009 cohort (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-participation-based payments(^ 1)</td>
<td>10.7</td>
<td>10.0</td>
</tr>
<tr>
<td>Job Services Australia Stream 4</td>
<td>8.7</td>
<td>6.1</td>
</tr>
<tr>
<td>Activity test exemptions(^ 2)</td>
<td>2.0</td>
<td>1.9</td>
</tr>
<tr>
<td>Cancellations or suspensions</td>
<td>0.9</td>
<td>1.9</td>
</tr>
</tbody>
</table>

1 Non-participation payments include Parenting Payment, Carer Payment and Disability Support Pension.
2 Activity test exemptions refer to circumstances that impede the ability for the income support cohort to meet their requirements.

For early school leavers, these requirements include education or training or other suitable activities. For school completers, these are mainly active job search requirements.

Source: DEEWR administrative systems.

\(^ {154}\) Circumstances that warrant exemption may include a medical condition, homelessness, domestic violence or a major personal crisis. In terms of compliance, ESLs are treated the same as other job seekers apart from the fact that they cannot be required to look for work or attend job interviews.
Study requirements may not be applicable to early school leavers referred to JSA Stream 4 services. ESLs were able to meet their requirements by participating in activities in this stream instead of participating in education and training.\textsuperscript{155} The proportion in Stream 4, however, actually decreased by 2.6 percentage points in the 2009 ESL cohort, while it decreased by only 0.2 percentage points for school completers. This appears to suggest that referral to Stream 4 was not used to circumvent the Learn or Earn initiative.

It was also possible to be exempted from the income support ‘activity test’ if the person was unable to meet their participation requirements. For ESLs, this refers to the Learn or Earn participation requirements and, for school completers, this generally refers to active job search, although there is flexibility within Learn or Earn to take individual circumstances into consideration without the need for an exemption. However, the proportion of ESLs and school completers with an activity test exemption decreased for the 2009 cohorts. This decrease was greater for school completers than ESLs, indicating that the Learn or Earn initiative may have partially offset the overall decrease in exemptions by young people, although the difference is marginal and represents only a small proportion of income support recipients.\textsuperscript{156}

If a young person did not comply with the strengthened participation requirements, their income support payment could be cancelled or suspended. Cancellations and suspensions increased for both ESLs and school completers in the 2009 cohorts after 18 months.\textsuperscript{157} There was only a slight difference between these groups, suggesting that Learn or Earn did not result in large non-compliance among those who entered income support during this period.\textsuperscript{158}

A further measure of avoidance is discouragement from claiming income support payments entirely. As the Learn or Earn initiative was imposed only on young ESLs who received unemployment benefits (i.e. Youth Allowance (Other)), young people could avoid the study requirement by opting not to enter the income support system and become detached from the support and services available to them.\textsuperscript{159}

While youth not on income support are unable to be identified from administrative records, the extent of income support detachment can be estimated by comparing actual numbers of young people on youth-related payments with forecast estimates of the number of young people receiving income support had the Learn or Earn initiative not been introduced. One method of doing this is through an Auto-Regressive Integrated Moving Average (ARIMA) procedure that forecasts the numbers on youth-related payments based on historical patterns of these payments before Learn or

\textsuperscript{155} Job search and educational requirements are discretionary and broadly defined to enable flexibility for Stream 4 clients. The equivalent service provided for the 2008 cohort was Vocational Rehabilitation Services.

\textsuperscript{156} Exemptions were higher for both ESLs and school completers in the initial months of income support commencement (approximately 6 per cent). Both groups followed a similar pattern between the 2008 and 2009 cohorts during this period.

\textsuperscript{157} A similar pattern existed in the initial months of income support. Cancellations and suspensions typically occurred earlier in the 2008 cohort than the 2009 cohort, with cumulative proportions of cancellations being slightly higher for 2009.

\textsuperscript{158} Payment cancellations were reported by date of cancellation, while participation failures were reported by event date.

\textsuperscript{159} It should be remembered that other Australian Government youth initiatives may have also influenced youth participation during this period. The National Youth Participation Requirement and the education or training requirement for ESLs for their family to continue receiving Family Tax Benefit Part A were two such initiatives targeted at increasing youth participation.
This ARIMA procedure was applied for the year after the introduction of Learn or Earn (June 2009 to July 2010) to construct the counterfactual where the policy was not introduced.

The logic behind this approach is that, if Learn or Earn discouraged young people from accessing income support, there would be a significant decrease in the actual number accessing youth-related income support payments when compared with the forecast number. It should be noted, however, that this forecast is based on historical patterns of take-up and this may have ignored the extent to which the GFC increased the number of young people on income support. Similarly, the 12-month forecast may not capture the full extent of income support discouragement brought about by Learn or Earn, as ESLs already on income support were subject to a transition period until the end of June 2010.

Interestingly, the total number of 15- to 20-year-olds on income support actually exceeded the forecast number. As shown in Figure 2.19, the increase in the number of young people on income support payments appears to be primarily driven by the larger number of young people on student payments. Perhaps as a result of Learn or Earn, new entrants to income support seem to be moving directly onto student payments. The number of people on Youth Allowance (Other) not studying exceeded the forecast initially before declining. This may be explained by the existing ESLs transitioning to the new participation requirements. It may also indicate that more training courses became available later in the year. There was also a modest increase in the number of Youth Allowance (Other) recipients who were studying in short courses when compared with the forecast estimates.

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160 Includes both trend and cyclical patterns. Administrative systems data are seasonally adjusted to compensate for income support variations that occur during the school year.
Figure 2.19: Actual and forecast estimates of 15- to 20-year-olds on income support,¹ 1999–2011

These ARIMA forecasts do not provide any statistically significant evidence to suggest that Learn or Earn has discouraged young people from receiving income support. However, it is important to acknowledge that the historical information used to provide these forecasts may have obscured the potential discouragement effect of Learn or Earn.

Notwithstanding this, the qualitative research suggests some level of disengagement among ESLs as a result of Learn or Earn. While disengagement was not prevalent among the ESLs interviewed, there was evidence of inert or non-active participation among young people:

*I’m just basically going along at my own pace. They let me do that as long as I’m trying to look for something.* (ESL focus group, North Eastern Perth, 2010)

JSA providers almost universally reported difficulties in getting young people engaged in study and training. While most young people had complied with the strengthened participation requirements, most expressed a preference for finding employment over further study and training. This was often the case for those who had previously been in the workforce:

*I just wanted to earn money. I didn’t really care about training.* (ESL focus group, Canterbury–Bankstown and South Western Sydney, 2010)

*Some accept the requirements and will think about going back to study, but others are very firm in their rejection of school. It is hard to get ESLs ready to take part in activities. Then you have to find something for them to do, which is also hard.* (JSA case manager, North West / Northern Tasmania, 2010)

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¹ Unmarked lines in the forecast period estimate the number in the absence of Learn or Earn. Income support refers only to youth-related income support payments (i.e. Youth Allowance (Other), Youth Allowance (Student), Youth Allowance (Apprentice) and Abstudy). Data are seasonally adjusted.

Source: DEEWR administrative systems.
They come in and have been working for a year and now have been expected to go and study. It’s sort of tricky to turn these kids the other way. (JSA case manager, Ipswich–Logan, 2010)

Non-payment, or the threat of non-payment, was considered by JSA staff to be an important tool in ensuring that early school leavers complied with Learn or Earn. Some JSA providers reported that the risk of losing benefits was the only reason that young people had complied:

There is not a huge percentage who refuse. Soon they realise it is serious and their payments will be stopped if they don’t do anything. But there is a small percentage who have to have their payments halted before they realise they really have to do this. (JSA site manager, Illawarra, 2010)

In contrast, some JSA providers reported incidences where ESLs did not care about losing their income support benefits. This, they argued, could potentially lead to further social problems such as homelessness and crime:

Some of them are quite ok to lose that payment. They’re not worried about having that taken away from them. They’ll bum off their mates. (JSA area manager, Gold Coast, 2010)

We have had clients that say they just won’t go on payments. Then they have no money, they become homeless and it creates a whole new problem. (JSA site manager, Ipswich–Logan, 2010)

The JSA providers interviewed were generally of the opinion that disengagement was low and represented only a small proportion of young ESLs. In JSA sites where ESL engagement was reported to be a concern, site managers commonly estimated that about one in five ESLs ‘drop off the system’.

Overall, the Learn or Earn initiative does not appear to have led to any significant increase in the number of young people avoiding their study requirements or not engaging in income support. It is not known, however, what has happened to the young people who were discouraged as a result of Learn or Earn. This ‘dropping out of the system’ raises concerns about the long-term outcomes and social inclusion of these young people, although the extent to which this can be attributed to Learn or Earn can also not be identified.

**Employment outcomes of the Learn or Earn initiative**

The effectiveness of the Learn or Earn initiative in improving the employment viability of young people can be assessed by the extent to which ESLs have improved their employment outcomes.

Of those young people responding to both waves of the Stepping Stones survey, 20 per cent of ESLs and 32 per cent of school completers continued to be employed at both waves. Few reported working during the initial survey and not working when interviewed again six months later (7 per cent of ESLs and 8 per cent of school completers), while more of both groups became employed by their second interview (18 per cent of ESLs and 19 per cent of school completers). There remained 55 per cent of ESLs and 41 per cent of school completers who were not employed at either wave. Nevertheless, most of these were participating in study or training. Only 3 per cent of early school leavers and 5 per cent of school completers were not working or studying at both
interviews. Sample sizes were too small to identify whether there was a relationship between training participation and future employment.

Focus groups with ESLs suggest that there may have been countervailing influences on the employment outcomes of young people as a result of Learn or Earn. ESLs who were strongly opposed to study often stated that this compelled them to find work more quickly, thereby potentially increasing employment outcomes during the first few months of being on income support. In contrast, Learn or Earn may also have encouraged ESLs to remain on income support while studying. The Learn or Earn initiative encourages this training focus; the policy guidelines state that ESLs in an approved training course cannot be compelled by their JSA providers to accept work if it interferes with their current or future study. Indeed, some ESLs interviewed had mentioned that their focus was to complete their training before looking for work. ESLs had also mentioned that there was often not enough time for them to look for work while in training. Both of these factors may have contributed to a delay in income support exits.  

The proportion of income support cohorts in employment while still receiving income support provides an indication of the extent to which young people are in part-time work and earning at levels not yet high enough to exit income support. An increase in employment while on income support may imply that there are more job seekers entering (or remaining in) part-time work. It may also imply that more students are finding work to supplement their education. The cohort analysis found that there was a relative improvement in employment outcomes for ESLs compared with school completers, but both groups decreased in size relative to the preceding year. After 18 months, the proportion of the 2009 school completer cohort that was employed while on income support decreased by 3.3 percentage points to 34.9 per cent, while the same ESL cohort decreased in size by only 0.7 percentage points (to 18.4 per cent).

Exits from income support can be used as an approximation for full-time employment outcomes for income support recipients. However, they do include exits that do not relate to employment, including disengagement from income support. The cohort analysis in Figure 2.20 suggests that the delays in ESLs exiting training outweighed early exits as a result of employment or disengagement. After four months, 15 per cent of the 2009 ESL cohort had exited income support—1.7 percentage points less than the 2008 ESL cohort. In contrast, income support exits actually increased for the 2009 school completer cohort. This implies that the Learn or Earn requirements may have kept people on income support where they may have otherwise exited payment. After 18 months, however, there was no difference in income support exits between the 2008 and 2009 ESL cohorts (32 per cent), while the 2009 school completer cohort was more than four percentage points higher (52 per cent). Given the higher initial qualifications of school completers, it is not surprising that a greater proportion of school completers exited income support compared

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161 This is not necessarily a negative outcome, especially if associated with improved educational attainment and the potential of this to provide better employment opportunities and reduce future reliance on income support.

162 Previous studies by the department have estimated that between 70 and 90 per cent of exits from income support were to employment and that these proportions vary by recipient characteristics (DEEWR 2007 and 2008b). For the 2009 ESL cohort, exit reasons listed in the administrative systems data were generally related to employment.
with ESLs. The finding that exit rates between the 2008 and 2009 ESL cohorts were similar in the longer term (whereas the exit rates for school completers were higher for the 2009 cohort) suggests that the increased participation in training for the Learn or Earn cohort may have delayed exits from income support.

These findings are broadly similar to those of Ryan (2011), who finds that young people who complete Certificate levels II and III (that do not form part of an apprenticeship or traineeship) had employment outcomes that were no better and in some cases worse than early school leavers who had not undertaken these qualifications. This was after controlling for observed and unobserved differences in young people. In the same study, young people who completed Year 12 qualifications, apprenticeships or traineeships were, on average, found to have achieved significantly better employment outcomes than early school leavers.

Figure 2.20: Proportion of 2008 and 2009 income support cohorts who have since exited income support

The smaller proportion of ESLs that exited income support 18 months after being subject to the Learn or Earn requirements also lends support to the view that increased training has not improved young people’s chances of labour market success.\textsuperscript{163} It is possible, however, that 18 months is not a long enough time period to measure long-term employment outcomes for early school leavers.\textsuperscript{164}

\textsuperscript{163} US evaluative studies of programmes targeted towards early school leavers found little evidence that these programmes had delivered positive outcomes to young people. The Manpower Demonstration Research Corporation, a US-based social policy research organisation, found that while some initiatives targeted at disconnected youth had increased their participation and educational attainment, this often did not translate into improvements to their labour market success (Ivry and Doolittle 2003).

\textsuperscript{164} Evidence compiled by the OECD (2005) on active labour market programmes finds that the time profile is an important consideration when assessing the outcomes of training, with favourable impacts sometimes taking more than two years to become evident.
longer time profile is required to assess the longer-term outcomes of Learn or Earn and, where possible, this should also include further information on the types of labour market outcomes, including the wage and quality of employment.

**Conclusion**

The GFC led to an increase in unemployment, with young people bearing a significant cost. The Learn or Earn initiative was implemented to encourage young ESLs to participate in education as a means of keeping them engaged, thereby minimising the negative effects of long-term unemployment. Aggregate data suggest that there was a modest increase in the proportion of teenagers participating in study and attaining Year 12 following the economic downturn and the introduction of Learn or Earn.

The cohort analysis, based on administrative data records for young people who were newly receiving income support, suggests that the Learn or Earn initiative may have improved the educational engagement of young ESLs. There was an increase in study among ESLs following the introduction of this initiative. There was also a rise in Year 12 attainment for this early school leaver cohort. Interestingly, there was no clear evidence that young people were avoiding Learn or Earn or becoming disengaged from income support payments as a result of these strengthened participation requirements.

In contrast, the cohort analysis for existing income support recipients (not shown in the analysis) found less dramatic improvements in youth engagement. These findings suggest that existing income support recipients may be more difficult to engage in education and training, although it may also indicate the difficulties in interpreting the potential influence of this initiative during the Learn or Earn transition period.

Focus groups and interviews with those involved with the initiative uncovered challenges associated with implementing Learn or Earn. These included the difficulties faced by Centrelink and JSA staff in having to convey a consistent message to young people who were often unable or unwilling to engage. Although the availability of training was generally not an issue, the engagement of young people in training was sometimes held back by training courses not being available outside of standard semester timetabling. The lack of relevant training courses and other activities was also an issue raised by JSA staff in some regional areas.

Other issues surrounding the impact of Learn or Earn included the capacity of schools to cope with the additional demand of young people who remained in school but would have previously dropped out. Class disruption associated with enforcing young people to undertake compulsory study or training requirements was seen as another consequence of Learn or Earn. Concerns about the equivalence of Certificate II qualifications with Year 12 attainment as well as the potential devaluation of training quality were other issues raised. These issues were beyond the scope of this evaluation.

The cohort analysis did not find evidence that this improved educational engagement translated into better employment outcomes for young people. There was circumstantial evidence that ESLs who remain on income support may have improved their part-time work prospects. There was no
evidence, however, that early school leavers have improved their full-time employment outcomes (approximated by exits from income support). It is possible that 18 months is not a long enough time period to measure the long-term employment outcomes associated with Learn or Earn as training courses may have temporarily reduced job search activity and exits from income support. Employment outcomes may not be fully realised until several years have elapsed.

Based on these findings, it appears that there have been improvements in educational engagement among young people who were subject to the Learn or Earn participation requirements. This is likely to have contributed to building the national skills base and improving the employment viability of young people. As yet, this does not appear to have translated into improved employment outcomes. The longer-term outcomes associated with Learn or Earn may only become apparent after more time has elapsed. Measuring longer-term outcomes should be part of any future research on this initiative. Greater disaggregation of the data should also be considered to see if effectiveness varies demographically and geographically and how the outcomes for those subject to Learn or Earn compare with those of other ESLs.
3 Compact with Local Communities

Key findings
The effects of the economic downturn were not evenly spread, with some regions more disadvantaged than others. In response, the Australian Government directed initiatives to the 20 regions identified as priority employment areas. These regions were selected based on their likelihood of experiencing labour market disadvantage following the Global Financial Crisis (GFC). Initiatives included boosting employment and training opportunities, providing information about these opportunities and establishing links within disadvantaged communities.

Overall, while there was evidence that disadvantaged communities had benefited from these initiatives, the extent to which this occurred was difficult to establish because of data limitations (particularly a need to rely on qualitative information). Specifically:

- Prior to commencement, resources allocated to the Jobs Fund were decreased significantly in line with a change in government priorities. Projects funded by the Get Communities Working and Local Jobs streams of the Jobs Fund offered greater linkages between Australian Government initiatives and services and local government and community organisations. It was also reported that greater than anticipated numbers of employment and training opportunities were achieved as a result of these projects.

- Local Employment Coordinators were largely successful in their role of promoting government initiatives and establishing links in disadvantaged communities. Local Employment Coordinators were reported to add value to their priority employment areas by finding and facilitating local responses to unemployment, including by establishing Keep Australia Working (KAW) Advisory Committees and providing Regional Development Plans. The flexibility, autonomy and time-limited nature of these positions encouraged a sense of urgency and focus to their role of organising local responses to labour market disadvantage.

- Jobs and Skills Expos were well supported and attended in the priority employment areas where they were held. There were reports of significant numbers of ‘connections with jobs’ as a result of these Expos, although the extent to which these provided long-term employment opportunities could not be identified. There were also indications that this initiative may have improved employment outcomes in the priority employment areas in the weeks after the Expos, although a causal link could not be established.

- Priority employment areas were selected on the basis of their susceptibility to labour market disadvantage during economic downturns. The 20 areas selected across Australia were on average considerably more disadvantaged than other regions, although there was substantial variation. Priority employment areas experienced a significant and lasting increase to the number of people receiving unemployment benefits following the GFC. This was largely driven by the large numbers becoming unemployed within the first year of the economic downturn. It was not possible in the evaluation to completely isolate the potential effect of the regionally targeted initiatives from other factors that influence the labour market performance of these regions.
Overview
The economic downturn resulting from the GFC and subsequent recovery was not uniform across Australia. Some locations were harder hit and slower to recover than others. This provided the rationale for the Compact with Local Communities. This compact was announced at the same time as the other components of the Jobs and Training Compact. It involved initiatives to stimulate local economies and to help support local jobs and training. These initiatives were designed to include community projects in regions hardest hit by the economic downturn.

Local variations
As noted in the report's introduction, from late 2008, Australia's unemployment rate increased from historically low levels as the GFC took effect. The GFC and the economic downturn that followed increased the labour market disparity between regions in Australia, as some regions are more vulnerable than others because of their location, industry composition, demographic profile and economic performance (DEEWR 2009). Data on regional unemployment rates and unemployment beneficiaries illustrate this.

The regional unemployment rate disparity (i.e. the difference between the regions with the highest and lowest unemployment rate) increased once the labour market responded to the impact of the GFC on the Australian economy. In April 2008, the regional disparity was 4.9 percentage points (Figure 3.1). This had doubled to 9.9 percentage points in August 2009 (ABS 2012c). Evidence from previous downturns indicates that it takes several years for regional disparity to return to pre-downturn levels.

Figure 3.1: Unemployment rate disparity by labour force region, April 2008 to May 2012

Source: ABS 2012c.
As the GFC took effect on the Australian labour market from late 2008, there was an increase in the proportion of the labour force in each region receiving unemployment benefits (i.e. receiving either Newstart Allowance or Youth Allowance (Other) income support payments). This is referred to in this report as the ‘unemployment allowees rate’ (Figure 3.2). During this time, regional disparity in the unemployment allowees rate, which had been on the decline, had increased. Between September 2008 and September 2009, regional disparity increased from around eight to ten percentage points as the impact of the economic downturn was felt more in some regions than others.

**Figure 3.2: Unemployment allowees rate¹ disparity by labour force region, November 2007 to May 2012**

1  The proportion of the labour force in receipt of Newstart Allowance or Youth Allowance (Other).
Source: DEEWR administrative systems and ABS 2012c.

**Initiatives**

The initiatives included under the Compact with Local Communities are summarised briefly in Table 3.1 below. All of these programmes, with the exception of Business Leaders, were included in this evaluation. Under the Business Leaders programme, Mr Lindsay Fox and Mr Bill Kelty advised businesses in communities affected by the GFC on ways of keeping their employees. This supported the work of Local Employment Coordinators. At the outset, it was acknowledged in the evaluation strategy that any impact from the Business Leaders initiative would be very difficult to isolate from the impact of the broader activities of Local Employment Coordinators (DEEWR 2010a). Jobs and Skills Expos were not part of the original announcement of the Compact with Local Communities. However, given their role in community responses to the GFC, they were included in the evaluation.

Of these programmes included in the evaluation, more detail of their objectives, design, delivery and evaluation findings are given in the following sections of this chapter. When announced, each initiative of the Compact with Local Communities was to operate for a specific period. Local
Employment Coordinators and Jobs and Skills Expos were subsequently extended. Each initiative of the Compact with Local Communities was a new programme. This is in contrast with the initiatives of the Compacts with Retrenched Workers and Young Australians that involved a mixture of funding for new programmes and additional funding for existing programmes.

Table 3.1: Initiatives of the Compact with Local Communities

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs Fund—a discretionary grants programme to local government and community groups to support employment and training opportunities in disadvantaged communities</td>
<td>September 2009 to June 2011</td>
</tr>
<tr>
<td>Local Employment Coordinators in each priority employment area to facilitate local responses to unemployment</td>
<td>May 2009 to June 2011</td>
</tr>
<tr>
<td>Jobs and Skills Expos to bring together employment stakeholders in priority employment areas to speed up vacancy filling</td>
<td>October 2009 to December 2010</td>
</tr>
<tr>
<td>Business Leaders”—advice to employers affected by the GFC on how to keep their employees</td>
<td>NA</td>
</tr>
</tbody>
</table>

1 Jobs and Skills Expos were not strictly part of the Jobs and Training Compact. This initiative was included in the evaluation because of its role in community responses to the GFC and contribution to priority employment areas.

2 This initiative is not included in the Jobs and Training Compact evaluation.

Objectives

In the context of the broader Jobs and Training Compact, the objectives of the Compact with Local Communities were to:

- assist job retention among employees in disadvantaged regions
- ensure support for regions particularly vulnerable during economic downturns.

Within the design of the Jobs and Training Compact, the Compact with Local Communities was intended to:

- provide a new way of working by government that formed partnerships that engaged with local communities
- stimulate local economies and help support local jobs and training through sustainable community infrastructure projects with ongoing community amenity in regions hardest hit by the economic downturn.

To facilitate the delivery of the Compact with Local Communities and other government programmes with a community focus, a whole-of-government approach was developed. This operated under the banner of Keep Australia Working. Government intervention at the community level is an example of place-based funding. The rationale for this approach to the delivery of services, which is usually referred to in terms of addressing social exclusion and the adaptation of mainstream services to local circumstances, is that local solutions can best address local problems.

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165 Including elements of Building the Education Revolution and the heritage and infrastructure components of the Jobs Fund.
Measuring the performance of the Compact with Local Communities

As noted earlier in the report, the evaluation of the three major elements of the Jobs and Training Compact uses three broad evaluation criteria:

- programme engagement, including awareness (the extent to which the people who would potentially benefit from the assistance are aware of the availability of programmes) and participation (number of participants relative to the eligible population)
- effectiveness—the extent to which the objectives are met
- efficiency—the cost of assistance.

The following parts of this chapter examine the performance of each initiative and its contribution to achieving the objectives of the Jobs and Training Compact. The last part of the chapter considers the combined effects of these initiatives on priority employment areas and whether they helped these areas (as a whole) to overcome the impact of the economic downturn. Data limitations and the short timeframe for the evaluation limited the extent to which it was possible to measure the performance of each initiative against the above criteria. As an example, there was no information available for the Jobs Fund programme on the outcomes of project participants after they left their project. The evaluation was unable to establish whether, post-programme, these people took up jobs or registered with income support.

The performance of the programmes that supported the Compact with Local Communities was inherently difficult to assess. Relative to an intervention such as the provision of training to an individual and whether this training improved the individual’s employability, outcomes for the initiatives of the Compact with Local Communities were harder to define. Quantitative measures on the operation of Local Employment Coordinators and the impact of Job and Skills Expos on the time taken to fill vacancies were virtually impossible to derive. A complication with the Jobs Fund was its dual purpose of participant outcomes and community benefit.

These limitations are explained in more detail later in the chapter by way of prefacing the evaluation findings on each initiative. Their impact in general terms has meant a greater reliance on qualitative data in the evaluation.

Achievements against Jobs and Training Compact objectives

Key issues for the evaluation of the Compact with Local Communities were whether labour market support was delivered to regions particularly vulnerable during economic downturns and if this support helped the job retention and employment viability of individuals in these regions and the provision of lasting community amenity. Whether the achievement of these outcomes was facilitated by the development of partnerships between government and the community was also an issue for the evaluation.

The regional economic stimulus that the Jobs Fund provided occurred mostly in priority employment areas. Although impossible to quantify, the benefits of the Jobs Fund included employment, and social and community capital building among participants as well as and economic, environmental and community benefits. The injection of funds into regions enabled projects that were already planned to be brought forward, increased the scale and types of activities undertaken and, in the case of social enterprises, facilitated the development of different business models.
It was not possible in the evaluation to quantify the impact of the Local Employment Coordinators. Qualitative information suggests that Coordinators made a positive contribution. In particular, key stakeholders believed that they added value to their regions by facilitating local responses to unemployment and ensuring this was delivered in a more cohesive way.

The evaluation found that Jobs and Skills Expos facilitated the interaction between job seekers, employers, providers and Registered Training Organisations (RTOs). Expos were supported by the community and seem to have increased employment opportunities for job seekers in the short-term. The evaluation could not establish a causal link between increased opportunities and any lasting positive effects on job seekers in these regions.

Targeting initiatives to selected regions was appropriate since, on average, these priority employment areas were more disadvantaged than elsewhere. A relative improvement in the labour market of priority employment areas was observed as the compact initiatives were rolled out. However, any attribution was impossible to determine in the evaluation due to significant methodological limitations in analysing regionally targeted initiatives.
**Jobs Fund**

As a means of supporting disadvantaged communities during the economic downturn, the Australian Government introduced the Jobs Fund. The Jobs Fund provided one-off grants to local government and community organisations to support and create employment and skills development opportunities to benefit local communities.

**Background**

The Jobs Fund was announced on 5 April 2009 as a discretionary grants programme in regions disadvantaged during the economic downturn. It was not restricted to the priority employment areas. Projects could receive up to $2 million in funding to support employment and training opportunities in these communities. A total of $650 million was to be allocated to three separate streams of the Jobs Fund:

- **Get Communities Working**—$200 million for projects to improve community facilities, build capacity, create social enterprises and provide opportunities for disadvantaged job seekers.
- **Local Jobs**—$300 million for projects that protected the environment, promoted sustainability and built community infrastructure, including $60 million for community heritage projects and $40 million for commuter bike paths.
- **Infrastructure Employment Projects**—$150 million for the construction of infrastructure to create jobs in communities affected by the economic downturn.

A significant proportion of the funding allocated for the Jobs Fund was subsequently redirected to other initiatives. Some of the funding was also given up as savings.\(^{166}\)

The Jobs Fund was administered by four government departments.\(^{167}\) DEEWR was the lead department for the initiative and was responsible for the administration of the Get Communities Working and Local Jobs streams (excluding the community heritage projects and commuter bike path components). This analysis is restricted to the streams that DEEWR had administrative responsibility. For the remainder of this chapter, ‘Jobs Fund’ refers only to these streams.

Jobs Fund applications were assessed by competitive tender, with funding guidelines devised to facilitate a broad range of projects. Eligibility requirements were for projects to be timely and targeted to disadvantaged regions to ensure that stimulus spending occurred in areas most in need during the economic downturn. Specifically, the guidelines stated that three gateway criteria were required for funding eligibility:

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\(^{166}\) Following the recommendations of the *Keep Australia Working final report* (DEEWR 2009), $100 million of Jobs Fund budget was reallocated to fund the Apprentice Kickstart initiative (see Chapter 2) and $10 million to fund community youth centres. There were reallocations of $16.9 million to bushfire recovery projects, $11.5 million to the Insulation Workers Adjustment Package and $4.1 million to fund the Jobs and Skills Expos. A further $20 million was redirected to support the Social Enterprise Development and Investment Fund, while $48.6 million of savings were announced in the 2010–11 Budget.

\(^{167}\) From the announcement of the Jobs Fund initiative, the other departments included the then Department of Infrastructure, Transport, Regional Development and Local Government for the commuter bike paths component of the Local Jobs stream and the Infrastructure Employment Projects stream; the then Department of the Environment, Water, Heritage and the Arts for the community heritage component of the Local Jobs stream; and the Department of Families, Housing, Community Services and Indigenous Affairs for the Temporary Financial Assistance component of the Get Communities Working stream. Some administration responsibilities had been transferred following the *Administrative Arrangements Order 2010* and machinery of government changes in December 2011.
• projects must be in areas experiencing high unemployment, a significant rise in unemployment or vulnerability
• projects must be viable and ready to start
• funding will not extend past 2010–11. Projects will be expected to be self-sufficient and/or not require Australian Government funding beyond 30 June 2011.

The projects funded by the Jobs Fund were either new or existing projects. Funding was not available retrospectively and was designed to be applicable only to activities that would not have occurred in the absence of funding. The Jobs Fund could provide partial or full funding for projects.

The programme was delivered in two rounds. Applications were open for five weeks from 18 April 2009 (Round One) and from 7 November 2009 (Round Two). Successful projects were announced from September 2009 for Round One and March 2010 for Round Two.

Guidelines differed between funding rounds. Round One had a strong emphasis on skills development and social infrastructure, while Round Two was aligned with the recommendations from the Keep Australia Working final report (DEEWR 2009). This included a focus on ‘green’ jobs and training outcomes in the Local Jobs stream and on Intermediate Labour Market models, including social enterprises, in the Get Communities Working stream.

Jobs Fund eligibility extended to not-for-profit organisations, employment service providers, industry associations, unions and peak bodies, regional development agencies, community and sports groups and charities. Local and state and territory governments were eligible for funding in Round One only. An exception to this was Indigenous Community Councils that were eligible for both rounds of funding.

Objectives
The Jobs Fund initiative aimed to support and create employment and training opportunities and build community infrastructure in communities made vulnerable during the economic downturn. In the context of the Jobs and Training Compact, the Jobs Fund objectives were to:

- assist the job retention and employment viability among disadvantaged groups and regions
- ensure support for individuals and regions at greatest risk during economic downturns.

Types of projects
DEEWR administered a total of 227 projects under the Jobs Fund (Table 3.2)—167 projects in Round One and 53 projects in Round Two (and seven Bike Path Local Jobs projects that were referred back to DEEWR from the former Department of Infrastructure, Transport, Regional Development and Local Government and which were not publicly announced). Approximately three-quarters of the projects were located in priority employment areas. Projects were located in every

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168 ‘Ready to start’ refers to within six months of signing the funding agreement. Where projects involved construction, construction was required to commence within the six-month timeframe.

169 Jobs Fund programme guidelines were later amended to extend the project completion date to 30 June 2012 to allow some delayed projects to be completed and deliver the anticipated community benefits.

170 Excludes five projects that were withdrawn or terminated.
state and territory, with 140 projects funded under the Get Communities Working stream and 85 projects in the Local Jobs stream. Applicants who did not receive funding in Round One were encouraged to re-apply in Round Two. A total of 205 organisations re-applied, with 17 of them receiving funding in Round Two.

Table 3.2: Jobs Fund project summary, 2010

<table>
<thead>
<tr>
<th>State</th>
<th>Number of Jobs Fund projects</th>
<th>Number in Get Communities Working Stream</th>
<th>Number in Local Jobs Stream</th>
<th>% in priority employment areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT¹</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NSW</td>
<td>85</td>
<td>49</td>
<td>36</td>
<td>82</td>
</tr>
<tr>
<td>NT¹</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>QLD</td>
<td>50</td>
<td>33</td>
<td>17</td>
<td>78</td>
</tr>
<tr>
<td>SA</td>
<td>8</td>
<td>4</td>
<td>4</td>
<td>89</td>
</tr>
<tr>
<td>TAS</td>
<td>10</td>
<td>5</td>
<td>5</td>
<td>90</td>
</tr>
<tr>
<td>VIC</td>
<td>59</td>
<td>36</td>
<td>23</td>
<td>74</td>
</tr>
<tr>
<td>WA</td>
<td>10</td>
<td>5</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>227</td>
<td>139</td>
<td>91</td>
<td>76</td>
</tr>
</tbody>
</table>

¹ Priority employment areas were not located in ACT or NT.

Source: DEEWR administrative systems.

The Jobs Fund projects that were successful in receiving funding can be classified into at least one of the following categories:

- building human capital—including building skills to attain education or training qualifications or a pathway to these qualifications, providing work experience opportunities or supported employment, and retraining in areas of skills shortage. This was often targeted towards disadvantaged jobseekers
- building social capital—adding value to the community by engaging highly disadvantaged participants and developing non-cognitive skills among participants
- improving community amenity—activities to improve existing community infrastructure, including beautification projects such as graffiti removal, and park and garden maintenance
- environmental outcomes—improving the environment, including the regeneration and conservation of natural environments, recycling and increasing environmental efficiencies and renewable energy alternatives
- infrastructure outcomes—projects oriented towards building community infrastructure. These projects may have been standalone or part of bigger infrastructure projects designed to add value to an existing enterprise by providing capacity for other revenue streams.

Evaluation data sources

A number of information sources were used to assess this initiative. These included:

- the Survey of Employment Service Providers (2010), which included information on providers’ awareness of the Jobs Fund and their involvement in Jobs Fund project applications
• interviews and focus groups in priority employment areas,\textsuperscript{171} including discussions with Jobs Fund project managers and participants, Job Services Australia (JSA) providers, local government and Local Employment Coordinators.
• five Indigenous-focused Jobs Fund case studies conducted between March and May 2011 in New South Wales, Queensland and Victoria
• DEEWR Jobs Fund reports written by the Jobs Fund project managers
• DEEWR administrative systems data, including funding allocations, project milestones, final reports and reported numbers of jobs, traineeships and work experience places achieved for each project.

Limitations on the analysis
A number of factors limited the extent to which the Jobs Fund’s contribution to the Jobs and Training Compact could be analysed. Information was largely restricted to discussions with the project proponents—i.e. Jobs Fund project managers. This factor limited the perspective of the analysis and the extent to which effectiveness could be assessed.

The reporting of employment outcomes without a customised information management system was a limitation on the analysis. It was not possible to further disaggregate the data on reported jobs to adequately address the evaluation’s research questions. Furthermore, job seekers registered as looking for work in employment services could not be identified separately from other Jobs Fund participants and this limited the extent to which target populations could be identified. This also limited the extent to which the evaluation could measure whether Jobs Fund projects influenced the employment and training outcomes of disadvantaged participants. The short timeframe for analysis also meant longer-term outcomes, such as project sustainability beyond the funding period, could not be measured.

There were also methodological and conceptual difficulties in assessing the Jobs Fund. The extent to which the projects may benefit disadvantaged communities by building community infrastructure and social capital was not measurable or easily definable. This was particularly problematic for projects using Intermediate Labour Market models, where work experience and training was offered to participants as a temporary measure to support their longer-term employment prospects outside of these projects. Depending on the level of disadvantage of these participants, project outcomes other than employment and training may include improvements to self-confidence, communication and teamwork.

There may also be unintended consequences of the Jobs Fund. It is possible that some organisations such as social enterprises could displace other non-supported businesses in the community and reduce their market share and profitability. For instance, a not-for-profit cafe supported by the Jobs Fund could conceivably take business away from existing businesses located nearby. The extent of the community impact resulting from the Jobs Fund could not be identified in the evaluation from the information available.

\textsuperscript{171} This also included interviews in other disadvantaged regions not selected as priority employment areas.
Awareness and take-up
Community engagement with Jobs Fund projects provides an indication of the value of projects to the community. Despite the fact that a reliable measure of community engagement was not available, it can be assessed to some extent on the basis of the communities’ awareness of, and participation in, Jobs Fund projects.

There was strong interest in the Jobs Fund among the local government and community sectors during the Jobs Fund application process. More than 2,500 applications were submitted in total, including over 1,600 applications in Round One and almost 1,000 applications in Round Two. Awareness of the Jobs Fund within the general community, however, did not appear high. This may reflect the fact that Jobs Fund projects typically operated in concentrated areas. Unsurprisingly, greater awareness of the Jobs Fund was evident in smaller towns and regions with a larger number of Jobs Fund projects. Projects with greater visibility, such as cafes and community centres, also appeared to generate greater community awareness. Nevertheless, it was common for job seekers and JSA providers who were interviewed to report that they were not aware of the initiative. There were indications from these interviews, however, that awareness of the Jobs Fund projects improved over time, perhaps as projects ramped up and needed to source labour.

Awareness of the Jobs Fund appeared higher in priority employment areas than elsewhere. This probably reflects the greater number of Jobs Fund projects in these areas and greater promotion of the Jobs Fund in priority employment areas by Local Employment Coordinators. Other events held within these areas, including Jobs and Skills Expos and KAW Forums, may have also increased awareness of the initiative.

Among respondents to the Survey of Employment Service Providers in June 2010, 65 per cent reported having heard of the Jobs Fund. Awareness was higher in priority employment areas (69 per cent) than in other areas (61 per cent) but did not appear to differ according to whether the provider was located in a regional or remote area.

Linkages with other government programmes and initiatives
The Jobs Fund provided an opportunity for the Australian Government to engage directly with local communities and was established, in part, as a means of providing linkages with other government programmes and initiatives. The Jobs Fund funding guidelines stated that preference would be given to projects that involved partnerships with employment service providers, community organisations and other relevant stakeholders to assist job seekers in finding work. However, there was no requirement for projects to draw on these programmes or initiatives.

Jobs Fund project managers who were interviewed appeared to have varied relationships with government. Some proponents had received government grants on previous occasions, while others had no previous connection to the Australian Government. The government’s point of contact with the Jobs Fund projects was typically with departmental contract managers, although in priority employment areas these relationships were also facilitated by Local Employment Coordinators.

Examples of the government initiatives reported to be used in some Jobs Fund projects included training places offered through the Productivity Places Program, and foundation skills training
through the Language, Literacy and Numeracy Program (LLNP) and the Workplace English Language and Literacy (WELL) programme. More commonly, the projects made use of job seekers sourced through employment service providers. This most commonly involved relationships with JSA and, to a lesser extent, with Disability Employment Services and the Indigenous Employment Program.

According to the Survey of Employment Service Providers, 22 per cent of providers who were aware of the Jobs Fund reported that their site had been involved in a Jobs Fund project (or applications for Jobs Fund projects). This involvement was higher for providers located in priority employment areas (26 per cent) than those not in these areas (18 per cent). The involvement of providers was most commonly in the form of ‘placing job seekers into Jobs Fund jobs’ (reported by 57 per cent of those involved in Jobs Fund projects). Other involvement included ‘helping organisations apply for Jobs Fund project funding’ (37 per cent) or being ‘involved in running a Jobs Fund project’ (16 per cent).

Jobs Fund project managers interviewed often reported having used JSA providers to source participants for their projects. As noted in research commissioned by the department, ‘projects that rely upon job placements with local businesses must have strong links with local businesses as well as with JSAs’ (DEEWR 2012d, p. 30). JSA was generally used to source labour in less skilled employment positions and to fill traineeship and work experience positions. Some of the proponents had formalised this partnership with JSA providers through their funding agreements. There were mixed responses, however, when asked about the success of this partnership, with some JSA providers needing to be convinced that the particular Jobs Fund project would benefit them:

So for us it’s trying to promote to the JSAs that we are of benefit to them as well. Put your people through here for work experience. It helps you with your KPIs and star ratings and meeting government objectives ... It’s a win/win. We’re looking at engaging people to be trained and employed. The JSA provider has to get people into jobs.  
(Jobs Fund project manager, NSW, 2010)

Where the project managers had good working relationships with JSA providers, there were often mutually beneficial outcomes. However, this was not always the case. While some JSA providers were viewed positively by project managers, there was a perception that some were unhelpful in understanding the needs of their project or in providing additional sources of funding for their job seekers to participate in employment or training:

[JSA provider name]’s not bad ... you can partner with them and shake their money tree and some will fall out. If you try to do that with [JSA provider name] or the private companies, they won’t spend a cent. (Jobs Fund project manager, NSW, 2010)

JSA providers who had a good understanding of the Jobs Fund project and the skills required for participants generally had successful working relationships with Jobs Fund projects. JSA providers that did not supply suitable candidates, on the other hand, were often criticised:

172 This is consistent with earlier departmental research that noted positives and negatives in the relationship between projects and JSA providers (DEEWR 2012d). While providers were an important source of participants, some referred unsuitable participants and were unable to provide ongoing job opportunities for participants post project.
The one that we use have been hugely helpful in ... finding the right candidates. They screened a lot of them beforehand, whereas other JSAs would inundate me with hundreds of résumés. I’m setting up a business. I don’t have time to go through and look at all those résumés. (Jobs Fund project manager, NSW, 2010)

While there were examples of partnerships between the Jobs Fund project managers and providers, many did not use employment services because of their lack of awareness or need or because of previous negative experiences with providers. By the same token, some providers chose not to refer their clients to Jobs Fund projects, apparently because of disagreements surrounding which party should fund the training of participants:

Some providers did not like the fact that the [Jobs Fund project] would charge for the training offered, despite being funded for the project. Some JSAs said that they were not looking to refer their clients to the project for this reason. (Jobs Fund project manager, SA, 2010)

Jobs Fund projects that did not source participants from employment services often had access to potential participants through other streams of their organisation. Word of mouth was most frequently referred to as the means of sourcing candidates, usually through advertising positions at stakeholder meetings or through personal networks within the community.

Some proponents had established community links in areas or target groups where they wanted to source labour. This often depended upon the project’s focus. For instance, youth-focused projects often had strong links with other youth and multicultural centres, schools and related organisations. It was also common for particular target groups to be sourced from employment service providers. Of the providers surveyed who reported sourcing participants for Jobs Fund projects, 67 per cent were required to select particular target groups. Most commonly, these target groups included Indigenous job seekers, young people and long-term unemployed job seekers.

Where Jobs Fund projects required skilled labour, project managers often had to go beyond their local community. Construction workers, business development managers and project coordinators, in particular, were more difficult to find in some regions. This was particularly so in parts of Western Australia and, to a lesser extent, South Australia and Queensland, where skilled labour had often moved out to work in mining centres. Cases were also reported of skilled labour being tied up in other construction projects, including Building the Education Revolution projects.

Jobs Fund projects that involved construction were often contracted out by the proponent. Even when contracts were awarded to local businesses, contractors were not obliged to source labour from the local area. This suggests that, while the Jobs Fund was directed at disadvantaged communities, this practice had the potential to reduce part of the financial stimulus and employment opportunities in the communities it was designed to benefit:

It will be up to the contractor who they employ ... We won’t be employing anyone directly ourselves. (Jobs Fund project manager, NSW, 2010)
Effectiveness

In assessing the effectiveness of the Jobs Fund in the context of the Jobs and Training Compact, it is necessary to consider how these projects provided economic stimulus to local communities during the economic downturn by supporting and creating training opportunities, and contributing to community infrastructure.

As noted earlier, there were inherent challenges in assessing this initiative. Data limitations and diversity among Jobs Fund projects meant that it was not possible to assess the extent of the initiative’s influence in these regions. Effectiveness was largely based on interviews with Jobs Fund project managers and participants and this limited perspective should be borne in mind when interpreting these findings. Effectiveness of the Jobs Fund is based on:

- the reported benefits of the Jobs Fund
- providing employment and training opportunities
- the potential impact and viability of Jobs Fund projects.

**Reported benefits of the Jobs Fund**

The benefits resulting from the Jobs Fund can be broadly classified into individual and community benefits. These benefits were not necessarily mutually exclusive. The benefits of Jobs Fund projects reported by Jobs Fund project managers and participants included employment and the social and human capital building of participants. Other benefits included the economic, environmental and community benefits of new facilities and programmes in the community.

Human and social capital building was viewed by project managers as an important outcome of the Jobs Fund, particularly for projects identified as Intermediate Labour Market models. The jobs, traineeships and work experience positions offered by these projects were seen as enabling participants to engage with the community and gain skills and experience across a range of fields. These included trade and technical positions in construction, retail and hospitality, as well as foundational skills, arts and music, and environmentally-focused ‘green’ jobs and skills.

In most instances, these types of projects offered a diversity of training roles that encouraged participants to determine what work or training they would like to continue in. Projects sometimes offered formal qualifications, including certificate level courses, apprenticeships and traineeships, which involved partnerships with RTOs in the region. Other government-funded services, particularly employment services, were used to assist participants in funding licences, clothing, transport and other requisite items for work and on-the-job training.

Intermediate Labour Market projects often targeted their participation at disadvantaged members of the community. Training was offered in a supportive environment and participants were encouraged to move into a less supported work experience activity as the next step on a pathway to future employment or training. It was common for work experience positions to be directed at those with the highest levels of disadvantage. Many of the tasks required in these positions were basic but often varied. Non-cognitive skills, often a by-product of employment and training, were reported to have been developed by participants. These included time organisation, teamwork and communication skills and self-confidence:
I could not get a job anywhere else, no one would give me a chance and it made me feel a little depressed. The courses have made things a little easier to help me working here ... My self-confidence is good and I am making friends here. (Jobs Fund participant, VIC, 2010)

I was looking for employment and then I stumbled on this great opportunity to do the hospitality course. It had always been a dream to do hospitality, and I thought, what a great chance. (Jobs Fund participant, NSW, 2010)

More broadly, perceived community benefits of the Jobs Fund included the economic benefits of direct and indirect employment in the region resulting from a Jobs Fund project. The view that Jobs Fund projects provided economic benefits to the region was most ardently held by project managers involved in construction projects where labour and materials were sourced from the local area. Some project managers also believed that the construction of community facilities developed by their projects would also boost tourism and have flow-on economic benefits to the region.

Environmental benefits of Jobs Fund projects included use of environmentally efficient facilities such as solar power and rainwater tanks, protection of local habitats and reduction of waste. For some of these projects, the environmental benefits were also believed to have come from raising community awareness in recycling and sustainable living.

Community infrastructure was viewed as an important benefit of the Jobs Fund, particularly in areas where few public facilities were available. Community facilities created as a result of the Jobs Fund projects included (but were not limited to):

- cafes and catering operations
- recycling depots, waste transfer facilities, second-hand retail and other retail outlets
- education, training and sporting facilities
- youth and community centres
- museums and cultural complexes
- environmental infrastructure and facilities
- new and upgraded tourist facilities
- accommodation facilities for the disadvantaged.

There was also a belief among some project managers that these facilities offered an intangible sense of community:

> It’s a warming environment. It’s close to town, there’s parking, transport. It’s an engagement area ... it’s for the community. (Jobs Fund project manager, QLD, 2010)

> It allowed us to do things that we would never have previously been able to do. It has created a feeling of activity and positivity within the community. It has reduced the stigma as well as improved employment and training outcomes. (Jobs Fund project manager, NSW, 2010)

**Employment and training opportunities of the Jobs Fund**

Project proponents were required to regularly report on the number of jobs, traineeships and work experience places achieved by their project compared with the numbers they had proposed in their
Milestone reports included information on whether jobs were full-time (at least 35 hours per week) or part-time, short-term (less than six months) or longer term, and whether the project ‘created’ jobs (i.e. created positions for people not employed before Jobs Fund funding) or ‘retained’ jobs (i.e. people continued to be employed due to Jobs Fund funding).

The reported numbers of jobs, traineeships and work experience places suggest that total employment and training outcomes achieved had exceeded the announced (expected) outcomes (Table 3.3). In total, over 10,500 jobs, nearly 2,900 traineeships and around 5,800 work experience places were reported to have been created or retained as a result of the Jobs Fund. This included 8,219 jobs and 2,324 traineeships in projects located in priority employment areas.

The numbers of reported jobs should be treated cautiously. Moreover, it was not possible to further disaggregate the data on jobs to be able to adequately address the evaluation’s research questions. An example of the difficulties in analysing the number of reported jobs includes instances of proponents’ double-counting the number of jobs created and retained in their applications. Departmental staff reported that this issue was addressed during funding agreement negotiations to rectify any errors or misunderstandings. Also, while some project managers recorded only direct jobs as a result of the project, other project managers recorded the anticipated indirect jobs as a result of multiplier effects. In one instance, the project manager estimated the number of long-term jobs the project created by basing estimates on an Australian Bureau of Statistics statistical modelling paper, where purportedly, ‘for every $1 million of expenditure there was a multiplier effect of 30 new jobs created for the specific industry type’:

Where I had a problem and I think if everyone is being very honest they will also acknowledge this, is that it is very difficult to say that you will create whatever number of long-term jobs into the future … You know that if you spend money in an area, and it stays locally, you will create jobs. But you can’t say that ‘that person’s job has been created by your project’. It’s impossible. There’s just no logic to that. (Jobs Fund project manager, NSW, 2010)
## Table 3.3: Reported jobs, traineeships and work experience outcomes from Jobs Fund projects, 2012

<table>
<thead>
<tr>
<th>State</th>
<th>Priority employment area</th>
<th>Announced (expected)</th>
<th>Achieved as at 30 June 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Jobs</td>
<td>Traineeships</td>
</tr>
<tr>
<td>ACT</td>
<td>Not in priority employment area—ACT</td>
<td>48</td>
<td>0</td>
</tr>
<tr>
<td>ACT total</td>
<td></td>
<td>48</td>
<td>0</td>
</tr>
<tr>
<td>NSW</td>
<td>Canterbury–Bankstown and South Western Sydney</td>
<td>508</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>Central Coast – Hunter</td>
<td>254</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Illawarra</td>
<td>510</td>
<td>84</td>
</tr>
<tr>
<td>NSW total</td>
<td></td>
<td>3,306</td>
<td>660</td>
</tr>
<tr>
<td>NT</td>
<td>Not in priority employment area—NT</td>
<td>76</td>
<td>0</td>
</tr>
<tr>
<td>NT total</td>
<td></td>
<td>76</td>
<td>0</td>
</tr>
<tr>
<td>QLD</td>
<td>Bundaber – Hervey Bay</td>
<td>94</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Caboolture – Sunshine Coast</td>
<td>163</td>
<td>145</td>
</tr>
<tr>
<td></td>
<td>Cairns</td>
<td>190</td>
<td>277</td>
</tr>
<tr>
<td>QLD total</td>
<td></td>
<td>1,445</td>
<td>946</td>
</tr>
<tr>
<td>SA</td>
<td>Northern and Western Adelaide</td>
<td>223</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>Port Augusta – Whyalla – Port Pirie</td>
<td>45</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Not in priority employment area—SA</td>
<td>49</td>
<td>2</td>
</tr>
<tr>
<td>SA total</td>
<td></td>
<td>317</td>
<td>50</td>
</tr>
</tbody>
</table>
## Jobs and Training Compact Evaluation Report – Compact with Local Communities

<table>
<thead>
<tr>
<th>State</th>
<th>Priority employment area</th>
<th>Announced (expected)</th>
<th>Achieved as at 30 June 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Jobs</td>
<td>Traineeships</td>
</tr>
<tr>
<td>TAS</td>
<td>North West / Northern Tasmania</td>
<td>144</td>
<td>79</td>
</tr>
<tr>
<td></td>
<td>Not in priority employment area—TAS</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>TAS total</td>
<td></td>
<td>156</td>
<td>83</td>
</tr>
<tr>
<td>VIC</td>
<td>Ballarat–Bendigo</td>
<td>126</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Bushfire area</td>
<td>177</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>North Eastern Victoria</td>
<td>199</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>North Western Melbourne</td>
<td>474</td>
<td>161</td>
</tr>
<tr>
<td></td>
<td>South Eastern Melbourne</td>
<td>521</td>
<td>115</td>
</tr>
<tr>
<td>VIC total</td>
<td></td>
<td>1,993</td>
<td>491</td>
</tr>
<tr>
<td>WA</td>
<td>South West Perth</td>
<td>175</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Not in priority employment area — WA</td>
<td>156</td>
<td>32</td>
</tr>
<tr>
<td>WA total</td>
<td></td>
<td>331</td>
<td>34</td>
</tr>
<tr>
<td>Total—priority employment area</td>
<td></td>
<td>5,881</td>
<td>1,912</td>
</tr>
<tr>
<td>Total—not in priority employment area</td>
<td></td>
<td>1,791</td>
<td>352</td>
</tr>
<tr>
<td>Australia total</td>
<td></td>
<td>7,672</td>
<td>2,264</td>
</tr>
</tbody>
</table>

1 Includes Victorian Bushfire area.
Source: DEEWR administrative systems
The number of people involved in Jobs Fund projects largely depended upon the nature of the project and funding amount. Projects with a high estimated number of participants tended to also include large numbers of short-term contractors. Sub-contracting by Jobs Fund projects added further difficulties to reporting job numbers. Some project managers argued that the involvement of short-term workers in the project may have contributed to their own continued employment and hence ‘retained’ their job. There was also considerable variation in employment within projects. One proponent reported having the numbers of participants in their project range from 5 to over 80 at any one time.

Jobs Fund project managers often reported difficulties in keeping participants involved in their projects. This was particularly common for projects targeting disadvantaged groups. Intermediate Labour Market projects with ready access to potential candidates were able to maintain momentum by replacing participants while still meeting their work experience milestone targets. For some participants, however, this represented missed opportunities.

While participant dropouts had occurred, one of the reported benefits of the Jobs Fund was that it was able to support participants who, they believed, would have dropped out in an unsupported environment. Many of the project managers of Intermediate Labour Market projects agreed that being able to provide a supported environment was critical in sourcing disadvantaged participants. Projects with connections to training and support services were reported to have assisted some candidates in danger of dropping out:

For participants who have issues that are outside of the workplace, we have offered services such as counselling. There has been one case recently with a young boy who we thought would benefit from talking to a third party about things that were affecting his personal life, someone that he could speak to in confidence, and so that it would not affect his working relationships, or ability to work. (Jobs Fund project manager, NSW, 2010)

As noted above, the sustainability of Jobs Fund employment outcomes could not be measured. The Jobs Fund information management system did not permit the identification or tracking of Jobs Fund participants. As a result, it was not possible to determine whether participants were job seekers sourced from employment services or whether their participation in the project led to longer-term employment outcomes.

According to the Survey of Employment Service Providers, almost all providers who reported placing job seekers into Jobs Fund projects reported these projects to be at least ‘a little successful’ in providing long-term local employment opportunities (Table 3.4). However, the extent of this success did not appear strong, with only 14 per cent reporting that these projects were ‘very successful’ or ‘extremely successful’ in providing long-term local employment opportunities.
Table 3.4: Perceived success of Jobs Fund projects according to employment service providers

<table>
<thead>
<tr>
<th>Per cent</th>
<th>Employment service providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all successful</td>
<td>2</td>
</tr>
<tr>
<td>A little successful</td>
<td>42</td>
</tr>
<tr>
<td>Quite successful</td>
<td>42</td>
</tr>
<tr>
<td>Very successful</td>
<td>10</td>
</tr>
<tr>
<td>Extremely successful</td>
<td>4</td>
</tr>
</tbody>
</table>

1 Refers to employment service providers who reported placing job seekers into Jobs Fund projects.

Source: Survey of Employment Service Providers (2010).

Potential impact and viability of Jobs Fund projects

The Jobs Fund was designed to be a targeted and timely stimulus measure directed at disadvantaged communities. However, there were challenges in providing stimulus funding that achieved these objectives as there was an apparent tendency to select more suitable projects at the expense of quick delivery.

The time taken by government to announce the funding of successful projects meant that some proponents had to reschedule their milestones. This was perceived to have delayed the potential economic stimulus of projects during the economic downturn. Project delays were also caused by waiting for council development approvals and the natural disasters that affected some regions in early 2011. This could not be built into timetables and the project completion date for these projects was extended to 30 June 2012. Twenty-four projects were extended because of natural disasters and delays in council development approvals.

The design of the Jobs Fund application process, on the other hand, promoted timeliness. The types of organisations that could reasonably be expected to be successful in their Jobs Fund applications were skewed to the larger, better-resourced organisations. There was only a two-week period between the Jobs Fund announcement and the opening of the first application round. This, coupled with the need for projects to be ready to start within six months of signing the funding agreement, meant that organisations with existing project plans or that could mobilise staff to submit an application quickly were in a better position to receive funding than organisations that lacked these resources. Given the need for proponents to demonstrate financial viability and project sustainability, there was also a reported tendency for projects receiving joint funding to be more successful in having their applications funded. However, the Jobs Fund included a diverse spectrum of projects for both large and small organisations.

Most project managers interviewed said that their project ideas had already been planned before the Jobs Fund was announced. In some cases, these ideas had been on strategic plans and ‘wish-lists’ for many years. It is therefore important to consider whether the Jobs Fund provided funding to projects that would have occurred anyway. Projects that would have occurred at the same scale and time without the Jobs Fund could be regarded as deadweight. However, any projects that were expanded or brought forward as a result of the Jobs Fund could be considered a positive contribution as it helped to support vulnerable regions during the economic downturn.
Project managers reported that a lack of financial support was the major obstacle in not implementing their project ideas earlier. Many believed that the project’s scale, quality, timeliness and scope would have been hindered by the absence of Jobs Fund funding. In some instances, the project was changed in response to the funding available:

[This project] was a ten year goal; however Jobs Fund was announced the next year so we were able to make the dream happen a lot quicker than originally thought. (Jobs Fund project manager, NSW, 2010)

Funding allowed us to carry out a project that was 300 square metres instead of one that was only 200 square metres. (Jobs Fund project manager, NSW, 2010)

In one instance, the Jobs Fund funding was reported to help a project that was in danger of not proceeding during the economic downturn:

The [project] was pre-planned ... if there was no progress in the infrastructure project [because of the GFC] it was likely that the philanthropist would remove his substantial donation. The project would not have been completed without the financial stimulus of the Jobs Fund. (Jobs Fund project manager, QLD, 2010)

It was the financial security provided by Jobs Fund funding that was reported to provide stability and enabled a longer-term focus to some projects. Project managers reported that this stability was important for capital expansion and increasing available staff and training places:

Without the Jobs Fund money the project would have been up and running, but not in the short-term, in the long-term because funds would need to have been accumulated over time—five years plus. The bulk of the cost is in the setup, equipment and vehicles. (Jobs Fund project manager, VIC, 2010)

This funding is giving us a launch pad to help us work on that [sustainability]. But without this funding we would never have got to learn the things we’ve learned. (Jobs Fund project manager, WA, 2010)

Sustainability of projects was another important requirement of the Jobs Fund guidelines; projects were to be either complete or self-sustaining by 30 June 2011. While no Jobs Fund projects were re-interviewed after this date, most of the project managers interviewed were confident that their projects would be sustainable after funding had ceased.

For Jobs Fund projects with a construction focus, completed projects were expected to continue to be used by the organisation and the local community. In some cases, the existing funding of the organisation was intended to be supplemented by hiring the completed venues, club fees, donations and other ongoing government funding.

Project managers of social enterprises anticipated that they could largely rely on the income generated from their businesses to fund ongoing costs and become sustainable. Often it was anticipated that it was the scale of projects that would be most affected by the cessation of funding,

173 Excepting projects affected by natural disasters and delays in council development approvals.
as project expansion would become more difficult. Another challenge to the sustainability of social enterprises was their ability to continue to uphold the community engagement goals of the enterprise, given that disadvantaged participants would have lower workforce productivity and require greater supervision than employees in commercial businesses.

Some proponents were trialling a variety of social enterprise projects, with the most successful projects likely to remain in the longer term and perhaps be replicated in other locations. For others, projects were expected to rely on the relationships and ongoing support of local and state government, business, and employment service providers for their continued sustainability:

_We don’t want to be charity. We don’t want to go cap in hand, we don’t want to rely on government funding; we want to be a business model like any other business. But the money we generate goes into our social services and helping the community. That’s my goal._

*(Jobs Fund project manager, NSW, 2010)*

An internal departmental analysis of sustainability risks was carried out in early 2011 based on the feedback of departmental contract managers. In this analysis, few of the Jobs Fund projects were deemed to have a ‘high’ or ‘medium’ sustainability risk (approximately 6 per cent and 16 per cent of projects respectively). These were concentrated among projects operating as social enterprises.

Earlier departmentally commissioned research observed that the most successful social enterprises were those that developed the same business principles as effective commercial enterprises *(DEEWR 2012d)*, including ensuring that there was a market for the goods or services provided, that business operations had the appropriate skill set, and that the income generated through the business was enough to cover its ongoing operational costs.

Overall, the most successful Jobs Fund projects were those with a well-conceived project proposition and where participants and management had a shared commitment in their projects *(DEEWR 2012d)*. Other successful characteristics included having established relationships, the ability to form lasting partnerships and flexibility in project operations.

**Indigenous Jobs Fund projects**

As part of the evaluation, Hugh Watson Consulting was commissioned by the department in early 2011 to undertake a review of the operation of selected Indigenous Jobs Fund projects. The review was to provide an assessment of the degree to which projects directed to Indigenous people and communities have contributed to the achievement of the Jobs and Training Compact objectives. There were 11 Indigenous projects funded under the Jobs Fund (or 5 per cent of total projects). Five of these projects were visited as part of the research.\(^1\)\(^7\)\(^4\) Projects visited included:

- business development opportunities for Indigenous social enterprises
- the construction and extension of an aged care and community facility and an Indigenous museum
- Indigenous job placement and training opportunities.

\(^1\)\(^7\)\(^4\) It should be noted that the projects visited tended to have larger amounts of Jobs Fund funding allocated to them and may not be representative of the total set of Indigenous projects.
These projects involved training, including certificate level courses, pre-apprenticeships and literacy and numeracy training for Indigenous and non-Indigenous participants. Many jobs were reported to have been created or retained as a result of these projects and most were on track to meet their employment targets at the time of interview. The sustainability of ongoing employment positions, however, was a concern for some of the projects visited. Other benefits of these projects included the development of community facilities, such as the construction of new buildings, repairs and maintenance, and vehicles and equipment.

Factors identified in the evaluation that contributed to the success of particular Indigenous Jobs Fund projects included a shared commitment, vision and strategy for the project; established partnerships; and wide-ranging community contacts before the beginning of the project. These partnerships were also important to securing a continued source of funding for projects and ongoing employment for Indigenous staff. Other important factors were for project managers to be effective planners and communicators. The empowerment of Indigenous owned and operated businesses and the delivery of meaningful work and training were also regarded as important characteristics of successful projects.

The less successful projects that were visited had delays in their project start-up that reduced the time available to engage and train participants. These projects also had difficulties in developing new partnerships, thereby limiting their ability to achieve employment outcomes. Communication problems and the turnover of key staff were other features of the less successful Indigenous Jobs Fund projects visited. A lack of shared vision in building community capacity also led to difficulties in cooperation and planning in these projects.

Indigenous projects that sought to foster stakeholder awareness were more successful in achieving the Jobs and Training Compact objectives than those that did less to engage with stakeholders. This included engaging with Indigenous participants by advertising in the local media, directly sourcing participants and partnering with Indigenous Employment Program and JSA providers to attract Indigenous participants. The most successful Indigenous projects were also reported to have integrated Australian Government, state and local government programmes within their project. This included the use of other programmes that were funded by the Jobs and Training Compact, such as the Australian Apprenticeships Access Program, the WELL programme and the LLNP.

**Expenditure**

Total approved expenditure for DEEWR-administered projects in the Local Jobs and Get Communities Working streams of the Jobs Fund was approximately $161.3 million (as at 30 June 2012) (Table 3.5). This was only slightly lower than the $171 million allocated\(^\text{175}\) and reflects the two terminated and three withdrawn projects that did not receive funding.

\(^\text{175}\) Expenditure included $131.9 million in Round One and $39 million in Round Two. Additional to this was $11 million provided as Temporary Financial Assistance and $8.5 million as DEEWR departmental funds.
Table 3.5: Completed Jobs Fund projects by state, 2012

<table>
<thead>
<tr>
<th>State</th>
<th>Total (minus terminated projects)</th>
<th>Payments—paid and invoiced (GST exclusive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>1</td>
<td>$700,000</td>
</tr>
<tr>
<td>NSW</td>
<td>85</td>
<td>$62,085,094</td>
</tr>
<tr>
<td>NT</td>
<td>4</td>
<td>$2,371,718</td>
</tr>
<tr>
<td>QLD</td>
<td>50</td>
<td>$37,833,404</td>
</tr>
<tr>
<td>SA</td>
<td>8</td>
<td>$3,819,012</td>
</tr>
<tr>
<td>TAS</td>
<td>10</td>
<td>$5,161,607</td>
</tr>
<tr>
<td>VIC</td>
<td>59</td>
<td>$42,501,889</td>
</tr>
<tr>
<td>WA</td>
<td>10</td>
<td>$6,799,748</td>
</tr>
<tr>
<td><strong>Australia total</strong></td>
<td><strong>227</strong></td>
<td><strong>$161,272,472</strong></td>
</tr>
</tbody>
</table>

Source: DEEWR administrative systems.

Following the recommendations of the *Keep Australia Working final report*, a significant amount of funding that was initially allocated to the Jobs Fund was redirected to other initiatives. In light of the revised economic growth forecasts in the 2010–11 Budget, it was also decided that the need for Jobs Fund funding had diminished and a further $48.6 million was announced as savings to the budget. In total, approximately $209.6 million of funding that had been allocated to the DEEWR components of the Local Jobs and Get Communities Working streams of the Jobs Fund had been redirected or not spent.

Based on the reported number of jobs achieved as a result of Jobs Fund, the average cost per job was approximately $15,300 and the average cost per positive outcome was $8,350.176 These figures should be treated cautiously due to the different regional parameters and target groups of each project. These estimates do not take into consideration other important but less tangible benefits of the Jobs Fund projects, including the social capital, environmental and community benefits noted earlier.

There was substantial variation in project funding, with funding for individual projects ranging from $33,000 to $2 million. Average expenditure per Jobs Fund project was substantial, at $0.71 million.

For most of the Jobs Fund project managers interviewed, the funding received by the Jobs Fund represented the single largest financial contribution to their project.

**Conclusion**

The Jobs Fund aimed to provide economic stimulus to disadvantaged communities during the economic downturn by funding projects targeted at supporting and creating employment and training opportunities and infrastructure. As the economic downturn was relatively short and not as severe as anticipated, however, a significant amount of funding that was initially allocated to the Jobs Fund was redirected or not spent.

The Jobs Fund was not restricted to priority employment areas, although almost three-quarters of projects were located in these regions. Aside from any economic boost to regions, there was

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176 Includes reported jobs, apprenticeships/traineeships and work experience placements.
evidence that the Jobs Fund facilitated the interaction between government and community, including the use by projects of employment services and other government initiatives. JSA providers in particular were often used to source labour and participants for Jobs Fund projects.

The reported benefits of Jobs Fund projects included the employment, social and human capital building of Jobs Fund participants and the economic, environmental and community benefits of newly constructed facilities and programmes operating in the community. This also included the additional employment and training opportunities resulting from these projects. The reported number of jobs, traineeships and work experience places achieved exceeded the numbers announced in project proposals, although these numbers should be treated cautiously. Moreover, it was not possible to further disaggregate data on jobs. An analysis of the characteristics of project participants and their longer-term outcomes could not be conducted because of inadequacies in the information management system.

The Jobs Fund requirement that projects be ready to start within six months of funding appeared to favour organisations that had existing capacity and that were better placed to deliver projects at low risk. Many of the projects had already been planned. However, proponents believed that Jobs Fund funding brought forward the timing of their projects and increased the scale and types of activities undertaken. Social enterprises also reported that the funding enabled them to develop and experiment with different types of social enterprise trading and Intermediate Labour Market models and aim for long-term viability.

There were challenges in providing stimulus funding that was both targeted and timely and it appears that the preference in this trade-off was to select more suitable projects. Nevertheless, Jobs Fund projects assisted the employment and training opportunities of participants in disadvantaged regions and delivered projects of community benefit. Assessing whether these benefits are lasting, however, was not possible.
Local Employment Coordinators
The government appointed Local Employment Coordinators in each of the 20 priority employment areas across Australia. Their primary role was to drive local responses to labour market disadvantage and to enhance the economic potential in regions vulnerable during the economic downturn.

Background
The Australian Government allocated $20 million over two years (July 2009 to June 2011) to fund Local Employment Coordinators in priority employment areas. The initiative was implemented progressively over nine months from April 2009. The announcement of each Local Employment Coordinator was generally made in conjunction with the announcement of priority employment areas. Seven Local Employment Coordinators were appointed in July 2009, with the remaining positions commencing by January 2010. In recognition of the population size of the Sydney priority employment areas, an additional Local Employment Coordinator was appointed to work across these areas. A total of 21 Local Employment Coordinators were appointed.

Each Local Employment Coordinator was assigned an Employment Project Officer from within the department. The role of these officers was to assist the Local Employment Coordinator with departmental administration, organisation and research tasks and to act as point of communication between the Local Employment Coordinator and the department.

Local Employment Coordinators were responsible for developing partnerships with local business and community leaders to promote economic, education and skills related opportunities in the region. They were required to help coordinate local responses to job loss and declining industries by linking together stakeholders and encouraging economic development within these regions. As part of this role, Local Employment Coordinators were responsible for establishing KAW Advisory Committees and developing and implementing Regional Employment Plans.

The priority employment area initiative, including Local Employment Coordinators and Jobs and Skills Expos, was extended for two years under the Building Australia’s Future Workforce package (July 2011 to June 2013) (DEEWR 2011a).

Objectives
Local Employment Coordinators were allocated to priority employment areas to help facilitate assistance to these regions. The main objectives of the Local Employment Coordinator initiative in the context of the Jobs and Training Compact were to:

- assist the job retention and employment viability among disadvantaged groups and regions
- ensure support for individuals and regions at greatest risk during economic downturns.

177 Following the announcement of the priority employment areas, the government deployed ‘interim’ Local Employment Coordinators in these regions to undertake the role until the Local Employment Coordinators were appointed.
Evaluation data sources
The information used to assess this initiative include:

- interviews in priority employment areas with Local Employment Coordinators, Jobs Fund project managers, local government representatives and JSA providers
- the Survey of Employers (2010), which included questions on the employers’ awareness and contact with Local Employment Coordinators
- the Survey of Employment Service Providers (2010), which included providers’ awareness of Local Employment Coordinators
- focus group discussions with Local Employment Coordinators and Employment Project Officers during the Local Employment Coordinator conferences held in June 2010 and May 2011
- information provided in Regional Employment Plans, Local Employment Coordinator reports and Local Employment Coordinator case studies.

Further information on these data collections is provided at the end of this report.

Limitations to the analysis
Information on the performance of the Local Employment Coordinator initiative was largely qualitative in nature and this limited the extent to which effectiveness could be assessed. Similarly problematic was that the information gathered was largely reliant on the interviews and discussions with Local Employment Coordinators and their Employment Project Officers. This limited perspective should be borne in mind when interpreting the findings of this initiative.

The Local Employment Coordinator initiative provided a relatively small amount of funding in comparison to other Jobs and Training Compact initiatives and it was not expected that the actions of individual Local Employment Coordinators would be observable in the labour market indicators of priority employment areas. Furthermore, it was not possible to conclude whether the actions of Local Employment Coordinators would have occurred in the absence of the initiative.

As discussed earlier, the relatively short timeframe for analysis also meant that any longer-term outcomes of the sustainability of employment, skills development and training opportunities as a result of the Local Employment Coordinator initiative could not be measured.

The role of Local Employment Coordinators
The Local Employment Coordinator initiative was designed to build relationships between the three levels of government, industry and employer groups, and training and community organisations to find ways to better connect stakeholders to government programmes and services. These connections were initially made through promoting elements of the Nation Building Economic Stimulus Plan that were aimed at job creation, including the Jobs Fund and Building the Education Revolution initiatives. Connections were also made with employment service providers, including JSA providers, Disability Employment Service providers and Indigenous Employment Program providers.

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178 To ensure the views of respondents remain confidential, specific priority employment areas are not identified in this analysis.
179 The effectiveness of initiatives targeted towards priority employment areas is assessed later in this chapter.
Local Employment Coordinators were to act as a point of contact to foster interaction in employment and skills related activities. In doing so, they were expected to have a good understanding of the local labour market conditions and be able to identify and work with regional stakeholders in developing employment and training strategies within the region.

The Local Employment Coordinator role required an ability to promote an agenda and to secure support and manage relationships with stakeholders in the region. According to some Local Employment Coordinators, the lack of access to discretionary funds made this difficult:

> Local Employment Coordinators cover large areas and have no budget ... So what we have to do is rely on strategy and bringing others on board to get our outcomes. (Local Employment Coordinator, Local Employment Coordinator Conference, 2011)

Local Employment Coordinators varied somewhat in their work experience backgrounds. A key selection criterion for the positions was demonstrated strong local links across a wide range of stakeholders. Four Local Employment Coordinators were former state-based DEEWR staff who, in addition to their strong local connections, had working knowledge of government programmes. The remaining 17 were community based and had established contacts within the areas they would represent as Local Employment Coordinators. Only two Local Employment Coordinators did not reside within their priority employment area. The capacity to establish and nurture local contacts was viewed as an important requirement in working effectively in the role.

The Local Employment Coordinator positions were contracted by the department and, as such, they were not departmental officers. Most agreed that having the position at arm’s-length from the department was beneficial. There was a perceived value in Local Employment Coordinators not being seen as bureaucrats, as it allowed them greater impetus to drive activity. Local Employment Coordinators reported to have distanced themselves from the department depending on whom they were meeting with:

> It’s about thinking about the room you’re in. There are some discussions where you need to be seen as an honest broker, you’re not going to walk into the room with a rigid set of policy options. You can problem solve. You use it in the right circumstances. (Local Employment Coordinator, Local Employment Coordinator Conference, 2011)

> One of the real strengths of this model, being able to ... lobby for those kinds of things that you would never be able to do if you were departmental staff. (Local Employment Coordinator, Local Employment Coordinator Conference, 2010)

The perceived downside to being contracted by the department was that some Local Employment Coordinators believed there was not automatic access to departmental information (although they could access this information through their Employment Project Officer).

**Development of the Local Employment Coordinator role over time**

The Local Employment Coordinator initiative was part of a number of measures designed to bring economic stimulus to communities most at risk during the economic downturn. Their initial focus was on activities that assisted the implementation of government stimulus package measures, such as supporting Jobs Fund applications and coordinating assistance for retrenched workers.
Local Employment Coordinators viewed these initial activities as more operational than strategic, with some perceiving an initial lack of clarity to their role. The roll-out of Local Employment Coordinators over a six-month engagement period meant that some Local Employment Coordinators were more familiar with their roles than those newly appointed:

_In the early days it felt as if the department didn’t really know what to do with the Local Employment Coordinators._ (Local Employment Coordinator, Local Employment Coordinator Conference, 2010)

_The original concept of saying that you needed a process for converting the stimulus into local jobs. A lot of it had washed through certainly by the time the second lot started, and so straight away what the role was really quite different._ (Local Employment Coordinator, Local Employment Coordinator Conference, 2010)

There was agreement among the Local Employment Coordinators that their role had evolved from a response to the GFC to having a broader strategic focus. Local Employment Coordinators considered this strategic focus to involve:

- connecting stakeholders and developing strategic business and industry relationships
- influencing employment and skills related activities
- recommending structural changes that could work across bureaucracies
- value-adding to existing regional economic activities.

Despite the perception among Local Employment Coordinators that their role changed over time, these functions were specified in their contracts. This reflected the department’s expectations that over time there would be greater scope to focus on employment and skills related development strategies as they arose in the priority employment areas.

While a strategic focus was common among Local Employment Coordinators, their priorities and activities varied greatly, reflecting the differing needs of their areas and their own skills and experience. Most felt that their role allowed them the flexibility to shape their activities in a way that would provide the greatest benefits to their particular region:

_The department has trusted the Local Employment Coordinators to get on and make a difference. It’s been helpful not to be bound by bureaucratic impediment._ (Local Employment Coordinator, Local Employment Coordinator Conference, 2011)

**Regional Employment Plans**

A key responsibility of Local Employment Coordinators was to develop Regional Employment Plans for their priority employment area. These plans were developed in consultation with KAW Advisory Committee members and included the ideas of business and community leaders who attended the KAW Forums. The plans were supposed to specify the employment objectives in the region and the short- to medium-term strategies to address these objectives.

Local Employment Coordinators believed that the requirements of the Regional Employment Plans changed as they were being developed. Initially, Local Employment Coordinators reported being advised to develop plans in a way they felt was best suited to their region. Following receipt of the
initial drafts of the plans, this changed at the department’s request to a standardised Regional Employment Plan template.

The template enabled each plan to be based on a common model that was comparable across priority employment areas and ensured that strategies detailed in the plans were within the scope of the Local Employment Coordinator’s influence. Local Employment Coordinators could then develop individual strategies to meet the overarching goals.

Some believed that this prevented them from tailoring the plan sufficiently to meet their own community needs. Differences in economic and social characteristics within priority employment areas were also perceived to create challenges in preparing Regional Employment Plans:

_The difficulty my Local Employment Coordinator had with writing the Regional Employment Plan was [s/he] had to include all of the priority employment area, the resource part and agricultural … there was a real difficulty in writing a Regional Employment Plan for such a diverse labour market._ (Employment Project Officer, Local Employment Coordinator Conference, 2011)

Regional Employment Plans were written towards the end of 2009 to cover the final 12 to 18 months of the Local Employment Coordinator contract. In keeping with the finite nature of the Local Employment Coordinator initiative, Regional Employment Plans were designed to be finite. Plans focused on a series of goals that were then matched with strategies that were short-term (three to 12 months) or medium-term (12 to 18 months). One of the main purposes of the plan was to give the Local Employment Coordinator the opportunity to lay out their own work schedule for the remaining time of their contract.

The overarching goals in Regional Employment Plans were quite general, including ‘creating local employment opportunities’, ‘generating training and employment opportunities for disadvantaged job seekers’ and ‘facilitating industry and business clusters’. This generality was intended to allow flexibility within the plan so that strategies could be tailored to the particular area. However, according to some Local Employment Coordinators, this may have also impeded their capacity to focus on local issues. There appears to have been a trade-off between general goals that were at risk of being irrelevant and specific goals that may have been too constraining.

Local Employment Coordinators’ views on the value of these plans were mixed. Some believed that the plans added value to their existing strategies, while others perceived that the plans were created to satisfy the department. The department’s view was that the plans provided public visibility for the work of the Local Employment Coordinators, as well as being a useful tool against which to measure progress.

_Interaction with other Jobs and Training Compact initiatives_

Local Employment Coordinators had direct involvement with other Jobs and Training Compact initiatives, particularly those within the Compact with Local Communities. This included the Jobs Fund, Jobs and Skills Expos, KAW Forums and KAW Advisory Committees.

Part of the role of Local Employment Coordinators was to promote these initiatives (and other government initiatives) within their priority employment area. Local Employment Coordinators were
encouraged to assist proponents wanting to apply for Jobs Fund grants. Their involvement in Jobs and Skills Expos included helping to recruit employers and training organisations for these expos and promoting the event throughout the region.

KAW Forums were held in each priority employment area from July 2009. The forums provided an opportunity to bring together business and community leaders, local governments, employers, and training and JSA providers to discuss how to:

- maximise the impact of the stimulus package
- support existing jobs and industry
- identify and promote new opportunities, industries and skills.

Mr Lindsay Fox and Mr Bill Kelty usually participated in these forums as Local Jobs Champions under the Business Leaders initiative. In this role, they were to support the Local Employment Coordinators by advising employers who attended these forums on how to keep their employees during the economic downturn and promoting the initiatives available in the region. Contacts made at these forums were used by the Local Employment Coordinators to help select KAW Advisory Committees.

KAW Advisory Committee members were chosen by the Local Employment Coordinators. They included representatives from employment service providers, local and state governments, Regional Development Australia, local businesses and registered training organisations in the region, as well as community organisations and departmental staff. KAW Advisory Committees operated differently in each priority employment area, with Local Employment Coordinators having full autonomy on how these committees were managed. Some used the committees for consultation or in regular meetings to develop strategies that formed part of their Regional Employment Plans.

Effectiveness

There were inherent difficulties in assessing the effectiveness of the Local Employment Coordinator initiative, as their activities did not readily translate into measurable outcomes. The department provided information on the labour market performance of priority employment areas to each Local Employment Coordinator. While this was a means of monitoring the economic progress of the region and informing their activities and priorities, the actions of Local Employment Coordinators were not expected to alter these labour market indicators.

Awareness and perceived effectiveness among local stakeholders

An indicator of the involvement of Local Employment Coordinators within their community was whether local stakeholders were familiar with them. Based on departmental surveys and structured interviews with stakeholders in priority employment areas, awareness of the Local Employment Coordinator role was mixed and depended on the type of stakeholder.

The Survey of Employment Service Providers revealed that 57 per cent of providers surveyed in priority employment areas in 2010 were aware of the Local Employment Coordinator initiative. Awareness was higher for providers located in regional areas, suggesting that Local Employment

180 The remoteness classification refers to the most recent Accessibility/Remoteness Index of Australia (ARIA+) developed by the Australian Bureau of Statistics.
Coordinators were more identifiable in less populous regions (50 per cent awareness among providers located in major cities compared with 65 per cent awareness in regional areas).\(^{181}\)

Awareness of the Local Employment Coordinators initiative was lower among employers. Of those responding to the Survey of Employers in 2010 who were in priority employment areas, 4.1 per cent reported awareness of the initiative and 21.4 per cent of these reported having contact with their Local Employment Coordinator.\(^{182}\) As with providers, awareness was higher in less populous areas (2.8 per cent awareness among employers located in major cities; 5.1 per cent in inner regional areas; and 6.6 per cent in outer regional areas). Employers in medium-sized businesses (with 20 to 99 staff) also reported higher awareness of the initiative (4.8 per cent), as did employers in the industries of health and community services (10.9 per cent), cultural and recreational services (9.4 per cent), transport and storage (7.4 per cent) and education (6.5 per cent).

Participants in the interviews undertaken in priority employment areas were often aware of the Local Employment Coordinator by name rather than by job title, suggesting that the level of awareness may have been higher than that reported in the survey. The vast majority of local stakeholders interviewed who were familiar with the Local Employment Coordinator in their region viewed them favourably.

It was common for the JSA providers interviewed in priority employment areas to report not being familiar with Local Employment Coordinators or to have had little involvement with them. This may be partially explained by the Local Employment Coordinators perhaps having closer involvement with JSA organisations at a more senior level (e.g. JSA regional managers) than those interviewed (who were mostly JSA site and case managers). JSA providers who were familiar with the Local Employment Coordinator often highlighted their effectiveness in providing a neutral voice among the providers in the region. This was regarded as important, as it provided the impetus for projects to take place that may not have otherwise been possible.

The local government representatives interviewed were usually aware of the Local Employment Coordinator but often had limited direct interaction with them. This appears to have been because Local Employment Coordinators dealt with specific personnel within local government (such as economic development managers) who were generally not interviewed. Their knowledge of the Local Employment Coordinator was often based on feedback provided by others in the community. There was only one negative response from a local government representative, stating that Local Employment Coordinators added an unnecessary layer of bureaucracy. Most local government representatives interviewed viewed them positively:

*We have a very, very good Local Employment Coordinator … Feedback I have from others is that she is very effective. (Local government representative, 2010)*

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\(^{181}\) Individual priority employment areas can include major cities, as well as regional or remote communities. Awareness was typically higher among priority employment areas that did not include major cities, although the Survey of Employment Service Providers (2010) sample sizes were too small to report these priority employment areas individually.

\(^{182}\) Survey responses were restricted to those residing in priority employment areas.
While some of the Jobs Fund project managers who resided in priority employment areas reported that the Local Employment Coordinator had no involvement with their Jobs Fund project, those who had were generally highly favourable of the Local Employment Coordinator:

*I can’t sing ...[her]... praises highly enough ... she’s always trying to sort of network and introduce us to different organisations ... also just for general advice, they’ve been really quite outstanding in their support.* (Jobs Fund project manager, 2010)

**Reported achievements of the Local Employment Coordinators initiative**

The achievements of the Local Employment Coordinator initiative were to be based on an assessment against contractual key performance indicators and outcomes identified in Regional Employment Plans. Local Employment Coordinators reported regularly on their achievements against these outcomes. However, the sensitivity of regions to external economic factors, as well as the inherent diversity of priority employment areas, meant that outcomes were not necessarily comparable across regions. This significantly restricted the extent to which outcomes could be quantified and used to measure performance. Accordingly, the activities of Local Employment Coordinators were used as a means of measuring progress.

Local Employment Coordinators were asked to consider what they believed to be their most notable achievements. These included:

- connecting industry and training organisations with JSA providers
- generating greater involvement by business and acknowledgement of their responsibilities within the region
- acting as a conduit and focal point for communication
- raising the profile and maximising existing resources in their regions
- providing government representation and leadership at a local level.

These achievements were largely based on less tangible objectives of stakeholder engagement and the regional promotion of government initiatives:

*The level of stakeholder engagement is often a good measure of impact. Time is such a valuable commodity, so if stakeholders continually give their time you can feel that you are onto something worthwhile.* (Local Employment Coordinator, Local Employment Coordinator Conference, 2011)

*I can see this happening now that government organisations are talking to each other. Councils are talking, so those Local Employment Coordinators are definitely focal.* (Jobs Fund project manager, 2010)
Local Employment Coordinators often reported their achievements in the form of case studies.

**Case Study 1: Assistance for those aged 17 to 24 years in National Green Jobs Corps**

**What was the problem? What issue was this activity trying to address?**

The National Green Jobs Corps initiative provides job seekers aged 17 to 24 years with 26 weeks of environmental training through a combination of work experience and training to assist them in finding employment in emerging green industries.

When the Local Employment Coordinator for the priority employment area became aware that a new provider was having difficulty in recruiting participants for a project to revegetate the banks of local waterways, he saw an opportunity to assist.

**What did the Local Employment Coordinator do? Who were the stakeholders?**

The Local Employment Coordinator connected the provider with his contacts in youth support agencies to promote the benefits of the project and access a wider pool of potential participants. He also promoted the project to JSA providers and encouraged them to support the recruitment drive by identifying suitable participants.

**Were there any obstacles that needed to be overcome?**

The greatest challenge reported by the Local Employment Coordinator was sourcing job seekers from JSA and youth agency caseloads, as the state government ran a similar programme under which job seekers were paid more to participate.

**What was the outcome? What was achieved?**

As a result of the Local Employment Coordinator’s intervention and promotion, a sufficient number of suitable participants were recruited for the project. Ten young people successfully graduated from the initial project. The success of this project resulted in the take-up of participants in a subsequent programme, suggesting that the initial involvement of the Local Employment Coordinator enabled continuing relationships between JSA providers and youth sector organisations.

The Local Employment Coordinator has since assisted the provider to recruit participants for another programme in the priority employment area. By the end of 2010, over 100 young people had successfully participated in projects delivered by this provider, gaining skills and self-confidence and increasing their likelihood of finding a job or undertaking vocational training.

**What were the lessons learned? Were any best practices identified?**

The Local Employment Coordinator highlighted the importance of making connections between stakeholders as a means of maximising employment outcomes.

**Summary**

<table>
<thead>
<tr>
<th>Industry/sector</th>
<th>Emerging green industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant group</td>
<td>Job seekers aged 17 to 24</td>
</tr>
<tr>
<td>Training</td>
<td>Work experience, skills development and accredited training through the National Green Jobs Corps</td>
</tr>
<tr>
<td>Outcome</td>
<td>100 young job seekers participated in the programme</td>
</tr>
</tbody>
</table>
**Case Study 2: Assistance for job seekers and local businesses**

**What was the problem? What issue was this activity trying to address?**
The Local Employment Coordinator wanted to increase the awareness of JSA and the government initiatives available to assist business in recruiting and developing staff or expanding their businesses.

**What did the Local Employment Coordinator do? Who were the stakeholders?**
The Local Employment Coordinator worked with their KAW Advisory Committee and other local stakeholders to deliver a local ‘Jobs Drive’. The Jobs Drive aimed to improve awareness of JSA and other government initiatives and increase employment opportunities for local job seekers. They also aimed to provide information on financial assistance to local businesses to help them hire new workers.

The Local Employment Coordinator received support from the state government and local media to promote the Jobs Drive. All of the employment service providers in the region participated and were encouraged to cooperate and raise their profile. The Local Employment Coordinator established a 1300 phone number for employers to access information on government programmes and to lodge vacancies if they did not wish to directly contact a provider.

Financial and in-kind support was secured from a broad range of stakeholders, including local federal MPs, the Community Education Centre and Regional Development Australia.

**Were there any obstacles that needed to be overcome?**
The project relied on the goodwill and cooperation of many stakeholders. This could have been problematic given the competing interests and priorities.

**What was the outcome? What was achieved?**
In the one month that the Jobs Drive operated, 271 job vacancies were identified. This exceeded the target of 200 jobs and was significantly higher than the number of job placements made in the same period of the previous year. The event also generated publicity for providers and helped to enhance links between local stakeholders. As a result of the success of the Jobs Drive, the Local Employment Coordinator worked with stakeholders to plan a Jobs Drive in another region of the priority employment area.

**What were the lessons learned? Were any best practices identified?**
The success of this project demonstrates the importance of local leadership in providing collaboration across stakeholder groups. The Local Employment Coordinator noted that financial contributions had made a significant difference to branding and promoting the Jobs Drive. The contribution made by local media and the KAW Advisory Committee was also important in giving the Jobs Drive a sense of local ownership.

**Summary**

| Industry/sector: | Mixed |
| Participant group: | Job seekers, employment service providers and local businesses |
| Outcome: | 271 job vacancies were identified and strong links were established between employment service providers and local businesses |
Factors influencing the effectiveness of the initiative

The extent to which Local Employment Coordinators could assist in achieving the objectives of the Jobs and Training Compact depended on how they could build relationships within the community and influence stakeholder behaviour. This included how well they could develop and maintain these relationships and manage stakeholder expectations.

The individual effectiveness of Local Employment Coordinators appeared to be largely driven by their particular skills, experience and personal operating styles. This emphasises the importance of selecting appropriate people for these positions.

Local Employment Coordinators were expected to promote government initiatives and engage employers and other stakeholders. This occurred through the interaction of the KAW Advisory Committees and Forums, as well as through industry bodies and directly with employers. The reason for promoting government initiatives was because employers had traditionally been difficult to engage in these programmes. Potential grounds for employer non-engagement highlighted in fieldwork in priority employment areas included:

- the general lack of awareness of available initiatives
- a perception that there was excessive administration and paperwork
- the belief that the resources required to participate in some government initiatives were often too large, particularly for smaller businesses
- a lack of guidance on how to manage staff with barriers to employment—for example, mental health issues.

Local Employment Coordinators believed that one of the things that helped build relationships with employers was to identify them as businesses, not as employers, and it was beneficial to promote government programmes accordingly. It was also important for them to deliver on promises:

> I think that the government sees businesses as employers, whereas Local Employment Coordinators see businesses as businesses, bottom line oriented, and they talk to that. (Employment Project Officer, Local Employment Coordinator Conference, 2011)

> Employers want to know—if I take time out of my business or my family to come to this, what’s the outcome at the end for me? But you also don’t want to present something and then not deliver on it because then you’ll never get them there again. (Local Employment Coordinator, 2010)

Local Employment Coordinator engagement with employment service providers also had its challenges. The competitive business model of the employment services system had raised concerns about the willingness of different JSA organisations to collaborate with each other. The extent of the cooperation depended on the attitudes and policies of the organisations involved. Some Local Employment Coordinators reported that their role as departmental contractors was useful in engaging with JSAs, as providers saw them as less intimidating than departmental officers:

> We can interact with [JSA providers] in a very non-threatening manner. (Local Employment Coordinator, Local Employment Coordinator Conference, 2010)
Local Employment Coordinators often found it difficult to manage the expectations of stakeholders. They claimed that their community perceived them as having a tangible link with the department but, realistically, they reported having little influence on policy-making decisions. This was illustrated by the involvement of Local Employment Coordinators in Jobs Fund applications. Local Employment Coordinators believed they were in a position to make judgments on which Jobs Fund projects would be most beneficial to their regions and had the perception that their input and recommendations would carry some weight. However, their involvement in the Jobs Fund assessment process was limited by the Jobs Fund guidelines and legislative requirements. As a result, many of the recommended Jobs Fund applications in their priority employment areas were not approved. Some Local Employment Coordinators reported that this reflected badly on them, as it challenged their credibility and was viewed as an ineffective use of their time. The credibility of Local Employment Coordinators was also challenged by a reduction in funding of the Jobs Fund, which they claimed had not been communicated to them:

[The department] advertised $93.5 million for [Round Two of the] Jobs Fund. They allocated $39 million. And then we needed to go back to all the proponents that didn’t get up and all of them are saying ‘why did they only allocate 39 out of 93?’ We don’t know. (Local Employment Coordinator, Local Employment Coordinator Conference, 2010)

Local Employment Coordinators also expressed concern over the delays in government decision making that they believed may have led to missed opportunities in their priority employment areas:

The Local Employment Coordinator and I are talking to [Company Name] about traineeship opportunities for local people from our area ... Now all of a sudden they go ‘well, why would I deal with your department? You give us timeframes and then you can’t meet them. Why do I think that you’re going to deliver on a dozen traineeships?’ (Employment Project Officer, Local Employment Coordinator Conference, 2011)

I have an aged care project [and am] still waiting for that decision in terms of programme funding ... Now if it doesn’t happen soon they will walk away and you will never get those supporters again. (Local Employment Coordinator, Local Employment Coordinator Conference, 2011)

Local Employment Coordinators believed that access to discretionary funding would have improved their capacity to generate economic activity in their priority employment area. They believed that not being able to contribute financially could be perceived as a lack of commitment to those who were willing to contribute. Without this funding, they were required to convince others to provide financial support without being able to make any contributions themselves:

[Local Employment Coordinators] could bring all the enthusiasm and goodwill in the world but could not back it up with financial support. (Local Employment Coordinator, 2010)

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183 As part of the extension of the priority employment area initiative, the Australian Government committed $20 million over two years for a Local Employment Coordinator Flexible Funding Pool. Using this Flexible Funding Pool, Local Employment Coordinators could support local projects and activities that may not have been funded through existing local, state or Australian Government programmes.
We’ve got a careers expo coming up for young people and we are the only government department involved that has not been able to put any money into it. (Employment Project Officer, Local Employment Coordinator Conference, 2011)

Another factor influencing the effectiveness of the initiative was the length of the Local Employment Coordinator contract. There were limitations to what could reasonably be achieved given the two-year timeframe of contracts. On the other hand, the time-limited nature of their role was perceived to have created a sense of urgency to achieve results in their priority employment area.

**Duplication and deadweight of Local Employment Coordinator activities**

In assessing the effectiveness of the initiative, it is necessary to consider whether the activities attributed to Local Employment Coordinators would have happened without their involvement. This is often referred to as programme ‘deadweight’. Data limitations and the complex nature of the Local Employment Coordinator role limited the extent to which deadweight could be identified.

A related issue was whether Local Employment Coordinators duplicated existing activities within priority employment areas. Local Employment Coordinators appeared to have recognised the importance of avoiding this and often spoke in terms of ‘adding value’ to projects. The government initiatives promoted by Local Employment Coordinators, however, were often similar to those provided by state and local governments, particularly for initiatives targeted at addressing regional development. It was also common for Local Employment Coordinators to report that other employment or economic plans already existed in these regions. To some extent, while the Regional Employment Plans developed by Local Employment Coordinators appeared to duplicate existing plans, they also dovetailed and referenced these plans.

While there were some examples of duplication, this also provided an opportunity to better coordinate communication and activities across the community. According to some Local Employment Coordinators and Employment Project Officers, the position acted as a catalyst for change, where all that was required was a person to coordinate and energise the local community:

> When I see the inertia that’s there, the plans may be there, the concepts may be there, except the initiation wasn’t. The Local Employment Coordinators are getting there, rolling their sleeves up, banging heads together, getting it down so that, quite clearly, things are happening that would not have happened without the Local Employment Coordinator. (Employment Project Officer, Local Employment Coordinator Conference, 2011)

**Conclusion**

Local Employment Coordinators were responsible for establishing connections to improve employment and skills opportunities in the 20 regions selected as priority employment areas. While data limitations constrained the extent to which the effectiveness of this initiative could be assessed, feedback from stakeholders who were aware of their Local Employment Coordinator was, in all but a few cases, highly favourable.

Local Employment Coordinators were reported to add value to their regions by finding and facilitating local responses to unemployment. Achievements reported by the Local Employment Coordinators themselves included generating a greater involvement by business and bringing
cohesiveness to areas that were traditionally fragmented. Local Employment Coordinators believed their role evolved from a response to the GFC to having a broader strategic focus for the region.

In some regions, it was apparent that Local Employment Coordinators were involved in activities that duplicated some of the activities already provided by state and local governments. Perceived duplication occurred in relation to Regional Employment Plans, which were sometimes criticised by Local Employment Coordinators as being of limited benefit to them. They also believed that their lack of access to discretionary funding had limited their capacity to seek financial involvement from stakeholders and to achieve outcomes in their priority employment areas.

Overall, the Local Employment Coordinators initiative appears to have been beneficial in helping to support labour market assistance in priority employment areas during the economic downturn. Key to the success of this initiative was the quality of the individual Local Employment Coordinator concerned. The flexibility and autonomy of their positions meant that each Local Employment Coordinator had to be self-motivated in order to generate employment activities and establish links with stakeholders in their priority employment areas. The time-limited nature of their contract appeared to help create a sense of urgency and focus to their role of organising local responses to labour market disadvantage.
Jobs and Skills Expos

Jobs and Skills Expos were conducted in each of the priority employment areas across Australia in support of the KAW initiative. Expos provided a venue for job seekers, employers and training and employment service providers to share information and to connect job seekers to employment and training opportunities.

Background

Jobs and Skills Expos, originally known as Jobs Expos, were an adjunct to the KAW initiative and were not strictly part of the Jobs and Training Compact. They operated between October 2009 and December 2010 in each of the priority employment areas. The expos were designed to provide a ‘one-stop shop’ for information about local employment and training opportunities. This included:

- a forum for job seekers and other members of the community to meet employers, education and training providers and employment service providers at a local level
- information on the current and expected job vacancies available in the region, including jobs created by the Nation Building Economic Stimulus Plan
- advice to job seekers on how they could access training and assistance to link them to jobs.

The expos were delivered jointly by DEEWR and Centrelink. Local Employment Coordinators assisted in organising and promoting the Jobs and Skills Expos within their priority employment area.

A total of 40 Jobs and Skills Expos were held in the priority employment areas. Each priority employment area held two expos during this period (with the exception of Port Augusta – Whyalla – Port Pirie, where there was only one expo). Each expo was held in a single regional centre, with the first round of expos often located in the largest city in each priority employment area. Expos were held on a single day and participation by stall holders (employers, and employment and training providers) was free. Expos were open to the public and job seekers did not have to be registered with a provider to attend.

The priority employment area initiative, including Jobs and Skills Expos, was extended for two years under the Building Australia’s Future Workforce package (July 2011 to June 2013) (DEEWR 2011a).

Objective

The objective of the Jobs and Skills Expos was to disseminate information on job and training opportunities in the community, thereby connecting job seekers to these opportunities and assisting businesses to fill job vacancies quicker (i.e. help to reduce frictional unemployment).

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184 Jobs and Skills Expos were not part of the original announcement of the Compact with Local Communities. Given their role in community responses to the GFC and their inclusion in the priority employment area initiative, they were included in the evaluation.

185 Geelong, which was not selected as part of a priority employment area, also held a Jobs and Skills Expo during this period.
**Evaluation data sources**

The following data sources were used in preparing this initiative:

- DEEWR administrative systems data on the number of job seekers using employment services as an indication of changes to unemployment in the priority employment areas before and after a Jobs and Skills Expo
- Centrelink Jobs and Skills Expo information on the number of attendees and Exhibitor Feedback information on the number of job connections at each expo
- the Survey of Employment Service Providers (2010), which collected data on awareness and participation in Jobs and Skills Expos from providers in priority employment areas
- the Survey of Employers (2010), which collected data on awareness and participation in Jobs and Skills Expos among businesses located in priority employment areas
- interviews in priority employment areas (2010 and 2011), which included interviews with Centrelink staff, Job Services Australia (JSA) providers, Local Employment Coordinators, local government representatives and job seekers
- focus groups with Local Employment Coordinators and Employment Project Officers in June 2010 and May 2011, where the operation of the Jobs and Skills Expos was discussed.

**Limitations on the analysis**

A number of factors limited the extent to which the Jobs and Skills Expos initiative could be analysed. This included the limited survey data available on people who attended expos. No information was collected on the characteristics of expo attendees or whether they were unemployed. Data collected by Centrelink at each Jobs and Skills Expo on job seeker attendance and the number of ‘connections with jobs’ was indicative only and should be treated with caution. The number of recorded connections with jobs included the receipt of résumés and registered job interviews that may not have resulted in employment. The separate Survey of Employers that included information on job vacancies filled at the Jobs and Skills Expos was also limited by its small sample size.

DEEWR administrative systems data on the number of actively registered job seekers in employment services was also used to attempt to measure the effect of Jobs and Skills Expos in the priority employment areas. However, there are methodological issues with this approach, as job seeker registrations in employment services are affected by the timing of expos and other external factors occurring in priority employment areas. As such, these data can only provide an indication of the potential influence of expos.

**Awareness and participation**

Key to the success of this initiative in sharing information and connecting job seekers with employment and training opportunities was whether the local community had been aware of and participated in these expos.

Centrelink and DEEWR staff, with the assistance of Local Employment Coordinators, notified employers and Registered Training Organisations (RTOs) of the Jobs and Skills Expos in their region.

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186 This could also include connections to apprenticeships and traineeships.
and encouraged them to have a stall at the expo. The recruitment of stall holders was conducted through cold calling, letters, local networking and advertising in the local media.

Job seekers were notified of the Jobs and Skills Expos in a number of ways. Centrelink sent out letters to job seekers receiving income support payments informing them of an upcoming expo. This generally occurred between two and four weeks before the event. Employment service providers notified their clients of an expo in their region. Advertising in the local media alerted the general public, including job seekers.

The interviews in priority employment areas revealed that awareness of the expos was high among the JSA providers, job seekers and local government representatives interviewed. This was consistent with the survey findings. According to the Survey of Employment Service Providers conducted in June 2010, there was almost universal awareness of the Jobs and Skills Expos initiative among providers located in priority employment areas (97 per cent).

Not surprisingly, awareness of the expos was lower among employers. Among businesses located in priority employment areas responding to the Survey of Employers in 2010, 13 per cent reported that they were aware of the Jobs and Skills Expos. Among those residing in major cities, 11 per cent reported that they were aware of Jobs and Skills Expos. This figure increased to 12 per cent for employers in inner regional areas and 18 per cent for those in outer regional areas.

Awareness of the expos was highest among businesses in the industries of health and community services (27 per cent), manufacturing (18 per cent) and retail (16 per cent), suggesting that these industries may have had closer involvement with job seekers and providers. Awareness was highest among medium and large businesses (15 per cent).

Participation in the Jobs and Skills Expos also differed by type of survey respondent. Approximately 86 per cent of employment service providers who were aware that a Jobs and Skills Expo had taken place in their region reported that they or their staff had participated in these expos. In contrast, only 5 per cent of employers who were aware of the initiative attended an expo.

According to Centrelink information, more than 3,000 exhibitors occupied stalls at the 40 Jobs and Skills Expos. Exhibitors included local businesses, government agencies, RTOs and employment service providers. A total of 154,770 people attended these expos and most were job seekers. Attendance varied by priority employment area, from 800 in the Port Augusta – Whyalla – Port Pirie expo to 12,500 in the second Sydney West and Blue Mountains expo. To obtain an indication of community engagement, the number of attendees at expos was expressed as a proportion of the job seekers registered in employment services in each priority employment area. The average proportion of attendees at the first round of expos (15 per cent) was higher than the second round (10 per cent), reflecting the fact that the first round of expos was often held in the most populated centre of the priority employment area (Figure 3.3).

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187 Each priority employment area can include major cities as well as regional or remote communities.
Figure 3.3: Proportion of job seekers in priority employment areas attending Jobs and Skills Expos

1 Attendance estimates are based on Centrelink Jobs and Skills Expo information. The number of job seekers is derived from the number of job seekers registered in employment services in the priority employment areas at the date of expo. Proportions of job seekers are indicative only, as job seekers did not need to be registered with employment services to attend the expos. Proportions attending expos also depended on the size of the town/city where the expo was held.

Source: DEEWR administrative systems.

Effectiveness

In assessing the effectiveness of expos, it is necessary to consider whether this initiative helped to support disadvantaged regions by reducing labour market friction in the local economy. In the absence of measures of the impact of expos in filling job vacancies and reducing labour market friction, a number of alternative approaches were used. These included:

- the perceived benefits of expos based on interviews and focus groups with job seekers, Centrelink and JSA providers who may have been involved in these expos
- survey data and exhibitor feedback information on recruitment and job connections as a result of the expos
- an analysis of the trends in job seeker registration numbers as an indication of how these expos may have influenced labour market conditions in the priority employment areas.

Community interaction

A reported benefit of Jobs and Skills Expos was that they enabled networking and personal interaction in the local community. Expo exhibitors interviewed in priority employment areas indicated that expos were an appropriate vehicle for bringing job seekers into contact with employers, employment service providers, RTOs and government services, all in the one location.

Job seeker interaction with potential employers was regarded as a particularly beneficial part of the expos. Job seekers participating in the focus groups often raised concerns that the process of
applying for jobs advertised through their provider was impersonal, with job seekers losing the connections they once had with employers. This was believed to have been the result of the move towards online job applications and the need to lodge large numbers of applications to meet their participation requirements. Lodging applications this way reduced the opportunities for self-promotion or to receive feedback if unsuccessful. One provider believed the expos had the potential to help overcome this issue by providing the opportunity to directly engage with employers:

*Often the job seekers say they send off their résumé and it goes into a black hole. They don’t know if they’ve been received, rejected, put in file or what happened so providing that opportunity to deal directly with the business is good.* (JSA provider, 2011)

Expo organisers also viewed employer engagement as an important benefit of the expos. Expos enabled government and providers to promote their programmes and services in a way that was also beneficial to local businesses, as labour could be sourced at no cost other than their own time:

*The feedback that we had from our employers was that it was the best thing that they’ve ever been to in terms of any trade-related expo ... They had been unable to fill jobs that they actually filled at our Expo.* (Employment Project Officer, Local Employment Coordinator Conference, 2011)

The ease at which expos could be organised was reported to be related to the level of ‘buy-in’ from business and local government. In areas where there was not an active interest in the expos, gaining support proved more difficult. In contrast, expos were easier to organise where there was initial interest among stakeholders.

**Connections with jobs**

A key outcome of the Jobs and Skills Expos was to connect job seekers with employment and training opportunities. Exhibitor feedback information recorded at each Jobs and Skills Expo estimates more than 15,500 connections with jobs as a result of contacts made at these expos (Table 3.6). This figure may include connections to jobs that did not result in employment and should be treated as indicative only.

It was not possible from this feedback to assess the extent to which expos may have improved actual job outcomes in priority employment areas. As noted above, direct measures of the impact of expos on job filling were not available. These measures, if available, would include assessing whether:

- job connections provided lasting employment
- vacancies would have been filled in the absence of Jobs and Skills Expos (a situation known as ‘deadweight’)
- vacancies were filled by more disadvantaged job seekers, known as ‘substitution’
- expos reduced labour market friction by speeding up job matching in the local economy (a situation known as ‘inter-temporal displacement’).

Some expo exhibitors expressed concern about trying to measure the success of expos in terms of ‘jobs created’ or ‘jobs filled’. They saw these measures as unsuitable, particularly if derived shortly after the expo, believing that the benefit of information offered on training and employment services at expos would only be realised over a longer period.
Table 3.6: Jobs and Skills Expos, October 2009 to end December 2010

<table>
<thead>
<tr>
<th>Expo date</th>
<th>Priority employment area</th>
<th>Expo location</th>
<th>Job seekers attended</th>
<th>Job seekers connected with jobs</th>
<th>Connections as a per cent of attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 Oct 2009</td>
<td>North West / Northern Tasmania</td>
<td>Launceston</td>
<td>2,000</td>
<td>200</td>
<td>10</td>
</tr>
<tr>
<td>23 Oct 2009</td>
<td>Canterbury–Bankstown and South Western Sydney</td>
<td>Liverpool</td>
<td>9,000</td>
<td>507</td>
<td>6</td>
</tr>
<tr>
<td>8 Dec 2009</td>
<td>Townsville</td>
<td>Townsville</td>
<td>4,000</td>
<td>350</td>
<td>9</td>
</tr>
<tr>
<td>9 Dec 2009</td>
<td>Cairns</td>
<td>Cairns</td>
<td>5,500</td>
<td>300</td>
<td>5</td>
</tr>
<tr>
<td>11 Dec 2009</td>
<td>North Western Melbourne</td>
<td>Whittlesea</td>
<td>2,500</td>
<td>350</td>
<td>14</td>
</tr>
<tr>
<td>12 Feb 2010</td>
<td>Canterbury–Bankstown and South Western Sydney</td>
<td>Bankstown</td>
<td>7,000</td>
<td>500</td>
<td>7</td>
</tr>
<tr>
<td>19 Feb 2010</td>
<td>Northern and Western Adelaide</td>
<td>Elizabeth</td>
<td>4,000</td>
<td>300</td>
<td>8</td>
</tr>
<tr>
<td>19 Mar 2010</td>
<td>Richmond–Tweed and Clarence Valley</td>
<td>Lismore</td>
<td>2,000</td>
<td>160</td>
<td>8</td>
</tr>
<tr>
<td>25 Mar 2010</td>
<td>Illawarra</td>
<td>Wollongong</td>
<td>6,000</td>
<td>500</td>
<td>8</td>
</tr>
<tr>
<td>30 Mar 2010</td>
<td>Central Coast – Hunter</td>
<td>Tumbi Umbi</td>
<td>4,500</td>
<td>600</td>
<td>13</td>
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<tr>
<td>15 Apr 2010</td>
<td>South Eastern Melbourne</td>
<td>Dandenong</td>
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<tr>
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<td>29 Apr 2010</td>
<td>Mid-North Coast</td>
<td>Port Macquarie</td>
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<td>250</td>
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</tr>
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<td>Ballarat–Bendigo</td>
<td>Ballarat</td>
<td>3,100</td>
<td>300</td>
<td>10</td>
</tr>
<tr>
<td>14 May 2010</td>
<td>North Eastern Victoria</td>
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<tr>
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<td>Bundaberg</td>
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<tr>
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<td>2,800</td>
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<tr>
<td>10 Jun 2010</td>
<td>Sydney West and Blue Mountains</td>
<td>Penrith</td>
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<td>Cairns</td>
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<td>29 Jun 2010</td>
<td>Central Coast – Hunter</td>
<td>Maitland</td>
<td>3,200</td>
<td>593</td>
<td>19</td>
</tr>
</tbody>
</table>
## Jobs and Training Compact Evaluation Report – Compact with Local Communities

<table>
<thead>
<tr>
<th>Expo date</th>
<th>Priority employment area</th>
<th>Expo location</th>
<th>Job seekers attended</th>
<th>Job seekers connected with jobs¹</th>
<th>Connections as a per cent of attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Jul 2010</td>
<td>Sydney West and Blue Mountains</td>
<td>Parramatta</td>
<td>12,500</td>
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<td>NA</td>
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<td>Caboolture</td>
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<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>154,770</strong></td>
<td><strong>15,520</strong></td>
<td><strong>10</strong></td>
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</tbody>
</table>

¹ Estimates based on Jobs and Skills Expos exhibitor feedback information. Number of people connected with jobs may include apprenticeships and traineeships.

NA: Not applicable.

Source: DEEWR administrative systems.
Perceived effectiveness of Jobs and Skills Expos varied among exhibitors. As one JSA provider noted, ‘some clients get referrals, others think it’s a waste of time.’ Views on expos among respondents to the Survey of Employment Service Providers, however, were generally positive. Of those attending an expo, almost all (98 per cent) of the respondents indicated that the expo was at least ‘a little successful’ in providing information about, and access to, local jobs and job pathways. Forty-four per cent of respondents believed the expo had been ‘very successful’ or ‘extremely successful’ (Table 3.7).

Table 3.7: Success of Jobs and Skills Expos in providing information and access to local jobs and job pathways

<table>
<thead>
<tr>
<th>Success rating</th>
<th>Employment service providers</th>
</tr>
</thead>
<tbody>
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<td>Not at all successful</td>
<td>2</td>
</tr>
<tr>
<td>A little successful</td>
<td>29</td>
</tr>
<tr>
<td>Quite successful</td>
<td>26</td>
</tr>
<tr>
<td>Very successful</td>
<td>31</td>
</tr>
<tr>
<td>Extremely successful</td>
<td>13</td>
</tr>
</tbody>
</table>

1 Based on respondents who attended a Jobs and Skills Expo.

Source: Survey of Employment Service Providers (2010).

The views of the employers surveyed were also positive, although the number of staff recruited as a result of these expos was small. Of the 36 employers who attended a Jobs and Skills Expo and responded to the Survey of Employers, only six had recruited staff as a result.\(^{188}\) As an indication of the support of the expos among businesses who attended, 31 of the 36 (or 86 per cent) reported that they would attend a Jobs and Skills Expo if it was held again.

**Trends in the numbers of job seekers registering in employment services**

An alternative approach used to indicate the influence of Jobs and Skills Expos on employment was whether there was a change in the trend of job seekers registered in employment services in the weeks after an expo. If expos were successful in reducing labour market friction in priority employment areas, it is conceivable that this could be identified by a decline in the number of job seekers registered in employment services.

This analysis records the number of active job seeker registrations in employment services in the three months before and three months after the date of an expo. Registrations were recorded for expos in each priority employment area as an indication of the level of unemployment in these regions. It could be expected that, if more job seekers were finding work as a result of these expos, there would be a decrease in the number of job seekers actively registered in employment services. This reduction would be expected to occur in the weeks after the expo and deviate from the trend in job seeker registrations.

After both rounds of the expos in the priority employment areas, there was a decrease in the number of job seekers registered in employment services (Figure 3.4). Three months before the first

\(^{188}\) Small sample sizes did not allow this to be explored in further detail.
round of expos (Expo 1), approximately 688,800 job seekers were registered in the priority employment areas (or approximately 11.7 per cent of the working age population) (ABS 2011c). This had decreased slightly to 688,000 registrations by the first expo date and by three months later to 682,600 registrations. In contrast, registrations decreased more strongly after the second round of expos (Expo 2). Three months before the second round of expos, there were 674,800 job seekers registered with employment services. Registrations decreased to 661,200 job seekers at the date of the second expo and decreased again to 648,800 job seekers in the three months after the expo.

Figure 3.4: Number of job seekers in priority employment areas registered in employment services before and after Jobs and Skills Expo date

At first glance, the larger decrease in job seeker registrations in the second round of expos suggests these were more effective in reducing unemployment than the first round of expos. However, it is the deviation from the overall pattern of registrations that is most likely to represent the influence of an expo. This is more clearly identified by the percentage change in job seeker registrations from the date of the expo (Figure 3.5). Deviations in registrations were in fact greater in the first round of expos, particularly from six weeks after the expo date. The deviation in the trend of registrations is not evident in the second round of expos. This may reflect diminishing marginal returns from holding a second expo, perhaps as labour market friction has already been reduced. It may also reflect the fact that most of the expos in the second round were held in a smaller city within the priority employment area.
There was considerable variation in job seeker registration trends by priority employment area. This is perhaps not surprising given the added sensitivity in analysing regional data. There was a noticeable decrease in registrations in the weeks after the first round of expos in 12 priority employment areas, while in four priority employment areas there was a noticeable increase in registrations after their first expo. For the second round, seven priority employment areas showed a decrease in registrations while four showed an increase in the weeks after the expo.

Analysing trends in job seeker registrations as a means of identifying the potential impact of the expos is far from ideal. Registrations in employment services reflect many factors, including the local labour market conditions, job seeker characteristics and the role of employment service providers.\textsuperscript{189}

It must be acknowledged, therefore, that a reduction in employment services registrations in the weeks after an expo may not be attributable to the expo. There was no obvious pattern in the reductions in registrations for priority employment areas that recorded proportionally greater attendance numbers or connections with jobs. In some of the more populated priority employment areas, it is probably unrealistic to expect that an Expo could influence employment services registrations.

\textsuperscript{189} Deviations from trends in employment services registrations may also be influenced by seasonality and spurious variation.
The timing of the expos may also influence the above findings. For instance, as there was a concentration of expos occurring in mid-2010, employment services registrations may be affected by the labour market conditions and seasonal patterns of this particular time period.

The objective of the expos was to reduce friction in the labour market by improving job matching rather than creating new jobs. In this sense, a reduction in job seeker registrations may reflect the businesses bringing forward their hiring decisions. It may also reflect the hiring of job seekers registered in employment services in place of other people not registered with these services. It was not possible to isolate these potential effects in the data available.

Job seekers attending Jobs and Skills Expos were not necessarily registered in employment services. As providers promoted their services to attendees, this may have led to an increase in the number of job seekers registering with employment services in the weeks after an expo. The Survey of Employment Service Providers found evidence to support this. Thirty-two per cent of providers that were aware that an expo had taken place in their region reported an increase in the number of people seeking assistance from their site as a result of the expo. This increase could have potentially offset the decrease in job seeker registrations.

**Conclusion**

The Jobs and Skills Expos provided a venue for job seekers to interact directly with employers, RTOs and employment service providers. Expos aimed to share information and connect job seekers to employment and training opportunities in areas of labour market disadvantage.

Jobs and Skills Expos appear to have been successful in enabling this interaction. Awareness of and participation in the expos was high. Stall holders included local businesses, RTOs, employment service providers and government agencies. Total job seeker attendance at the 40 Jobs and Skills Expos was estimated to be more than 150,000.

Expos were generally thought to be well conducted and, where there was community buy-in, they were well received. However, the extent to which expo participation had reduced labour market friction in disadvantaged communities was uncertain. An analysis of changes in the trends of job seeker registrations in employment services before and after expos provides some indication of how these expos may have improved employment outcomes. There was a noticeable decrease in registrations after the first round of expos in priority employment areas but not the second. This may suggest that there are diminishing marginal returns from holding more than one expo in the priority employment area or the time between expos should be greater. The impact of expos on filling job vacancies and potentially reducing employment services registrations or the marginal return on multiple expos, however, could not be measured with any certainty.

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190 Given that employment service providers promoted the Jobs and Skills Expos to their clients, it could be expected that most expo attendees were registered in employment services. However, no information could be sourced on the characteristics of job seekers attending these expos.
Priority Employment Areas

In recognition that some regions are more affected by economic downturns than others, the Australian Government identified 20 priority employment areas across Australia. These areas were selected based on their likelihood of experiencing labour market disadvantage following the GFC. In each area, initiatives including Local Employment Coordinators, KAW Advisory Committees and Jobs and Skills Expos were established to address local responses to labour market disadvantage. Jobs Fund projects were also more likely to operate in priority employment areas than elsewhere.

Background

Priority employment areas were identified in order to target initiatives at the regions that experience higher levels of labour market disadvantage. It was thought that these initiatives could be better directed to stimulate local economies and support local employment and training opportunities. These priority employment areas are shown in Figure 3.6.

Figure 3.6: Location of priority employment areas—December 2009

The selection of priority employment areas involved an analysis of the regions most vulnerable to labour market disadvantage. The methodology sought to especially target ‘at risk’ regions. Around 70 indicators were used in this selection. Key labour market indicators used included:

- high unemployment rates
- increasing numbers of unemployment beneficiaries
- a high proportion of the population on income support
low educational attainment
industry structure vulnerable to cyclical weakness.

Other factors taken into account included the labour market performance of these regions in previous economic downturns (with regions performing poorly in previous downturns expected to also perform poorly in the most recent downturn). Consideration was also given to the size of the regions, ensuring that there was a reasonable concentration of unemployed people in each region and that distances could be covered by Local Employment Coordinators.

The priority employment areas were announced in three stages:

- in April 2009, the first seven priority employment areas were announced—two in New South Wales and one in each of the other states
- two further priority employment areas were announced in May 2009
- the remaining 11 were announced at the release of the Keep Australia Working interim report in mid-July 2009.\(^{191}\)

The selection of priority employment areas was, by itself, not considered an initiative of the Jobs and Training Compact. Rather, it was the initiatives targeted within these regions that were part of the compact, including the Local Employment Coordinators, KAW Advisory Committees and Jobs and Skills Expos.\(^{192}\) The Jobs Fund—an initiative focused on creating employment and training opportunities for people in economically disadvantaged communities—also had a large representation of projects within priority employment areas but was not restricted to these areas.\(^{193}\)

Objective

In the context of this evaluation, the objective of selecting priority employment areas was to ensure support for regions particularly vulnerable during the economic downturn. The focus of this part of the evaluation is on changes in labour market indicators in these areas relative to elsewhere in Australia following the introduction of the Jobs and Training Compact initiatives.

Evaluation data sources

This study is supported by a number of data sources. These include:

- the ABS Labour Force Survey that contains monthly data on labour force participation and unemployment by labour force region
- DEEWR administrative systems data from the Research and Evaluation Dataset—an episodic longitudinal administrative dataset that provides information on unemployment benefit recipients by priority employment area

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\(^{191}\) Boundary changes occurred in two Queensland priority employment areas in response to a KAW forum in Cairns on 25 September 2009. The Cairns priority employment area expanded to include the Indigenous community of Yarrabah and the Tablelands region. The Townsville priority employment area also included the Palm Island Local Government Area.

\(^{192}\) As noted earlier, Jobs and Skills Expos were not part of the original announcement of the Jobs and Training Compact.

\(^{193}\) Part of the Jobs Fund assessment criteria was to assist disadvantage groups and regions. Project proponents in the second round of Jobs Fund funding were asked whether the project would be located within a priority employment area. Approximately three-quarters of the Jobs Fund projects were located within a priority employment area.
the Survey of Employers’ Recruitment Expectations—a departmental survey conducted in priority employment areas to collect information on business recruitment patterns and expectations.

Further information on these data collections is provided at the end of this report.

**Limitations on the analysis**

An important limitation on this analysis was that very little data exist at the priority employment area level. Priority employment areas are based on amalgamations of 2006 Local Government Areas and these boundaries do not precisely match either the labour force regions used in the ABS Labour Force Survey or the postcodes that are used to link administrative systems data to geographic areas. Accordingly, most indicators of labour market performance at the priority employment area level need to be approximated. Moreover, small sample sizes and imperfect matching between regional boundaries for data drawn from the ABS Labour Force Survey have reduced data robustness for these indicators at the priority employment area level.

There are also methodological shortcomings in analysing the effect of the regionally targeted initiatives in priority employment areas. As these areas were selected based on their labour market disadvantage, they do not lend themselves to an appropriate counterfactual to determine how these regions would have fared in the absence of these regionally targeted initiatives.

Moreover, there is a limit to the extent that these indicators may have been responsive to the initiatives targeted in these areas. For instance, it is unrealistic to expect that a Local Employment Coordinator could influence the unemployment rate in a priority employment area to the degree that it would be observable. The unemployment rate is expected to be more strongly influenced by external economic factors and events specific to these regions, such as factory shutdowns and natural disasters. It was not possible to completely isolate the potential effect of regionally targeted initiatives from other factors that influence the labour market performance of these regions.

It is also expected that broader fiscal stimulus measures would overshadow or confound the influence of initiatives targeted towards these priority employment areas. The potential interaction of broader stimulus measures and other Jobs and Training Compact initiatives, which were targeted towards job seekers who more commonly resided in these areas, should therefore be borne in mind in the analysis that follows.

**Effectiveness**

To evaluate the effectiveness of priority employment areas, the labour market performance of these areas was compared with other areas not identified as priority employment areas. A possible approach to this type of analysis would be to compare the labour market performance of priority employment areas with similar regions not receiving assistance. A limitation to this approach is that each region tends to be unique, characterised by its own industry and socio-demographic structure. An appropriate counterfactual therefore could not be formed. As an alternative, priority employment areas were compared with all other regions not selected as priority employment areas—referred to as ‘non-priority employment areas’.
Taking the average of priority employment areas and comparing this with the average of non-priority employment areas is far from ideal but appropriate given the data constraints on the evaluation. The considerable variation between each priority employment area is a particular weakness of this approach. This variation is illustrated in Table 3.8, which shows selected labour market characteristics for the initial month of the GFC and for the two year average of regionally targeted initiatives. Not surprisingly, priority employment areas typically have much higher unemployment rates and lower labour force participation rates than non-priority employment areas.

Compared with the onset of the GFC in September 2008, higher rates of unemployment (including youth unemployment) occurred during the period of regional targeting for most regions. The average participation rate for priority employment areas decreased from 63.0 per cent in September 2008 to an average of 62.7 per cent during the period from July 2009 to June 2011. In contrast, the participation rate for non-priority employment areas increased from 67.3 per cent to 67.6 per cent. This suggests that the fewer available employment opportunities led to greater job search discouragement in priority employment areas.

The DEEWR Survey of Employers’ Recruitment Expectations was used to measure labour demand and recruitment. The results of this survey indicate that, across priority employment areas, there was variation in both demand for labour and the recruitment rate (measured as the number of job vacancies in the past 12 months per 100 staff currently employed). As a group, the priority employment areas were ‘worse off’ on the indicators shown in Table 3.8 than other areas. This is to be expected, otherwise the selection of priority employment areas would have been different. Furthermore, it lends support to an analysis based on aggregate data.

If regional targeting was effective, it could be expected that the greater level of support provided to priority employment areas since the introduction of the Jobs and Training Compact would lead to a relative improvement in the labour market indicators in these areas compared with non-priority employment areas. This may not necessarily be the case, however, as these priority employment areas were selected because they were more likely to be negatively affected by the economic downturn. The predisposition of priority employment areas to labour market disadvantage may in fact mean that regional targeting could have instead reduced the (potentially increasing) relative deterioration of priority employment areas compared with non-priority employment areas.

For this analysis, data from 2008 to 2012 are considered. This allows for the onset of the GFC from September 2008 and the operation of the Jobs and Training Compact initiatives in priority employment areas, which initially was for a two-year period (July 2009 to June 2011).

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194 September also has a slight seasonal bias relative to a 12-month average figure. Over the last decade (2002 to 2011) the average difference between the participation rate in September and calendar year average was -0.1 percentage points. The difference between the September 2008 figure and the two-year average may therefore understake the actual decrease in the participation rate, although this effect is expected to be small.

195 July 2009 was the month in which all of the 20 priority employment areas were announced. Actual implementation dates varied by initiative. For instance, Jobs and Skills Expos did not begin until October 2009.
Table 3.8: Selected labour market indicators by region,¹ September 2008 and 2009–11

<table>
<thead>
<tr>
<th>Region</th>
<th>Unemployment rate</th>
<th>Participation rate</th>
<th>Youth unemployment rate</th>
<th>Recruitment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ballarat – Bendigo</td>
<td>6.8</td>
<td>6.3</td>
<td>61.2</td>
<td>62.9</td>
</tr>
<tr>
<td>Bundaberg – Hervey Bay</td>
<td>5.2</td>
<td>6.8</td>
<td>56.8</td>
<td>55.3</td>
</tr>
<tr>
<td>Caboolture – Sunshine Coast</td>
<td>3.1</td>
<td>5.6</td>
<td>61.7</td>
<td>63.7</td>
</tr>
<tr>
<td>Cairns</td>
<td>5.0</td>
<td>10.0</td>
<td>71.2</td>
<td>70.1</td>
</tr>
<tr>
<td>Canterbury – Bankstown &amp; South West Sydney</td>
<td>6.7</td>
<td>7.2</td>
<td>62.5</td>
<td>60.1</td>
</tr>
<tr>
<td>Central Coast – Hunter</td>
<td>4.9</td>
<td>5.2</td>
<td>59.5</td>
<td>60.4</td>
</tr>
<tr>
<td>Illawarra</td>
<td>5.1</td>
<td>6.7</td>
<td>59.4</td>
<td>56.1</td>
</tr>
<tr>
<td>Ipswich – Logan</td>
<td>4.4</td>
<td>6.5</td>
<td>71.8</td>
<td>70.0</td>
</tr>
<tr>
<td>Mid-North Coast</td>
<td>7.5</td>
<td>6.4</td>
<td>52.8</td>
<td>52.6</td>
</tr>
<tr>
<td>North Eastern Victoria</td>
<td>4.4</td>
<td>6.2</td>
<td>59.7</td>
<td>59.7</td>
</tr>
<tr>
<td>North West / Northern Tasmania</td>
<td>4.6</td>
<td>6.3</td>
<td>62.3</td>
<td>60.9</td>
</tr>
<tr>
<td>North Western Melbourne</td>
<td>5.1</td>
<td>6.8</td>
<td>63.8</td>
<td>65.1</td>
</tr>
<tr>
<td>Northern &amp; Western Adelaide</td>
<td>5.9</td>
<td>6.6</td>
<td>61.5</td>
<td>61.8</td>
</tr>
<tr>
<td>Port Augusta – Whyalla – Port Pirie</td>
<td>6.0</td>
<td>4.5</td>
<td>61.8</td>
<td>58.1</td>
</tr>
<tr>
<td>Richmond–Tweed &amp; Clarence Valley</td>
<td>7.5</td>
<td>6.4</td>
<td>52.8</td>
<td>52.6</td>
</tr>
<tr>
<td>South Eastern Melbourne</td>
<td>3.9</td>
<td>7.1</td>
<td>66.3</td>
<td>65.3</td>
</tr>
<tr>
<td>South West Perth</td>
<td>3.1</td>
<td>5.0</td>
<td>70.2</td>
<td>68.8</td>
</tr>
<tr>
<td>Southern Wide Bay – Burnett</td>
<td>5.2</td>
<td>6.8</td>
<td>56.8</td>
<td>55.3</td>
</tr>
<tr>
<td>Sydney West &amp; Blue Mountains</td>
<td>5.9</td>
<td>6.7</td>
<td>65.4</td>
<td>66.0</td>
</tr>
<tr>
<td>Townsville</td>
<td>2.0</td>
<td>4.4</td>
<td>75.3</td>
<td>75.5</td>
</tr>
<tr>
<td>Priority employment area average³</td>
<td>5.1</td>
<td>6.4</td>
<td>63.0</td>
<td>62.7</td>
</tr>
<tr>
<td>Non-priority employment area average⁴</td>
<td>3.3</td>
<td>4.6</td>
<td>67.3</td>
<td>67.6</td>
</tr>
</tbody>
</table>

| Australia                                  | 4.0               | 5.3                | 65.5                   | 65.5             | 8.9              | 11.4             | NA               |

1 Unemployment rate and participation rate (population aged 15 years and over) are three-month average original data. Youth unemployment rate (aged 15 to 24 years) uses 12-month average original data. October 2008 provided the earliest data available to create 12-month moving averages. ABS Labour Force Survey estimates at the regional level were subject to high levels of sampling error and should be treated with caution. Data comparisons should be treated with caution.
2 2009–11 columns refer to estimates of labour market indicator averages during the period from July 2009 to June 2011.
3 Recruitment rate 2009–11 average refers to the number of vacancies in the past 12 months per 100 staff employed. Each priority employment area (except Northern & Western Adelaide) was surveyed at least once during this period. Survey collection dates varied by recruitment rate. Data comparisons should be treated with caution.
4 Priority employment area average refers to population weighted averages except for recruitment rate data, where equal weighting was given to each responding priority employment area.

**Unemployment rates**

Labour force region data from the ABS Labour Force Survey provided a time series of unemployment rates. For the analysis, it was necessary to approximate labour force regions to priority employment areas, although matching between the two was imperfect. There was substantial overlap in the boundaries of some areas while a couple of regions used were larger than individual priority employment areas. Labour force regions considered representative of priority employment areas were aggregated to provide a population representative average of the priority employment areas. All other labour force regions were used to create a population weighted average for the non-priority employment areas.

In both priority and non-priority employment areas there was a sharp increase in unemployment in the first few months after the GFC had taken effect. Unemployment rates in priority employment areas increased from 5.1 per cent in September 2008 to a peak of 7.2 per cent in March 2009, while unemployment in non-priority employment areas increased from 3.3 per cent to 4.9 per cent over the same period (Figure 3.7). These unemployment rates followed similar patterns, although the unemployment rate was persistently higher for priority employment areas. In the period from September 2008 to June 2009, priority employment areas were on average two percentage points higher. This reduced slightly to a difference of 1.8 percentage points in the initial two years (July 2009 to July 2011) that initiatives were targeted in priority employment areas.

Consistent with the data in Table 3.8, there was considerable variation in unemployment rates among priority employment areas. The dashed lines in Figure 3.7 illustrate the highest and lowest unemployment rates in each month for the 20 priority employment areas. Unemployment rates were as low as 1.6 per cent in Townsville in October 2008 and as high as 12.4 per cent in Cairns in March 2009. The average disparity between the highest and lowest unemployment rates was approximately 6 per cent, although this varied substantially between months.

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196 The proportion of labour force regions covered by the priority employment areas ranged from approximately 23 per cent to 100 per cent.
197 The Richmond–Tweed and Clarence Valley and the Mid-North Coast priority employment areas were singly (and imperfectly) represented by the Richmond–Tweed and Mid-North Coast labour force region. The Southern Wide Bay – Burnett and Bundaberg – Hervey Bay priority employment areas were also solely represented by the Wide Bay – Burnett labour force region.
198 All population estimates refer to those in the labour force unless otherwise noted.
199 Labour force estimates of individual priority employment areas involve small sample sizes. Caution is advised in the analysis of these results.
Figure 3.7: Average unemployment rates for priority and non-priority employment areas,\(^1\) 2008 to 2012

1 Unemployment rates are three-month averages of original data. Dashed lines represent minimum and maximum unemployment rates for priority employment areas in each month.

Source: ABS 2012d.

**Income support recipients**

The relative performance of priority employment areas can also be examined using DEEWR administrative systems data of unemployment-related income support recipients (i.e. those receiving Newstart Allowance or Youth Allowance (Other), known henceforth as ‘unemployment beneficiaries’ or the ‘unemployment allowees rate’). The benefit of using administrative data is that it contains unit record information that allows for a more detailed investigation of the labour market performance of priority employment areas. The unemployment allowees rates for each month were divided into three categories of unemployment duration:

- short-term unemployed—less than one year receiving unemployment benefits
- long-term unemployed—between one and two years receiving unemployment benefits
- very long-term unemployed—more than two years receiving unemployment benefits.

The pattern in unemployment allowees rates was very similar to the ABS unemployment rate measures.\(^{200}\) In September 2008, the average proportion of the labour force receiving unemployment allowances was 5.3 per cent in priority employment areas and 3.5 per cent in non-priority employment areas. During the period of regional targeting, the unemployment allowees rate increased to 6.9 per cent for priority employment areas and to 4.6 per cent for non-priority employment areas. In contrast to the ABS unemployment rates, the disparity in unemployment allowees rates between priority employment areas and non-priority employment areas also

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\(^{200}\) While these rates were similar, there are definitional reasons why unemployment allowees rates may differ from unemployment rates. A person surveyed by the ABS can be unemployed though may not be receiving unemployment benefits (due to personal choice, income and asset test restrictions or a delay in receiving payments).
increased slightly, with a difference averaging 2.4 percentage points during the period of regional targeting (represented by the dotted line in Figure 3.8).

**Figure 3.8: Average unemployment allowees rates for priority and non-priority employment areas, 1 2008 to 2011**

Differences in unemployment duration between priority and non-priority employment areas were magnified by the economic downturn. In the first year of the economic downturn, the difference in short-term unemployment allowees rates reached a maximum of 1.1 percentage points in August 2009 before decreasing to 0.7 percentage points by October 2010 (Figure 3.9). This suggests that there was a proportionally greater influx of newly unemployed in the priority employment areas in the first year of the downturn and this difference decreased as the economy began to improve. Moreover, these differences became smaller as regional targeting was being rolled out in these areas, although it could not be established whether the initiatives were responsible for the convergence in the short-term unemployment allowees rates.

The relative increase in the short-term unemployment allowees rate in priority employment areas during the first year of the economic downturn translated into an increase in the long-term and very long-term unemployment allowees rates in these regions in the months and years that followed (Figure 3.9). This suggests that many who became unemployed during this period were still unable to find work after 12 months. This difference in long-term and very long-term unemployment allowees rates between priority employment areas and non-priority employment areas was smaller than for the short-term unemployment allowees rates, indicating that many of the (additional) unemployed in the priority employment areas were successful in finding work within the first year of receiving unemployment benefits. However, the first year of the economic downturn appears to
have resulted in a persistent overall increase in the relative proportion of unemployment beneficiaries in priority employment areas.

**Figure 3.9: Differences in unemployment benefit durations by priority and non-priority employment areas, 2008 to 2011**

An alternative approach to analysing the relative performance of priority employment areas is to examine whether there were differences in the proportions of unemployment beneficiaries who exited income support. If there were differences in exit rates during the period of regionally targeted initiatives then there is a possibility that this could reflect the additional assistance provided to priority employment areas. Alternatively, it could be the result of other unobserved differences between these regions.

This analysis used administrative systems data to construct cohorts of job seekers in priority employment areas and non-priority employment areas who first received unemployment benefits within the three-month period from January to March 2009. This inflow is used to represent job seekers who may have lost their job as a result of the GFC. It also enables these job seekers to be tracked for a few months before the introduction of regionally targeted initiatives in priority employment areas. Cohorts of unemployment beneficiaries were also collected for the three-month period from January to March 2008 to compare the exit rates of priority employment areas and non-priority employment areas before the economic downturn.
Exits from income support were used to approximate the full-time employment outcomes of unemployment beneficiaries. Income support exits may not always be the result of employment. However, it has previously been estimated that between 70 and 90 per cent of income support exits were the result of employment outcomes (DEEWR 2007 and 2008b).

Survival curves represent the proportion of each cohort of unemployment beneficiaries who continued receiving income support for each month since inflow. A greater proportion remaining on income support indicates that job seekers have been less successful in finding employment and exiting income support. The survival curves shown in Figure 3.10 follow the expected pattern. Exit rates were high in the first few months of receiving benefit as the more skilled or motivated recipients found employment (indicated by a sharp decrease in the survival curves). The less skilled or less motivated recipients (or whose skills were less in demand) who remained on benefit had a lower rate of income support exit, resulting in a flattening of the survival curves. This may also be explained by the skills atrophy, job search discouragement and negative signalling to potential employers that are associated with being out of the workforce for a longer period.

The non-priority employment area cohorts had higher exit rates from income support than the corresponding priority employment area cohorts, indicating that job seekers not residing in priority employment areas were, on average, more successful in finding work (Figure 3.10). The first 12 months of the 2008 cohorts reveals a steeper rate of income support exit than the 2009 cohort, reflecting the stronger demand for labour before the GFC. After three years, approximately one-fifth of each cohort continued to receive income support.

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201 Transfers to other income support payments (e.g. Disability Support Pension) were not considered an exit from income support.

202 Estimates of employment-related income support exits vary depending on the characteristics of recipients. Note that this may also vary depending on labour force region and this may influence the extent to which income support exits are comparable across regions.

203 This stronger labour demand in 2008 relative to 2009 appears to have outweighed any potential differences in selection that may have existed between these years (i.e. the characteristics of those who began receiving unemployment benefits during the tight labour market of 2008 could be expected to be more disadvantaged than those who began receiving unemployed benefits during the economic downturn of 2009).
A closer investigation of the differences in survival rates (i.e. those remaining on income support) between priority employment areas and non-priority employment areas can be seen in Figure 3.11. For the 2008 cohort, the greatest difference occurred after three months, with the survival rate for priority employment areas 3.2 percentage points higher than that of non-priority employment areas. This decreased to 1.5 percentage points after three years. For the 2009 cohort, the difference was highest five to seven months after inflow (4.4 percentage points), converging to 2.3 percentage points after three years.

The findings in Figure 3.11 are consistent with the differences in unemployment benefit durations by priority and non-priority employment areas (Figure 3.9). Job seekers in priority employment areas were less likely to exit income support than those in non-priority employment areas. This effect was more pronounced for those in priority employment areas who began receiving income support during the economic downturn but the effect dissipated over time. It is uncertain, however, if the regionally targeted initiatives were in any way responsible for converging exit rates between priority employment areas and non-priority employment areas.
The differences between priority and non-priority employment areas can also be examined using logistic regression estimates of the likelihood of exiting income support. Logistic regression permits the inclusion of more information on job seeker characteristics and enables a more robust estimate of the influence of residing in a priority employment area once other observable factors that may have influenced income support exit rates are controlled for.

Factors associated with a (statistically significant) higher likelihood of income support exit included job seekers being prime working age, male, highly educated, non-Indigenous and not reporting a disability (Figure 3.12). These effects were consistent for both the 2008 and 2009 cohorts.

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204 This information was obtained by combining income support and employment services administrative data systems. Unemployment beneficiaries who did not have a matching employment services system record were excluded from the analysis.

205 Detailed outputs of logistic regression estimates are provided at the end of the report.
The inclusion of the priority employment area indicator variable was also (highly) statistically significant, although the magnitude was small compared with most other explanatory variables. For the 2008 cohort, non-priority employment areas were 12 per cent more likely to exit income support than priority employment areas and 16 per cent more likely to exit for the 2009 cohort. This suggests that, after controlling for other observable characteristics, job seekers residing in priority employment areas were less likely to find employment than those in non-priority employment areas. The effect was stronger for the 2009 cohort and is consistent with the earlier finding that those who become unemployed during the economic downturn had an additional negative likelihood of regaining employment if they resided in a priority employment area.

The priority employment area indicator variable may reflect countervailing influences occurring in these regions. On the one hand, the indicator reflects the demand for labour in priority employment areas relative to non-priority employment areas that was not otherwise captured in the regression analysis. The reduced likelihood of leaving income support for job seekers in priority employment areas during the economic downturn may therefore reflect the lower demand for labour in priority employment areas. This is unsurprising given that selection of priority employment areas was partially based on the industry structure of these regions being subject to cyclical weakness.

On the other hand, the priority employment area indicator variable may also reflect the influence of initiatives targeted towards these priority employment areas. If these initiatives were successful in improving the employment opportunities of job seekers in priority employment areas then, holding other factors constant, it is expected that the priority employment area indicator variable would be positive, particularly for the 2009 cohort.

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1 Rankings based on categorical variables of logistic regression estimates. Results were generally consistent for the 2008 and 2009 cohorts with all variables statistically significant, mostly at the 1 per cent level. Variables were ordered highest to lowest by magnitude. Detailed logistic regression outputs are provided at the end of the report. JSCI score refers to the Job Seeker Classification Instrument used to assess job seekers on their likelihood of finding employment. A higher JSCI score is associated with greater barriers to employment. Source: DEEWR administrative systems.
These findings suggest that any potential positive effect of regional targeting was outweighed by the negative effect of the lower demand for labour in these regions. This is to be expected, as the relative differences in labour demand should have a greater influence on income support exit rates, particularly as many of the initiatives were also available outside of priority employment areas. These potentially countervailing influences could not be isolated in this analysis.

Conclusion

In selected regions, initiatives were targeted at minimising the negative effects of the economic downturn in areas of labour market disadvantage. A handful of initiatives were exclusively targeted towards these priority employment areas, although arguably almost all other Jobs and Training Compact initiatives and the broader economic stimulus package were targeted towards job seekers who more commonly resided in these areas.

ABS Labour Force Survey data indicate that, while the labour market performance of priority employment areas and non-priority employment areas followed similar patterns since the GFC, the priority employment areas were on average considerably more disadvantaged. There was, however, variation among priority employment areas. These areas often faced labour market challenges unique to the region, including factors relating to the composition of the local industry structure and labour force, and the impact of other events, such as natural disasters and major factory shutdowns.

Analysis of unemployment beneficiary records provided a more detailed picture of the relative labour market performance of priority employment areas. Priority employment areas had a greater influx of unemployment benefit recipients in the first year of the economic downturn. This increase led to a persistently greater proportion of long-term unemployment beneficiaries in these regions. The discrepancy held even after controlling for job seeker characteristics.

Discrepancies in unemployment allowees rates between priority employment areas and non-priority employment areas began to converge as the economy improved. This convergence coincided with the roll-out of regionally targeted initiatives, although this was not necessarily attributable to these initiatives. Moreover, the regression analysis suggests that any positive effect would appear to be overshadowed by the lower demand for workers in these areas.

There were significant methodological limitations in analysing the impact of the regionally targeted initiatives in priority employment areas. The nature of the selection of the priority employment areas meant that it was not possible to identify appropriate counterfactuals for these areas. As the priority employment areas were expected to be predisposed to a higher level of labour market disadvantage, they may have endured greater labour market deterioration following the GFC relative to the other regions used for comparison.

\[206\] This indicator variable may also represent the influence of other unobserved factors that may have affected the likelihood of leaving income support for job seekers in priority employment areas relative to non-priority employment areas.
4 Other performance issues

So far this report has examined the three separate compacts that together formed the Jobs and Training Compact. This considered the contributions of these compacts to the objectives of the Jobs and Training Compact. As such, the focus has been on retrenched workers, young people and regions vulnerable in an economic downturn and the various initiatives introduced for these target groups. Also of interest are the experiences of two other groups: Indigenous Australians and former insulation workers.

A government priority is to close the gap in employment outcomes between Indigenous and non-Indigenous Australians. The government’s strategy to address this issue is linked to the Jobs and Training Compact.

The Insulation Workers Adjustment Package (IWAP), although not part of the Jobs and Training Compact, operated alongside the compact and introduced similar initiatives. Some of the programmes available to participants of the compact were also available to retrenched insulation workers.

The experiences of Indigenous Australians and retrenched insulation workers who participated in the Jobs and Training Compact are summarised in this chapter.
Indigenous Australians

Background
Indigenous Australians fare worse on almost all socio-economic indicators than non-Indigenous Australians. Indigenous Australians have a higher rate of unemployment, lower rate of labour force participation and a lower employment to population ratio than non-Indigenous Australians. Indigenous Australians also have greater barriers to education reflected in their lower rates of educational attainment and English language, literacy and numeracy difficulties.

The Jobs and Training Compact was not specifically targeted towards Indigenous Australians. The Compact aimed to assist people and regions affected by the economic downturn by providing additional employment and training assistance. However, as Indigenous Australians often have more disadvantaged characteristics than other Australians, it is conceivable they would be more likely to be eligible to participate in and be affected by the Jobs and Training Compact initiatives.

This analysis examines how Indigenous people fared during the economic downturn based on a range of labour market, income support and educational attainment indicators. It also assesses the extent to which the Jobs and Training Compact initiatives may have helped to address Indigenous disadvantage during the economic downturn given the government priority of closing the gap between Indigenous and non-Indigenous Australians.

Limitations on the analysis
Limitations on the analysis of Indigenous Australians affected by the economic downturn include the small size of the Indigenous population relative to the Australian population as a whole. As a result, in the surveys designed for the evaluation it was not possible with the resources available to include an Indigenous sample sufficiently large for separate analysis. The small number of Indigenous participants in the Jobs and Training Compact initiatives compounded this.

The small Indigenous population size meant that comparisons of labour market and education indicators between Indigenous and non-Indigenous Australians were restricted to an analysis of administrative systems and the changes between the 2006 and 2011 ABS Census of Population and Housing (the Census).

Comparisons between the characteristics of Indigenous and non-Indigenous Australians need to be undertaken cautiously. These include:

- Differences in the age profile and population growth of Indigenous and non-Indigenous Australians. In 2011, the median age of Indigenous Australians was 21 years compared with 38 years for non-Indigenous Australians. Between 2006 and 2011, the Indigenous population grew at a rate more than twice that of the non-Indigenous population (ABS 2012a). This has implications for comparing labour market and educational indicators between these groups.

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Indigenous Australians represent approximately 3 per cent of the Australian population (ABS 2012a).

For instance, it could be expected that younger people (who may still be of workforce age) would be less likely to participate in the labour force and may be yet to attain Year 12 or equivalent qualifications.
• Differences in the geographic distribution of Indigenous and non-Indigenous Australians. A greater proportion of Indigenous Australians live in regional (44.0 per cent) and remote (21.5 per cent) communities relative to non-Indigenous Australians (27.3 per cent and 1.7 per cent respectively) (ABS 2013a). This has implications when comparing labour market opportunities in these regions, as well as access to education and training and how these regions were affected by the economic downturn.

• Changes in the propensity to identify as an Indigenous Australian. Increased identification of Indigenous Australians may influence comparisons made over time between Indigenous and non-Indigenous Australians.

An important external factor further affecting labour market comparisons is the change to the Community Development Employment Projects (CDEP) policy, including the removal of CDEP from locations with established economies in June 2009. As CDEP participants are recorded as being employed on the Census form, the CDEP policy changes resulted in a decreased reporting of Indigenous employment in remote areas. This conceals the increase in non-CDEP employment for Indigenous Australians that was found in the 2011 Census. It is important therefore to recognise the influence of CDEP policy changes before drawing conclusions on the effect of the economic downturn on Indigenous Australians.

**Indigenous Australians and the Global Financial Crisis**

The economic downturn resulting from the Global Financial Crisis (GFC) affected both Indigenous and non-Indigenous Australians. Census data shows that the Indigenous labour market worsened relative to the non-Indigenous labour market. The unemployment rate for Indigenous Australians aged 15 to 64 years increased from 15.6 per cent in 2006 to 17.2 per cent in 2011 (compared with a smaller increase from 5.1 per cent in 2006 to 5.5 per cent in 2011 for non-Indigenous Australians). During the same period, the Indigenous labour force participation rate decreased from 56.8 per cent in 2006 to 55.9 per cent in 2011. In contrast, the non-Indigenous labour force participation rate actually increased from 75.5 per cent to 76.4 per cent. The employment to population ratio for those aged 15 to 64 years similarly decreased in the inter-censal period for Indigenous Australians (48.0 per cent in 2006 and 46.2 per cent in 2011) while it increased marginally for non-Indigenous Australians (71.7 per cent in 2006 and 72.2 per cent in 2011) (Table 4.1).

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209 Excludes people who did not state their Indigenous status, were without a usual place of residence or residing in a migratory, offshore or shipping zone.

210 CDEP is an Australian Government initiative for Indigenous job seekers who live in a remote community. The programme aims to help remote Indigenous job seekers gain skills and training and provide employment opportunities where there are no, or limited, alternative employment prospects (Department of Human Services 2012).

211 Unless otherwise noted, Census-related information was collected in August 2006 and August 2011. Labour market indicators are based on the labour force populations aged 15 to 64.

212 The employment to population ratio is the most appropriate labour market indicator for Indigenous/non-Indigenous comparisons because, unlike the unemployment rate, the denominator covers the entire 15- to 64-year-old population and includes the marginally attached population who may want to work but are not actively seeking work. There are proportionally more marginally attached Indigenous Australians than non-Indigenous Australians.
Examining these labour market indicators by age group shows further discrepancies between the Indigenous and non-Indigenous Australians:

- As is detailed earlier in the report, the economic downturn disproportionally affected younger age groups. This appears to have particularly affected young Indigenous Australians. For young Australians aged 15 to 24 years, the unemployment rate increased four percentage points (to 26.4 per cent) in the five years to August 2011 for Indigenous Australians, while it increased by less than two percentage points (to 11.8 per cent) for non-Indigenous Australians. Similarly, the employment to population ratio for young Indigenous Australians decreased by almost four percentage points (to 35.5 per cent) in the five years to 2011 while it decreased by three percentage points (to 57.6 per cent) for non-Indigenous Australians.

- The Indigenous prime age working population (aged 25 to 49 years) also showed weaker labour market trends than their non-Indigenous counterparts. The unemployment rate for this age group increased from 13.9 per cent in 2006 to 15.1 per cent in 2011 for Indigenous Australians and from 4.3 per cent to only 4.5 per cent for non-Indigenous Australians. The employment to population ratio decreased during the inter-censal period for Indigenous Australians in this age group but actually increased for non-Indigenous Australians. It appears that this negative change in employment for Indigenous Australians was largely the result of changes to CDEP policy. Initial departmental analysis identified that the worsening employment outcomes for Indigenous Australians was driven by changes in the regional and remote labour markets of Queensland and Western Australia. Combined with this, the phasing-out of CDEP in these areas has meant that some former CDEP participants were unable to find employment.

- During this time, labour market indicators appear to have improved slightly for older Australians (aged 50 to 64 years). The unemployment rate remained relatively steady, while the employment to population ratio increased two percentage points (to 47.3 per cent) in 2011 for
Indigenous Australians and by more than three percentage points (to 67.5 per cent) for non-Indigenous Australians. This appears to be the result of the ageing of the Australian workforce and the recent increase to the Age Pension age for women. The improvement to Indigenous employment may have also been influenced by the increasing propensity for people to identify as Indigenous. The inter-censal population growth rate for Indigenous Australians within this age group was very high at 40.8 per cent, compared with only 13 per cent for non-Indigenous Australians within this age group.

The geographical distribution of Indigenous and non-Indigenous Australians appears to have influenced their exposure to the economic downturn. A far greater proportion of Indigenous Australians live in regional and remote communities relative to other Australians (Table 4.2).

Table 4.2: Commencements in employment services\(^1\) by Indigenous status and remoteness

<table>
<thead>
<tr>
<th>Remoteness</th>
<th>Indigenous Australians</th>
<th>Non-Indigenous Australians</th>
<th>Retrenched workers</th>
<th>Total job seekers</th>
<th>Population(^2)</th>
<th>Retrenched workers</th>
<th>Total job seekers</th>
<th>Population(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major cities</td>
<td></td>
<td></td>
<td>39</td>
<td>29</td>
<td>35</td>
<td>63</td>
<td>62</td>
<td>71</td>
</tr>
<tr>
<td>Inner regional</td>
<td></td>
<td></td>
<td>21</td>
<td>17</td>
<td>22</td>
<td>22</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>Outer regional</td>
<td></td>
<td></td>
<td>28</td>
<td>24</td>
<td>22</td>
<td>12</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Remote</td>
<td></td>
<td></td>
<td>4</td>
<td>4</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Very remote</td>
<td></td>
<td></td>
<td>5</td>
<td>14</td>
<td>14</td>
<td>1</td>
<td>1</td>
<td>&lt;1</td>
</tr>
<tr>
<td>Other(^3)</td>
<td></td>
<td></td>
<td>2</td>
<td>11</td>
<td>NA</td>
<td>0</td>
<td>1</td>
<td>NA</td>
</tr>
</tbody>
</table>

\(^1\) Includes those who commenced employment services who registered between July 2009 and December 2010.

\(^2\) Population based on 2011 Census of Population and Housing.

\(^3\) Includes missing and unknown locations.

NA: Not applicable.

Source: DEEWR administrative systems and ABS 2013a.

The proportion of job seekers commencing employment services comprised a similar share of the population living in these locations. For example, 35 per cent of Indigenous Australians and 29 per cent of Indigenous job seekers lived in major cities, while 44 per cent of Indigenous Australians and 41 per cent of Indigenous job seekers lived in regional areas. In contrast, a greater share of Indigenous retrenched workers\(^{213}\) were living in major cities (39 per cent) and regional areas (49 per cent).

Only 9 per cent of Indigenous retrenched workers lived in remote areas compared with approximately one-fifth of the Indigenous population. This suggests that remote areas were less affected by the economic downturn than regional and metropolitan areas. This is perhaps due to the undeveloped labour markets in some remote areas where there was less potential for retrenchments to be made. It may also indicate that Indigenous Australians did not have similar access to employment services in remote areas relative to more densely populated areas.

The impact of the GFC was reported to be small among those interviewed in regional and remote Indigenous communities. In 2010, the department contracted Colmar Brunton Social Research to

\(^{213}\) Refers to those retrenched workers registered in employment services as flagged by Centrelink.
Interview selected Indigenous communities to investigate how to improve Indigenous job seeker engagement with work experience activities. Those interviewed believed that the GFC had only a small impact on regional areas and hardly any impact on the remote communities visited. Reliance on income support payments was believed to have insulated remote communities from the GFC. The only exceptions to this were the Indigenous arts centres visited that reported less demand for their products, although this did not appear to result in Indigenous job losses in these centres.

Administrative systems data on income support payments provide further detail of how Indigenous people have fared since the GFC. Approximately half of working age\textsuperscript{214} Indigenous Australians were recorded as receiving income support in August 2011\textsuperscript{215} (compared with 14 per cent of non-Indigenous Australians).

Overall, Indigenous and non-Indigenous Australians recorded similar increases in working age income support since the GFC. In the 12 months to March 2009, the number of people receiving working age income support\textsuperscript{216} increased by 7.5 per cent for Indigenous Australians and by 7.9 per cent for non-Indigenous Australians (Figure 4.1). In the 24 months to March 2010, this increase was almost equivalent (an increase of 15.7 per cent for Indigenous Australians and 15.8 per cent for non-Indigenous Australians). Four years later, Indigenous Australians receiving income support increased by 21.8 per cent and by 16.4 per cent for non-Indigenous Australians.\textsuperscript{217}

The growth in the number of Indigenous people receiving unemployment benefits since the GFC was relatively small. Indigenous Australians receiving unemployment benefits increased by only 8 per cent in the 12 months to March 2009 and by 16 per cent in the 24 months to March 2010 (Figure 4.1). After four years, the number of Indigenous unemployment beneficiaries was only 17 per cent higher than in March 2008. In contrast, the number of non-Indigenous Australians receiving unemployment benefits in the 12 months to March 2009 increased by 29 per cent. This increased to 49 per cent in the 24 months to March 2010 and remained at this point two years later.

\textsuperscript{214} Working age refers to those aged 15 to 64 years unless otherwise noted.
\textsuperscript{215} This compares population (ABS 2013a) and income support data.
\textsuperscript{216} Payments exclude Age Pension.
\textsuperscript{217} It is important to note that the growth in the working age population during the inter-censal period for Indigenous Australians was more than twice the rate of non-Indigenous Australians (23 per cent compared with 9 per cent) and partially reflects a greater number of Australians who identified as Indigenous. It is to be expected, therefore, that higher growth in the Indigenous population would lead to a corresponding increase in the number of Indigenous income support recipients.
The growth in the number of income support recipients since the GFC occurred in different payment types for Indigenous and non-Indigenous Australians. Unemployment benefits comprised the largest share of Indigenous working age income support payments (39 per cent of total payments in March 2012). However, the largest increase in the share of Indigenous income support payments was from Disability Support Pension (DSP) recipients (increasing from 21 per cent to 25 per cent of Indigenous working age payments) (Figure 4.2).

In contrast, DSP recipients make up the largest share of working age income support payments for non-Indigenous Australians (37 per cent of total payments in March 2012). However, the largest increase in the share of non-Indigenous payments between March 2008 and March 2012 was from unemployment beneficiaries (increasing from 20 per cent to 25 per cent of non-Indigenous working age payments).

Source: DEEWR administrative systems.
The number of DSP recipients increased by 49 per cent from 2008 to 2012 for Indigenous Australians and by 14 per cent for non-Indigenous Australians over the same period. A departmental analysis indicated that the increase in the number of Indigenous DSP recipients was partially the result of the increased reporting of mental health conditions. This appears to be largely due to a one-off increased disclosure and identification of disability as a result of the Northern Territory Emergency Response.\(^{218}\) It may also reflect the fact that relatively more Indigenous people have moved outside of the labour force as a result of job search discouragement during the economic downturn.\(^{219}\) Other reasons for the increased number of DSP recipients may include ageing of the Indigenous population, the raising of the Age Pension age and the increased financial attractiveness of DSP relative to unemployment benefits.

A positive consequence of an economic downturn is that it helps to increase participation in education and training. An indicator of educational participation is whether there was an increase in the proportion of people receiving student payments.

Since March 2008, this increase was greater for non-Indigenous Australians than Indigenous Australians, suggesting that there was proportionally lower participation in education and training.

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\(^{218}\) Compared with an average annual increase in Indigenous DSP of 11.1 per cent in the previous four years, recent growth was more restrained at only 4.4 per cent in the 12 months to March 2012.

\(^{219}\) Relative to unemployment benefits, DSP has fewer job search requirements as a condition for receiving payment.
for Indigenous Australians. In the 12 months to March 2009, Indigenous Australians on student payments increased by 10 per cent and by 20 per cent in the 24 months to March 2010. After four years, the number of Indigenous people on student payments was 16 per cent higher than in March 2008. The number of non-Indigenous Australians of working age who were receiving student payments increased by 14 per cent in the 12 months to March 2009. This increased to 27 per cent in the 24 months to March 2010 and to 33 per cent after four years.

In contrast, Census information shows that there was an improvement in educational participation for Indigenous Australians aged 15 to 19 years relative to their non-Indigenous counterparts. Indigenous educational attendance for this age group increased by 5.8 percentage points in the five years to 2011 (to 59.8 per cent) while it increased by 2.6 percentage points (to 79.2 per cent) for non-Indigenous Australians over the same period (Table 4.3).

<table>
<thead>
<tr>
<th>Indigenous status</th>
<th>2006 Census</th>
<th>2011 Census</th>
<th>Percentage point change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indigenous</td>
<td>54.0</td>
<td>59.8</td>
<td>5.8</td>
</tr>
<tr>
<td>Non-Indigenous</td>
<td>76.6</td>
<td>79.2</td>
<td>2.6</td>
</tr>
<tr>
<td>Australia</td>
<td>75.8</td>
<td>78.3</td>
<td>2.5</td>
</tr>
</tbody>
</table>


There has been a substantial increase in the qualifications of Indigenous Australians from 2006 to 2011. However, the number of Indigenous Australians attaining Year 12 remains less than half that of non-Indigenous Australians. The proportion of the Indigenous population aged 15 and over with a Year 12 qualification increased from 19 per cent in 2006 to 25 per cent in 2011 while, for non-Indigenous Australians, attainment increased from 45 per cent to 52 per cent over the same period.

Overall, it appears that the changes in the Indigenous population and labour market since the economic downturn are such that any impact of the economic downturn is largely obscured by other factors. These include the age profile and geographic location of Indigenous people as well as government changes to Indigenous policy. There is some evidence that relatively more Indigenous people have moved outside the labour force. A risk associated with this trend is that the downturn may result in further and persistent labour market disadvantage for Indigenous Australians.

However, there have been positive signs that participation in education and educational attainment levels have improved for Indigenous Australians. On some measures, this rate of improvement was lower than that for non-Indigenous Australians and there is significant scope to continue to improve Indigenous educational outcomes.

**Indigenous Australians and the Jobs and Training Compact**

While the Jobs and Training Compact itself was not specifically targeted towards Indigenous Australians, some of the compact initiatives promoted participation by Indigenous people. This included less strict eligibility requirements for Indigenous job seekers referred to the Australian
Apprenticeships Access Program, Jobs Fund projects targeted at addressing Indigenous disadvantage and the promotion of Indigenous employment strategies by Local Employment Coordinators.\textsuperscript{220}

Moreover, Indigenous Australians would be more likely to be eligible to participate in each of the three compacts under the Jobs and Training Compact than non-Indigenous Australians given their greater level of labour market disadvantage:

- The Compact with Retrenched Workers included initiatives to assist those who lost their jobs or were at risk of losing their jobs as a result of the economic downturn. Indigenous Australians would appear to benefit from these initiatives, as they typically face greater labour market barriers than other groups and could be among the first to lose their jobs in periods of job shedding. Approximately 12,700 Indigenous job seekers registered with Centrelink as retrenched workers between February 2009 and December 2010. This was approximately 4.6 per cent of all retrenched workers and was lower than a comparison group of job seekers registered in employment services who were not flagged as retrenched (where 5.9 per cent were Indigenous). This indicates that, although there was a greater share of Indigenous retrenchments relative to the Indigenous share of the Australian population, there were proportionally fewer Indigenous retrenchments compared with other Indigenous job seekers accessing employment services during the period. Based on the disadvantaged characteristics of Indigenous job seekers, it appears that many would have received comparable assistance in the absence of the Compact with Retrenched Workers, as most elements of these programmes and services were already available to them.

- The Compact with Young Australians aimed to assist young people and particularly early school leavers who, owing to their lack of work experience, are disproportionately affected by economic downturns. As noted earlier, Indigenous Australians were found to be, on average, much younger and have lower rates of Year 12 attainment than non-Indigenous Australians. A greater proportion of Indigenous young people were also not engaged in employment, education or training (NEET) for 12 months or more. About one-quarter of the Indigenous population aged 15 to 24 years were long-term NEET\textsuperscript{221} in May 2010 compared with 4.7 per cent of the equivalent non-Indigenous population. Proportionally more Indigenous Australians therefore appear to have been eligible for the assistance provided in the Compact with Young Australians.

- The Compact with Local Communities aimed to assist regions affected by economic downturns and it specifically targeted regions with vulnerable labour markets. It is uncertain whether Indigenous Australians were more or less engaged with the Compact with Local Communities than non-Indigenous Australians. A smaller proportion of Indigenous job seekers who accessed employment services during this period lived in a priority employment area (40 per cent).

\textsuperscript{220} Some existing programmes that provided additional training places under the Jobs and Training Compact had specific funding and places available for Indigenous participants (which were not announced as part of the Jobs and Training Compact). These programmes included the Workplace English Language and Literacy (WELL) programme, existing Indigenous apprenticeship incentives and Indigenous employment services.

\textsuperscript{221} Long-term NEET refers to those young people not in employment, education or training in May 2010 and were either long-term recipients (12 months or more) of the Youth Allowance (Other), Newstart Allowance, Disability Support Pension, Parenting Payments, Carer Payment or were long-term unemployed assisted by Job Services Australia. These long-term recipients include those who had short stints in employment or education.
compared with non-Indigenous job seekers (49 per cent). This reflects the fact that priority employment areas did not encompass large areas of remote Australia. However, there were strategies in place in each of the priority employment areas that aimed to improve Indigenous employment and training.

Evaluation findings for Indigenous Australians participating in the Jobs and Training Compact initiatives are as follows:

- The Early Access to Employment Services initiative affected a comparatively smaller share of Indigenous job seekers because most already qualified for personalised (i.e. Stream 2 or higher) employment services as a result of their greater barriers to employment. Thirty-seven per cent of Indigenous retrenched workers were eligible for Early Access as a result of this initiative, with the remaining 63 per cent already qualifying for these services. In contrast, most non-Indigenous retrenched workers had lower predicted barriers to employment, with 85 per cent of those previously not eligible for personalised employment services able to receive Early Access. Approximately the same proportion (78 per cent) of Indigenous and non-Indigenous retrenched workers who received Early Access commenced these services. Of these commencements:
  - Referrals to training and job search activities were greater for Indigenous retrenched workers receiving Early Access (22 per cent of Indigenous retrenched workers were referred to an activity compared with 14 per cent of non-Indigenous retrenched workers).
  - The types of training activities that Indigenous workers were referred to were typically at lower certificate levels. Among those receiving employment services for at least three months, there were similar proportions of Indigenous (20 per cent) and non-Indigenous (21 per cent) retrenched workers who were referred as their first activity to Certificate I or II level courses. In contrast, only 14 per cent of Indigenous retrenched worker activity referrals were to Certificate III or IV level courses (compared with 24 per cent for non-Indigenous workers). Only 2 per cent were referred to tertiary education (compared with 10 per cent for non-Indigenous workers).
  - Job referrals and placements were slightly higher for Indigenous retrenched workers. Eighty-two per cent of Indigenous retrenched workers were referred to a job and 74 per cent were placed in a job (compared with 79 per cent of non-Indigenous retrenched workers referred to a job and 73 per cent placed in a job).
  - Exits from employment services were slightly lower for Indigenous retrenched workers. After 12 months, 67 per cent of Indigenous retrenched workers exited employment services.

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222 Job seekers registered in employment services are required to complete a survey known as the Job Seeker Classification Instrument (JSCI). The JSCI is used to assess a job seeker’s relative barriers to employment based on their characteristics. Job seekers who are assessed to have characteristics that increase their likelihood of long-term unemployment are able to receive higher levels of employment services (i.e. Stream 2 or higher services). JSCI factors that take account of Indigenous-specific disadvantage include ‘Indigenous status’ and ‘Indigenous location’ and increase the likelihood that these job seekers will qualify for higher levels of employment services.

223 The analysis was restricted to Newstart Allowance and Youth Allowance recipients who registered in employment services between July 2009 and December 2010 to ensure comparability between programme and comparison groups in the way exits from assistance and employment and training outcomes were recorded in administrative systems data. Activity referrals data include those not receiving income support.
compared with 69 per cent of the equivalent non-Indigenous group. After two years, 86 per cent of Indigenous retrenched workers and 87 per cent of non-Indigenous retrenched workers exited employment services. However, proportionally more Indigenous retrenched workers returned to employment services within two years (51 per cent compared with 42 per cent of non-Indigenous retrenched workers).

- Approximately half of Indigenous and non-Indigenous retrenched workers receiving Early Access achieved 13-week outcomes and 38 per cent of Indigenous and 40 per cent of non-Indigenous achieved 26-week outcomes.\(^{224}\)

- **Language, Literacy and Numeracy Program (LLNP)** included approximately 7 per cent of total commencements taken up by Indigenous participants. While this is more than representative of the Indigenous population, it is less than the 10 per cent of Newstart Allowance recipients who identified as Indigenous. It appears that considerably more Indigenous engagement in foundational skills training is required to help address Indigenous English language, literacy and numeracy issues.

- A very small number of displaced Indigenous workers participated in Structural Adjustment Places (SAP) with less than 1 per cent of total SAP commencements. The proportion of Certificate II level commencements by Indigenous Australians was slightly higher (at 2 per cent) which reflects the higher level of disadvantage for many of those who participated in this type of training. There was some criticism by Registered Training Organisations (RTOs) and Job Services Australia (JSA) providers that these SAP training courses were only available at the Certificate II level and above. Indigenous job seekers (and other disadvantaged job seekers) often did not have the necessary prerequisites to immediately access these training places and may have benefited from training at the Certificate I level.

- The Training Supplement included a higher share of Indigenous job seekers relative to the Indigenous job seeker population (approximately 13 per cent of Training Supplement recipients were Indigenous compared with 10 per cent of Newstart Allowance recipients). This is perhaps because the Training Supplement was targeted towards job seekers who had left school before completing Year 12 or Certificate II level equivalent education. The Training Supplement was available for those studying at all certificate levels, including Certificate I level courses.

- The temporary changes to the Liquid Assets Waiting Period had a comparatively small influence on Indigenous Australians. Only 1 per cent of those granted income support who held enough liquid assets to benefit from a reduced waiting period were Indigenous. In contrast, 8 per cent of those granted income support who did not hold enough liquid assets to be subject to any waiting period were Indigenous. These temporary changes therefore appear not to have affected many Indigenous income support recipients as most already benefitted from not having to serve a waiting period under the regular liquid asset thresholds.

- Approximately 5.5 per cent of Access Program commencements were Indigenous Australians. While this commencement rate is more than the Indigenous share of the Australian population, it is less than the 10 per cent of Newstart Allowance recipients who were Indigenous.

\(^{224}\) 13-week and 26-week outcomes refer to where Early Access retrenched workers have been in full-time employment or training for at least 13 weeks and 26 weeks respectively.
• A slightly lower share of Indigenous apprentices attracted apprenticeship incentives for their employers. Three per cent of teenage apprentices that attracted the Apprentice Kickstart payment were Indigenous Australians, compared with 4 per cent of an Indigenous comparison group of apprentices who did not attract this payment. Indigenous apprentices represented 3 per cent of those who attracted the Securing Australian Apprenticeships Recommencement Bonus (who must have previously been out of trade) and 2 per cent of apprentices who attracted the Securing Australian Apprenticeships Completion Bonus (who must have finished their apprenticeship).

• A disproportionate number of young early school leavers receiving income support were Indigenous Australians. Of the young people who accessed income support in 2009, 12 per cent of the early school leaver cohort was Indigenous compared with 5 per cent of the school completer cohort. Learn or Earn appears to have contributed to improving Indigenous educational participation and attainment and reducing the share of Indigenous young people receiving unemployment benefits. Specifically, compared with the 2008 Indigenous early school leaver cohort, after 18 months the 2009 Indigenous cohort:
  – was 2.9 percentage points higher (at 16.0 per cent) for those people on student payments
  – was 4.2 percentage points higher (at 12.3 per cent) for those people attaining Year 12
  – was 4.2 percentage points lower (at 30.1 per cent) for those people receiving unemployment benefits
  – had the same proportion of people exiting income support (at 33.7 per cent).

• Eleven projects funded by the Jobs Fund were specified as Indigenous projects (5 per cent of total projects). The Indigenous Jobs Fund projects visited for the evaluation included training in certificate level courses, pre-apprenticeships and literacy and numeracy. Most of these projects were on track to meet their employment targets, although the sustainability of ongoing employment positions was a concern for some projects.

• Local Employment Coordinators helped to create Regional Development Plans, which included strategies to address Indigenous disadvantage. Local Employment Coordinators (and their Keep Australia Working Advisory Committees) worked with JSA and Indigenous Employment Program providers, RTOs, Jobs Fund projects, state and local government, businesses and local Indigenous communities in these areas to establish links and promote Indigenous employment and training. Such initiatives included: mentoring and cultural awareness training, developing Indigenous businesses and providing career expo opportunities for Indigenous job seekers. Supporting local Indigenous ‘champions’ was a further initiative used to encourage Indigenous apprenticeships and increased workforce participation for Indigenous people.

A summary of the evaluation findings for Indigenous Australians participating in the Jobs and Training Compact initiatives is presented in Table 4.4.

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225 Cohorts based on groups of young people aged 15–20 years who began receiving income support in the period July to September 2009.
226 The small proportions of Indigenous youth within the cohorts analysed limited the extent to which this group can be reliably measured.
### Table 4.4: Indigenous findings for selected Jobs and Training Compact initiatives

<table>
<thead>
<tr>
<th>Jobs and Training Compact initiative</th>
<th>Indigenous Key Performance Measure</th>
</tr>
</thead>
</table>
| Early Access to Employment Services  | - 12,700 Indigenous retrenched workers since February 2009 (4.6% of total retrenched workers).  
- 37% of Indigenous retrenched workers referred to Job Services Australia were eligible for Early Access (the remaining 63% were already qualified for Stream 2 or higher services because of their disadvantaged characteristics).  
- 22% of Indigenous retrenched workers were referred to an employment or training activity (compared with 14% of non-Indigenous retrenched workers).  
- 82% of Indigenous retrenched workers were referred to a job and 74% were placed in a job (compared with 79% of non-Indigenous retrenched workers referred and 73% placed in a job).  
- After 12 months, 67% of Indigenous retrenched workers exited employment services (compared with 69% of non-Indigenous retrenched workers).  
- 50% of Indigenous retrenched workers achieved 13-week outcomes and 38% achieved 26-week outcomes (compared with 50% 13-week and 40% 26-week outcomes achieved by non-Indigenous retrenched workers). |
| Building the Basics                 | - 7% of Language, Literacy and Numeracy Program commencements were Indigenous participants. |
| Structural Adjustment Places (SAP) | - <1% of SAP commencements were Indigenous participants. |
| Training Supplement                 | - 13% of recipients were Indigenous job seekers. |
| Temporary changes to the Liquid Assets Waiting Period | - 1% of income support grants potentially benefiting from a reduced waiting period were Indigenous Australians. |
| Pathways to Skills                  | - 5.5% of Australian Apprenticeships Access Program commencements were Indigenous participants. |
| Apprentice Kickstart                | - 3% of apprentices who attracted Apprentice Kickstart were Indigenous. |
| Securing Australian Apprenticeships (SAA) | - 3% of apprentices who attracted the SAA Recommencement Bonus were Indigenous.  
- 2% of apprentices who attracted the SAA Completion Bonus were Indigenous. |
| Learn or Earn                       | - Compared with the 2008 Indigenous early school leaver (ESL) cohort, after 18 months the 2009 Indigenous ESL cohort was:  
- 2.9 percentage points higher (at 16.0%) for people on student payments  
- 4.2 percentage points higher (at 12.3%) for people attaining Year 12  
- 4.2 percentage points lower (at 30.1%) for people receiving unemployment benefits  
- the same proportion of people exiting income support (at 33.7%). |
| Jobs Fund                           | - 11 Jobs Fund projects were specified as Indigenous (5% of all projects). |
| Local Employment Coordinators       | - Regional Development Plans in each of the 20 priority employment areas included strategies to address Indigenous disadvantage. |

Source: DEEWR administrative systems.
These findings reveal that, despite the possibility that Jobs and Training Compact eligibility was greater for Indigenous Australians, this did not appear to result in greater Indigenous engagement with these initiatives. This is common across employment and training programmes and for Indigenous engagement in education and work more broadly (see DEWR 2003 and DEEWR 2007).227 Reflecting the more disadvantaged characteristics of Indigenous job seekers, many would have received access to assistance regardless of whether the Jobs and Training Compact was introduced.

The small number of Indigenous participants meant that it was not possible to reliably assess the effectiveness of the Jobs and Training Compact in achieving Indigenous employment and training outcomes. There was some evidence that these initiatives helped to provide positive outcomes to Indigenous participants, although these participants were on average less likely than non-Indigenous participants to remain engaged and successfully complete these programmes.

**Conclusion**

Just as the GFC had a negative effect on the broader Australian population, it also disadvantaged Indigenous Australians. However, it was difficult to examine the extent to which the GFC affected Indigenous Australians because impacts on the Indigenous labour market resulting from the downturn were largely obscured by other factors. It appears that the economic downturn resulted in poorer labour market trends for Indigenous Australians, particularly for Indigenous youth.

Proportionally more Indigenous Australians moved to income support payments that did not involve job search as a requirement for payment, suggesting that there was greater movement out of the labour market among Indigenous people. On the other hand, there were improvements to Indigenous educational participation and attainment, but often not to the same extent as non-Indigenous Australians.

Engagement with the Jobs and Training Compact initiatives by Indigenous people reflected both the characteristics of this population and the availability of alternative options for support. Some of the initiatives provided assistance to job seekers with comparatively fewer barriers to employment than many Indigenous job seekers faced. Indigenous Australians were often able to access employment, training and income support assistance even in the absence of the Jobs and Training Compact. Indeed, the many other forms of assistance available to Indigenous Australians confounded an analysis of the level of engagement by Indigenous people with the Jobs and Training Compact. Furthermore, the small number of Indigenous participants meant that it was not possible to separately analyse and draw valid conclusions on the effectiveness of the Jobs and Training Compact in achieving employment and training outcomes for Indigenous Australians.

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227 Research undertaken by Colmar Brunton Social Research for the department on Indigenous communities in remote and regional Australia identified several key barriers and demotivators that reduced Indigenous engagement in education and work (DEEWR 2010b). These included environmental factors such as a lack of employment and training opportunities (particularly in remote areas), overcrowded housing, a lack of transport and communication services, racism and a lack of social capital; cultural barriers such as high mobility, intermittent work habits and peer pressure; and personal demotivators such as a lack of confidence, low educational attainment, literacy and numeracy barriers, intergenerational unemployment and welfare reliance. Structural barriers included a lack of coordination of Indigenous programmes between the Australian Government and state governments, continual programme changes and the limited economic incentive in finding work.
Insulation Workers Adjustment Package

Background
The Insulation Workers Adjustment Package (IWAP) was introduced by the Australian Government to assist the businesses and employees affected by the closure of the Home Insulation Scheme on 19 February 2010. It was announced on 24 February 2010 and was eligible to those working or made retrenched from insulation installation businesses and those businesses involved in insulation manufacturing and assembly.

The IWAP included assistance to former insulation workers to find alternative employment or training relevant to a new job. It also aimed to help insulation workers to be retained in the industry until the Renewable Energy Bonus Scheme began on 1 June 2010. Following safety concerns raised by Dr Allan Hawke in his *Review of the administration of the Home Insulation Program* (Hawke 2010), the government did not proceed with the insulation component of the Renewable Energy Bonus Scheme. The retention of insulation workers was then to be focused on retraining workers and supporting the operational diversification of existing insulation-related businesses.

The $41.2 million Insulation Worker Adjustment Package included:

- immediate access to Stream 2 or higher employment services for former insulation workers (as part of the Compact with Retrenched Workers)
- $14.7 million for 2,000 places available in the LLNP and 2,000 training places available in the Australian Apprenticeships Access Program to provide foundation skills and pre-vocational training for former insulation workers
- $15 million for 3,000 SAP—Productivity Places Program to help retrain installers and insulation manufacturing and assembly workers in alternative industries
- a $10 million Insulation Workers Adjustment Fund (IWAF) to help workers and firms in the insulation industry transitioning to alternative jobs and training, including support to diversify their businesses
- $1.5 million for up to 25 dedicated Insulation Employment Coordinators to assist former insulation workers to find alternative jobs and training. The Insulation Employment Coordinators could access the IWAF to assist these workers.

The IWAF was not considered part of the Jobs and Training Compact. The package was in response to the job losses occurring from the closure of the government’s Home Insulation Program rather than as a direct response to the job losses occurring as a result of the GFC. However, both of these packages aimed to address unemployment and the reskilling of retrenched workers. Most of the initiatives available in the IWAP were an extension of the initiatives announced in the Jobs and

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228 The Renewable Energy Bonus Scheme was to provide government rebates to ceiling insulation and solar water heating.
229 The Solar Hot Water Rebate component of the Renewable Energy Bonus Scheme commenced in June 2010 as previously announced. The announcement that the insulation component would not proceed was made on 22 April 2010.
230 No dedicated additional funding for this initiative was provided for insulation workers in the IWAP.
231 The Home Insulation Program was introduced partially as a response to the Global Financial Crisis. The twin objectives of the Home Insulation Program were to generate economic stimulus and improve the energy efficiency of homes (Hawke 2010).
Training Compact.\textsuperscript{232} As a result, the performance of the IWAP was considered in the context of the Jobs and Training Compact evaluation.

The IWAP differed from the Jobs and Training Compact by its specific targeting of the insulation industry, with its objectives focused on business diversification as well as employment and training geared towards a change in industry. The IWAP was also available for a shorter time period. The IWAP commenced in March 2010, while most of the Jobs and Training Compact initiatives commenced in July 2009. Closing dates for IWAP initiatives were often only a few months later than the equivalent Jobs and Training Compact initiatives.\textsuperscript{233}

\textbf{Limitations on the analysis}
Former insulation workers can be considered a subset of retrenched workers.\textsuperscript{234} These former insulation workers could not always be separately identified in the administrative systems from other retrenched workers. For instance, it was not until the closure of the Home Insulation Program that former insulation workers could be separately identified by Centrelink.\textsuperscript{235} It is also possible that former insulation workers may have instead been flagged as retrenched workers by Centrelink and potentially assisted by the Jobs and Training Compact rather than by IWAP. The extent to which there was incorrect identification of former insulation workers could not be measured. However, it is likely to have resulted in an under-representation of former insulation workers participating in the IWAP.

No additional data collections were directed at former insulation workers for the evaluation. This analysis relies on administrative systems data that includes the identification of former insulation workers registered in employment services, as flagged by Centrelink. Displaced insulation workers (who may not have been made retrenched) were also reported in the analysis, where possible. It should be recognised that the IWAP is limited to an analysis of the participants who commenced in these initiatives. The extent to which insulation workers did not access the services available in the IWAP could not be measured. As a result, indications of awareness and take-up could not be identified. Furthermore, due to the small number of participants accessing these services, measures of effectiveness were largely restricted to the Early Access to Employment Services for former insulation workers initiative.

\textbf{Insulation workers}
At its peak in November 2009, there were more than 10,000 insulation installers registered in the Home Insulation Program employing thousands of largely low-skilled workers (Hawke 2010). Since the closure of the scheme on 19 February 2010, almost 5,400 former insulation workers have

\textsuperscript{232} An exception was the Early Access to Employment Services for former insulation workers initiative, which was actually delivered in the Compact with Retrenched Workers.


\textsuperscript{234} Likewise, displaced insulation workers can be considered a subset of displaced workers for the SAP and IWAF initiatives.

\textsuperscript{235} It is expected that few retrenchments would have been made in the insulation industry before the closure of the Home Insulation Program.
registered in employment services according to Centrelink. This compares with a total of almost 290,000 workers who were flagged as retrenched between February 2009 and December 2010. Monthly registrations of retrenched insulation workers were highest in March 2010 (2,165 job seekers) (Figure 4.3).

Figure 4.3: Former insulation worker registrations as a proportion of all employment services registrations by month, 2010

An analysis of the characteristics of retrenched workers who registered shows former insulation workers to typically have characteristics associated with greater barriers to employment (Table 4.5). Relative to other retrenched workers registered in employment services, proportionally more former insulation workers were aged less than 25 years (31 per cent compared with 26 per cent), had not completed Year 12 (38 per cent compared with 35 per cent), had been registered in employment services within the last 12 months (40 per cent compared with 31 per cent) and had a Job Seeker Classification Instrument (JSCI) score of 29 or greater (6.1 per cent compared with 3.9 per cent). On the other hand, there were some characteristics of former insulation workers that were associated with lower barriers to employment. These include a greater share of former insulation workers being prime-age, male, non-Indigenous and not from a culturally or linguistically diverse background. It is important to recognise that, while these differences in characteristics appear small, they may have implications for comparisons between IWAP and other retrenched workers.
Table 4.5: Former insulation worker and retrenched worker registrations with employment services by characteristics

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Former insulation worker registrations</th>
<th>All other retrenched worker registrations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of job seekers in each category</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>79.0</td>
<td>66.5</td>
</tr>
<tr>
<td>Female</td>
<td>21.0</td>
<td>33.5</td>
</tr>
<tr>
<td>Age group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 21</td>
<td>14.7</td>
<td>12.4</td>
</tr>
<tr>
<td>21–24</td>
<td>16.4</td>
<td>14.0</td>
</tr>
<tr>
<td>25–44</td>
<td>47.8</td>
<td>44.6</td>
</tr>
<tr>
<td>45 and over</td>
<td>21.1</td>
<td>29.0</td>
</tr>
<tr>
<td>Indigenous status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indigenous</td>
<td>4.4</td>
<td>4.7</td>
</tr>
<tr>
<td>Non-Indigenous</td>
<td>95.6</td>
<td>95.3</td>
</tr>
<tr>
<td>Highest education level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than Year 12</td>
<td>37.6</td>
<td>34.9</td>
</tr>
<tr>
<td>Completed Year 12</td>
<td>17.7</td>
<td>17.4</td>
</tr>
<tr>
<td>Non-trade vocational</td>
<td>18.9</td>
<td>14.9</td>
</tr>
<tr>
<td>Trade or TAFE qualification</td>
<td>13.1</td>
<td>11.5</td>
</tr>
<tr>
<td>Tertiary studies</td>
<td>12.7</td>
<td>21.3</td>
</tr>
<tr>
<td>Country of birth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>77.4</td>
<td>77.2</td>
</tr>
<tr>
<td>Mainly English-speaking</td>
<td>8.5</td>
<td>6.8</td>
</tr>
<tr>
<td>Non-English-speaking</td>
<td>14.0</td>
<td>16.0</td>
</tr>
<tr>
<td>Recent work experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid full-time work</td>
<td>64.6</td>
<td>65.5</td>
</tr>
<tr>
<td>Paid part-time, seasonal/irregular work</td>
<td>15.7</td>
<td>16.8</td>
</tr>
<tr>
<td>Unemployed</td>
<td>6.8</td>
<td>5.1</td>
</tr>
<tr>
<td>Not in labour force</td>
<td>12.9</td>
<td>12.7</td>
</tr>
<tr>
<td>Income support status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newstart/Youth Allowance (Other)</td>
<td>64.9</td>
<td>67.5</td>
</tr>
<tr>
<td>Other income support payment</td>
<td>7.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Not in receipt of income support</td>
<td>27.6</td>
<td>28.0</td>
</tr>
<tr>
<td>Registered in last 12 months</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>40.0</td>
<td>31.1</td>
</tr>
<tr>
<td>No</td>
<td>60.0</td>
<td>68.9</td>
</tr>
<tr>
<td>JSCI score</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 20</td>
<td>83.3</td>
<td>84.0</td>
</tr>
<tr>
<td>20–28</td>
<td>10.6</td>
<td>12.2</td>
</tr>
<tr>
<td>29 or greater</td>
<td>6.1</td>
<td>3.9</td>
</tr>
<tr>
<td>Total registrations (No.)</td>
<td>5,400</td>
<td>265,700</td>
</tr>
</tbody>
</table>

1 Includes Disability Support Pension and Parenting Payments.
2 Registered in employment services in previous 12 months.
3 JSCI score refers to the Job Seeker Classification Instrument used to assess job seekers on their likelihood of finding employment.

Source: DEEWR administrative systems.
Evaluation findings

_Early Access to Employment Services for former insulation workers_

Early Access to Employment Services was designed to enable workers who lost their job as a result of the closure of the Home Insulation Program to gain immediate access to Stream 2 or higher services through Job Services Australia.  

Participation

Since the initiative commenced in March 2010, 3,330 retrenched insulation workers who would have otherwise entered Stream 1 employment services were eligible for Early Access. Approximately 2,600 of these retrenched workers commenced Early Access to Stream 2 services during the period that the initiative was available.

Information from the department’s administrative systems indicates that most (83 per cent) insulation workers receiving Early Access did not participate in any recorded activities. However, the proportion referred to an activity (17 per cent) was higher than for other Early Access retrenched workers (14 per cent) but lower than for Stream 2 job seekers who did not receive Early Access (19 per cent). Among those in employment assistance for at least three months, 19 per cent of Early Access retrenched insulation workers were referred to an activity compared with 17 per cent of other Early Access retrenched workers.

Recorded activities were for a range of assistance. For the first activity, 59 per cent of insulation worker referrals were to accredited training courses compared with 54 per cent of other Early Access participants. However, this training for insulation workers was often at a lower certificate level. The same proportions were referred to a Job Search Training activity (11 per cent), while fewer former insulation workers were referred to work experience (10 per cent compared with 14 per cent of Early Access retrenched workers) (Figure 4.4).

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236 From 19 February 2010, workers who were retrenched from the insulation industry were separately identified by Centrelink.
The Employment Pathway Fund (EPF) was also used to provide assistance to former insulation workers to help them find and sustain employment. Similar usage of the EPF was provided to former insulation workers and other Early Access retrenched workers. For instance, 28 per cent of former insulation workers had training courses paid from the EPF (compared with 27 per cent of other retrenched workers), 25 per cent were provided clothing and equipment (compared with 23 per cent) and 20 per cent received reverse marketing services (compared with 21 per cent).

Effectiveness

Former insulation workers appear to have performed similarly to other Early Access retrenched workers in the time taken to achieve and sustain employment. The small number of insulation workers participating in Early Access meant that it was not possible to draw valid conclusions from a separate analysis of the time they took to exit the unemployment register. There were indications, however, that both Early Access groups spent a longer average time on the unemployment register compared with other similar retrenched workers. As reported in the Early Access to Employment Services section of the report, the time taken for half the Early Access participants to have left employment assistance was 32 weeks, while half the Stream 1 comparison group had exited by 22 weeks.

The sustainability of these exits is indicated by the share of job seekers having exited employment assistance who subsequently re-registered. A greater share of former insulation workers re-registered in employment assistance compared with other Early Access retrenched workers. Among those who

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237 The analysis was restricted to Newstart Allowance and Youth Allowance recipients who registered in employment services between July 2009 and December 2010. This was to ensure comparability between programme and comparison groups in the way that exits from assistance and employment and training outcomes were recorded in administrative systems.
exited assistance, 26 per cent of former insulation workers and 23 per cent of other Early Access retrenched workers returned to employment assistance within six months. This suggests that a smaller proportion of exits for former insulation workers were to sustainable employment.

Despite the greater share of re-registrations by former insulation workers, this group appears to have achieved better quality outcomes than other Early Access retrenched workers. A greater share of former insulation workers were referred to a job (81.4 per cent compared with 79.2 per cent for other Early Access retrenched workers) and slightly more of these insulation workers were referred to a job within three months of registering with employment services (53.6 per cent compared with 52.1 per cent). Most referrals resulted in a job placement, with 74.6 per cent of former insulation workers and 72.6 per cent of other Early Access retrenched workers being placed in a job (Table 4.6). This was considerably greater than the 52.6 per cent of the Stream 2 comparison group who were placed in a job, reflecting the higher level of work readiness of Early Access participants.

Early Access participants achieved better employment outcomes than other Stream 2 job seekers. This was particularly the case for former insulation workers, with 50.8 per cent securing 13-week outcome payments and 41.5 per cent securing 26-week outcomes payments for their provider (Table 4.6). The corresponding proportions for other retrenched workers receiving Early Access were 50.3 per cent and 39.8 per cent.239

Table 4.6: Job referrals, placements and paid outcomes, July 2009 to December 2010

<table>
<thead>
<tr>
<th></th>
<th>Early Access to Employment Services—Former insulation workers</th>
<th>Early Access to Employment Services—Other retrenched workers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of all job seekers in each group</td>
<td></td>
</tr>
<tr>
<td><strong>Job referrals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First referral within 3 months</td>
<td>53.6</td>
<td>52.1</td>
</tr>
<tr>
<td>All</td>
<td>81.4</td>
<td>79.2</td>
</tr>
<tr>
<td><strong>Job placements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First placement within 3 months</td>
<td>49.2</td>
<td>47.9</td>
</tr>
<tr>
<td>All</td>
<td>74.6</td>
<td>72.6</td>
</tr>
<tr>
<td><strong>Paid outcomes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13-week outcomes</td>
<td>50.8</td>
<td>50.3</td>
</tr>
<tr>
<td>26-week outcomes</td>
<td>41.5</td>
<td>39.8</td>
</tr>
</tbody>
</table>

Source: DEEWR administrative systems.

**Language, Literacy and Numeracy Program and Access Program training places**

There were 2,000 places available to assist former insulation workers in both the LLNP and the Access Program. LLNP aimed to assist these workers by improving their English language, literacy and numeracy skills so that they could find employment or undertake further training. The Access

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238 Re-registrations of less than two weeks after exit were treated as a single spell of unemployment.

239 13-week and 26-week outcomes refer to where job seekers have been in full-time employment or training for at least 13 weeks and 26 weeks respectively.
Program offered pre-vocational training, job search assistance and post-placement support to assist the move into skilled employment through an apprenticeship pathway.\textsuperscript{240}

Participation in these programmes by former insulation workers was very low. In the period that the initiative operated (March 2010 to June 2010) only 15 insulation installers were referred to LLNP and only three commenced. Over the same period there were 16 former insulation workers referred to the Access Program and only six commenced.

Feedback provided to the Insulation Employment Coordinators indicated that many insulation installers were reluctant to undertake training through the LLNP and Access Programs as they considered they did not need this assistance. In the Surveys of Retrenched Workers,\textsuperscript{241} only 1 per cent reported that they felt their poor English language, literacy or numeracy skills were a factor in making it hard to get a job. However, according to former insulation workers’ own self-assessments to Centrelink, 5.8 per cent of those registered in employment services rated their English language levels as ‘poor’ (2.1 per cent) or ‘mixed’ (3.7 per cent). This suggests that greater numbers of insulation workers were suitable for language and literacy training than indicated by the numbers commencing LLNP. However, retrenched insulation workers participating in JSA could receive similar training through the EPF, thereby limiting the need to be referred to these relatively time-intensive programmes.

The recent work experience of former insulation workers may have also resulted in a greater preference to find work rather than to undertake training. This particularly seems to be the case for former insulation workers who filled lower-skilled jobs. It is possible that former insulation workers believed foundational skills training would not improve their chances of finding work in these positions.\textsuperscript{242}

**Structural Adjustment Places**

Three thousand training places were earmarked to help retrain former insulation workers. Training was available at the Certificate II level and above to help these workers gain skills for employment in an industry of their choice.

Approximately 700 insulation installers commenced SAP training between March and June 2010. SAP commencements by insulation workers could only be estimated, as there were difficulties in separating these workers from other displaced workers commencing SAP training.\textsuperscript{243}

\textsuperscript{240} As funding for these additional places was rolled into the broader appropriation for each programme, it was not possible to separately identify the funding spent on these IWAP initiatives.

\textsuperscript{241} Based on average responses from the Experiences of Retrenched Workers with Job Network and Job Services Australia surveys (collectively referred to as the Surveys of Retrenched Workers) conducted in 2009.

\textsuperscript{242} This is based on survey findings for retrenched workers generally. The Employment Assistance Survey included broader questions regarding why retrenched workers did not want to undertake study or training. Among retrenched workers who registered in employment services and were not employed at the time of interview, the most common reasons for not studying were that they were ‘too old’ (29 per cent), ‘would rather work or earn money’ (22 per cent), or were ‘not interested in study’ (13 per cent). Only 1 per cent reported that they ‘haven’t got the necessary education’ to undertake study or training.

\textsuperscript{243} It was not possible to separately identify the effectiveness of SAP outcomes for insulation workers or the SAP funding spent on insulation workers relative to other displaced workers.
Insulation workers who commenced SAP training were often from smaller businesses with only one or two workers from the company undertaking the training. As the closure of the Home Insulation Program resulted in some of these businesses ceasing operations, proportionally more of these workers were retrenched and accessed employment services than workers from other industries.

Insulation workers were typically younger than other SAP participants and had commenced in Certificate II level courses, usually in areas separate from their previous work. These enrolments at the Certificate II level suggest that these workers did not have prior qualifications and had commenced in training that was geared towards a change in industry.

Statistical information was not available on the cancellation rates of insulation workers. However, some of the RTO representatives interviewed reported that insulation workers were less likely to successfully complete their SAP training course because their choice of qualification was too advanced or not in line with their work experience.

**Insulation Workers Adjustment Fund**

The IWAF aimed to help workers and businesses in the insulation industry find alternative employment. This included supporting the retention and retraining of former insulation workers and assisting small businesses to support their operational diversification into the broader construction industry.

There were two components of the IWAF:

- **Incentives to Retain and Retrain Workers**—incentive payments to provide funding for insulation-related businesses to retain staff while they diversified their operations and provided training for these workers.
- **Small Business Assistance**—funding to support operational enhancements and business advice to enable diversification into the broader construction industry.

Between March and August 2010, 778 IWAF applications were received from insulation-related industries, and 700 were approved for funding. This included 300 applications for the Incentives to Retain and Retrain Workers component and 400 applications for the Small Business Assistance component. Over 89 per cent of applications were from New South Wales, Queensland and Victoria.

The Incentives to Retain and Retrain Workers component covered a total of 1,146 insulation workers. Businesses who used these incentives continued to employ workers on short-term working arrangements while they undertook training at the Certificate II level and above. The training places utilised included courses delivered under SAP as well as other courses provided by RTOs.

The Small Business Assistance component of IWAF was used almost exclusively to fund business advice to support the diversification of the insulation business into different industries, largely in construction. This included building, carpentry and landscape gardening. There were also examples of businesses moving into the security industry and other professional services, although this was

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244 This included a $4,000 incentive payment per employee plus an additional $1,000 to help meet the costs of undertaking training.

245 This included up to $10,000 in assistance for small businesses with fewer than 15 employees. The Small Business Assistance component was introduced in April 2010 in response to low initial take-up of the IWAF incentive payment.
the exception. In some cases, assets were approved for purchase where they were supported by a robust business case.

The total funding provided in the IWAF was $8.3 million, made up of $5.3 million for the Incentives to Retain and Retrain Workers and $3 million for the Small Business Assistance.

**Insulation Employment Coordinators**

Twenty-five Insulation Employment Coordinators were placed across Australia to broker and facilitate the IWAP. They also worked in close consultation with the 21 Local Employment Coordinators placed in priority employment areas.246

The Insulation Employment Coordinators initiative was implemented in early March 2010. The main activities were to help broker and put in place assistance for insulation industry workers and businesses. This included advising eligible businesses and insulation workers of the initiatives available in the IWAP and assisting businesses with the IWAF application process. Insulation Employment Coordinators were reported to have contacted more than 2,050 insulation installers since their deployment in March 2010.

After the closing date of IWAF applications, the activities of Insulation Employment Coordinators primarily involved executing funding agreements and making payments to IWAF applicants. They were also responsible for finalising the IWAF acquittal process and, where appropriate, commencing a payment recovery process where funding had been misspent or not spent.

A summary of the evaluation findings for the IWAF is presented in Table 4.7.

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246 Due to the evolving nature of the department’s response to the IWAP, the utilisation of Local Employment Coordinators was reported to diminish over time. Queries provided to the Local Employment Coordinators were often redirected to the Insulation Employment Coordinators.
### Table 4.7: Summary findings for the Insulation Worker Adjustment Package

<table>
<thead>
<tr>
<th>Insulation Worker Adjustment Package initiative</th>
<th>Key Performance Measure</th>
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| **Early Access to Employment Services for former insulation workers** | - 3,330 retrenched insulation workers were eligible for Early Access.  
- 2,600 commenced Early Access to Employment Services.  
- 17% of former insulation workers were referred to an employment or training activity (compared with 14% of other Early Access retrenched workers).  
- 81.4% of former insulation workers were referred and 74.6% were placed in a job (compared with 79.2% of other Early Access retrenched workers referred and 72.6% placed in a job).  
- 50.8% of former insulation workers achieved 13-week outcomes and 41.5% achieved 26-week outcomes (compared with 50.3% 13-week and 39.8% 26-week outcomes for other Early Access retrenched workers). |
| **Language, Literacy and Numeracy Program (LLNP) and Access Program training places** | - 15 insulation installers were referred and 3 commenced LLNP.  
- 16 insulation installers were referred and 6 commenced the Access Program. |
| **Structural Adjustment Places (SAP)** | - 700 insulation installers commenced SAP training between March and June 2010.  
- Insulation workers typically commenced Certificate II level courses, usually in areas separate from their previous work. |
| **Insulation Workers Adjustment Fund (IWAF)** | - 778 IWAF applications were received from insulation-related industries.  
- 700 applications were approved for funding:  
  - 300 applications—Incentives to Retain and Retrain Workers  
  - 400 applications—Small Business Assistance.  
- Total funding $8.3 million:  
  - $5.3 million—Incentives to Retain and Retrain Workers  
  - $3 million—Small Business Assistance. |
| **Insulation Employment Coordinators** | - 25 Insulation Employment Coordinators were placed across Australia to broker and facilitate the IWAP.  
- Insulation Employment Coordinators contacted more than 2,050 insulation installers. |

Source: DEEWR administrative systems.

### Conclusion

The IWAP was developed in response to the expected job losses from the closure of the Home Insulation Program. The IWAP was largely separate from the Jobs and Training Compact, although it did contain many of the same initiatives. Its objectives were to help retain insulation workers in employment and find alternative work or training for retrenched insulation workers.

Overall, participation in the IWAP initiatives was low, perhaps in part because the impact of the closure of the Home Insulation Program was lower than anticipated. Approximately 5,400 former insulation workers registered in employment services. In contrast, only a handful of these workers participated in programmes aimed at improving foundation skills and pre-vocational training,
suggesting a preference for a quick return to work rather than undertaking further training. There were considerably more participants accessing SAP training, which was largely aimed at providing displaced insulation workers with training towards a change in industry. However, participation in SAP remained well below the number of training places earmarked for former insulation workers. Take-up of the Insulation Workers Adjustment Fund was assisted by Insulation Employment Coordinators and appears to have been relatively strong within the insulation industry. Funds were used to support workers and diversify business operations.

Information regarding insulation workers was largely restricted to those who participated in the IWAP initiatives. As such, it was not possible to assess the number of insulation workers who did not access assistance through the IWAP, either because they had disengaged from the labour force or did not require assistance. The absence of a counterfactual meant that effectiveness could not be accurately measured, although there is evidence that former insulation workers receiving Early Access to Employment Services shared a similar experience to other retrenched workers receiving Early Access.

The reliance on administrative systems also meant that awareness and take-up could not be investigated. However, the small number of participants accessing the IWAP initiatives suggests that the level of response did not appear commensurate with need.
5 Concluding comments

Background
The Australian Government introduced the Jobs and Training Compact in response to the deteriorating economic conditions brought about by the Global Financial Crisis (GFC). The compact targeted a range of employment and training initiatives and changes to income support that aimed to reduce the impact of the downturn by targeting those considered to be hardest hit. This included initiatives for:

- retrenched workers, who were given immediate access to employment assistance and greater access to income support to reduce their financial hardship during the economic downturn and increase their chances of finding work. These initiatives also offered opportunities for retrenched and vulnerable workers to undertake further training to update their skills and move into industries of growing skills shortage
- young Australians who were at greater risk of losing their jobs or not finding employment during the economic downturn. Initiatives for young people included additional training places, incentives to hire young and out-of-trade apprentices and strengthened income support participation requirements. These initiatives aimed to limit the long-term scarring effects of unemployment by increasing the educational engagement and skills capacity of young Australians
- regions vulnerable during the economic downturn, particularly those identified as priority employment areas. Initiatives included employment and training opportunities provided by Jobs Fund projects. The Local Employment Coordinators and Jobs and Skills Expos initiatives also aimed to create linkages between job seekers, businesses, employment service providers and other local stakeholders to engage and promote employment opportunities and help support these disadvantaged communities.

The overall objectives of the Jobs and Training Compact were to:

- reduce the unemployment duration of retrenched workers
- assist individual job retention and employment viability
- build the national skills base and capacity
- support individuals and regions vulnerable in economic downturns.

This evaluation has examined the extent to which the Jobs and Training Compact met these objectives. As far as possible, this was assessed on the basis of whether it was appropriately targeted, effective and cost efficient. The performance against each of these objectives is summarised below.

Reduce the unemployment duration of retrenched workers
Reduced unemployment duration refers to the shorter time taken for retrenched workers to regain employment. The initiatives for retrenched workers provided in the Jobs and Training Compact aimed to help improve the employment viability of these workers and reduce the time they spent unemployed. In light of its similarity to the employment viability objective, the performance of reducing the unemployment duration objective is discussed in the next section.
Assist individual job retention and employment viability

Job retention can be considered the extent to which people remain in employment as a result of the Jobs and Training Compact. The evaluation could not examine the role of the compact in assisting job retention in any detail due to data limitations and methodological shortcomings in isolating its influence. Moreover, only four Jobs and Training Compact initiatives actually targeted those currently in work.

Job retention is primarily influenced by economic conditions. The economic downturn was shorter and less severe than anticipated and there is evidence that some full-time workers had their work hours shortened during the downturn, possibly to avoid retrenchment. These conditions are likely to have affected job retention more than the compact itself.

Jobs and Training Compact initiatives aiming to assist job retention included the Workplace English Language and Literacy (WELL) programme and the Structural Adjustment Places (SAP) and Jobs Fund initiatives where some participants had remained employed. There was no individual tracking of the employment status of these participants and so it was not possible to identify whether they had remained in a job or whether this could be attributed to the assistance delivered under the compact.

Apprenticeship retention rates on the whole did not appear to be affected by the GFC. While more apprentices were retrenched during the downturn, this was offset by fewer apprentices choosing to leave their apprenticeship. The Securing Australian Apprenticeships package was reported to help some businesses to retain apprentices who were at risk of retrenchment during the downturn. However, the low level of reported awareness of this initiative suggests that it made only a small contribution to the job retention of apprentices.

Employment viability refers to the extent to which job seekers are viewed as attractive candidates for employment. This includes whether unemployment duration was reduced for retrenched workers. There were two approaches used in the Jobs and Training Compact to improve employment viability—targeting labour supply and targeting labour demand.

Initiatives targeting labour supply were designed to provide education and training opportunities to increase the skills and productivity of participants. This included Early Access to Employment Services, LLNP, SAP, Training Supplement, Pathways to Skills and Learn or Earn.

Initiatives targeting labour demand were designed to provide financial support to businesses and community organisations to increase the employment and training opportunities of the target populations. Initiatives included Apprentice Kickstart, Securing Australian Apprenticeships and the Jobs Fund.

Employment viability was difficult to examine due to a lack of data and limited scope for employment outcomes to be analysed. Where the outcomes of participants could be identified, there was often not enough information to track whether this employment was sustainable. It was also often not possible to find suitable control groups for these participants. As a result, it was generally not possible to isolate the effect of the Jobs and Training Compact initiatives from other factors such as the external economic and policy environment.
Of the compact initiatives targeting labour supply, there was some statistical evidence to suggest that these employment and training programmes improved the employment viability of its participants. For the initiatives where employment outcomes were measurable:

- retrenched workers who were eligible for Early Access to Employment Services appear to have had better employment outcomes than other similar job seekers. Retrenched workers achieved a greater proportion of job placements and longer-term employment outcomes than similar job seekers. However, findings suggest that the Early Access initiative may have delayed their return to the workforce or retrenched workers may have been more selective in their job search than other job seekers early on in their unemployment spell. Potentially this may have reduced employment viability, as employers prefer workers with recent work experience. However, some retrenched workers may have returned to employment with an enhanced skill set. The greater fees and financial incentives paid to service these retrenched workers also resulted in windfall gains to JSA providers.

- there was no evidence among the subset of SAP participants who accessed employment services that course completion improved their chances of regaining employment. However, it may have been the case that participants who did not complete their training had cancelled their course because they had regained employment.

- early school leavers subject to Learn or Earn did not exit income support at a faster rate than those not subject to the initiative. Learn or Earn appears to have kept some people on income support while studying where they may have otherwise exited payment. After 18 months, there was no difference in income support exits for those subject and those not subject to Learn or Earn. It is possible that this is not a long enough time period to measure long-term employment outcomes and the improved employment viability resulting from this training may not be fully realised until several years later.

Participants often perceived that participation in training programmes helped them to find a job. For instance, most of Training Supplement recipients interviewed believed their training would improve their future job prospects. Most Training Supplement recipients who were employed believed that their training course helped them get their job, while approximately half the Access Program participants believed this to be the case for their pre-vocational training. These findings may not be representative, however, as most participants undertaking training would expect an improvement in their employment viability as a way of compensating for their investment in training.

Initiatives that aimed to boost labour demand provided stronger evidence of improved employment viability among the target populations. However, this occurred at considerable cost, as the incentives aiming to boost employment at the margin were paid to all of those eligible, even though many of the same people would have been hired without this funding.

The financial incentives aiming to boost the demand for apprenticeships appear to have influenced employers’ decisions on the timing, type and number of apprentices hired. The Apprentice Kickstart Bonus in particular was found to have increased the employment viability of teenagers entering apprenticeships during the period that it was available. The Securing Australian Apprenticeships package, which targeted the rehiring of out-of-trade apprentices, was less known to employers and its contribution to improving their employment viability appears to have been smaller.
The Jobs Fund provided an economic stimulus to disadvantaged regions by funding projects to support and create employment and skills development opportunities. Large numbers of employment and training positions reported as a result of the Jobs Fund appear to have improved the employment viability of its participants. The injection of funds also enabled projects that were already planned to be brought forward and it increased the scale and types of activities undertaken for some projects. It was not possible to determine the sustainability of these jobs or the extent to which participants would have otherwise found employment.

Build the national skills base and capacity

The objective of building the national skills base and capacity refers to the increased education and training participation and the resultant skills attainment among the target populations. The intention was to develop these skills during the downturn so that job seekers were better equipped to find work when the economy recovered. The training also provided opportunities for retrenched workers to be re-skilled in areas of growing skills shortage.

The objective of building the national skills base and capacity appears to have been easier to achieve for government than other objectives, as it relies on inputs (such as increased participation in training) and outputs (such as whether participants continued in these courses until successful completion). In contrast with the job retention and employment viability objective, this objective does not consider whether these skills resulted in employment for its participants (which can be more difficult to achieve). However, there is a clear linkage between these objectives.

Indicators used in this evaluation include participation, retention and successful completion of the target populations in the training programmes provided under the Jobs and Training Compact. More general indicators of educational participation and attainment were also analysed, such as Year 12 (or equivalent) attainment. There were limitations in what could be gained from this analysis. Take-up of training among the target groups could not always be established, as data was often restricted to participants rather than to eligible populations. There was also limited information on the employment backgrounds of retrenched workers, which affected the analysis of whether the training was geared towards a change in industry.

A characteristic of an economic downturn is that it can encourage those affected to remain in school or pursue further education and training because of the fewer alternative labour market opportunities available to them. The economic downturn following the GFC, however, was relatively mild with fewer than anticipated retrenchments made. This may explain why fewer than expected retrenched workers participated in the training places offered in the LLNP, SAP and Access Program initiatives.

The low participation in training may also highlight the general lack of awareness of the assistance available to retrenched workers and that many of these workers did not seek government assistance or were not interested in training.

Retrenched workers were typically older than other job seekers and, as suggested by their recent work experience, often had fewer barriers to employment. Their comparative employment viability may have led these workers to believe they did not require further training in order to regain
employment (about half of retrenched workers surveyed believed they did not require training to find another job).

Some retrenched workers did not undertake training because they would rather earn money than take extended time out of the workforce. The most common reason that retrenched workers did not undertake training was that they believed they were ‘too old’. This can reduce the attractiveness of training, as they have less time in the workforce to reap the benefits. There were also indications from participants in SAP training (who were mainly displaced workers from the automotive manufacturing industry) that few were re-skilling themselves in training geared towards a change in industry. This was perhaps because there was little incentive for these workers to make this change late in their working lives.

In contrast to retrenched workers, there was much stronger participation in education and training by young people. This is perhaps because of their greater capacity to benefit, as they have a longer payoff period for their study and often have fewer family or financial pressures. The Learn or Earn initiative in particular appears to have improved educational participation among young early school leavers. This appears to have helped increase Year 12 (or Certificate II level equivalent) attainment, particularly for those new to receiving income support. The increased educational participation and attainment is expected to enhance transitions from school and improve the national skills base. It should be noted, however, that further study may not always be suitable for young people and compulsory participation may lead to other pressures within the education system.

**Support individuals and regions that are vulnerable in economic downturns**

Support for individuals and regions refers to the assistance provided to those groups that were considered to be at risk during the economic downturn. This included retrenched workers and those vulnerable to retrenchment (such as those with language, literacy or numeracy difficulties) and selected regions vulnerable to labour market disadvantage that were identified as priority employment areas.

The support aimed to minimise the negative consequences of the downturn. This included the Early Access initiative (which offered immediate personalised employment services to retrenched workers) and the temporary changes to the Liquid Assets Waiting Period (which aimed to reduce the time taken to access income support). Other initiatives included the career advice offered through the Keep Australia Working Advisory Service and initiatives which aimed to increase awareness of the assistance available in priority employment areas, such as the Local Employment Coordinators and Jobs and Skills Expos initiatives.

Many of the workers retrenched during the economic downturn did not seek assistance through the Jobs and Training Compact and could not be identified in the data available. It is assumed that these retrenched workers were less likely to require assistance. However, those retrenched workers who did seek assistance were generally less disadvantaged than other job seekers, which brings into question whether it was appropriate to direct additional assistance to this group.

The Early Access initiative provided additional support to retrenched workers. While referrals to activities were slightly lower than comparison groups of job seekers (with a lower share of
retrenched workers accessing pre- or non-vocational training and job search training), a greater proportion were referred to accredited training and work experience activities. Similar levels of Employment Pathway Fund expenditure was spent on retrenched workers as other Stream 2 job seekers, although a greater share of retrenched workers achieved job placements and employment outcomes. This suggests that retrenched workers were more job ready and perhaps did not require the same amount of assistance as other more disadvantaged job seekers.

The temporary changes to the Liquid Assets Waiting Period did not appear to have had a large impact on support for retrenched workers. While a small proportion of retrenched workers were able to access income support more quickly as a result of these changes, most were unaffected. The majority of retrenched workers (and others granted income support) either had very small holdings of liquid assets and would have already been exempt from the waiting period or held large sums of liquid assets and were still required to wait the maximum Liquid Assets Waiting Period. It was also common for retrenched workers to be serving an Income Maintenance Period from the income received from their previous job. This was often much longer than the Liquid Assets Waiting Period.

The Local Employment Coordinators and Jobs and Skills Expos initiatives were well received in the priority employment areas and were provided at low cost relative to other Jobs and Training Compact initiatives. The apparent success of these initiatives appears to have been driven by the cooperation and support provided by the local community and the quality of the individual Local Employment Coordinators. It does suggest, however, that more needs to be done to improve the awareness of employment and training opportunities in these communities. It also suggests that there is scope to improve existing communication channels between local stakeholders regarding employment and training opportunities.

**Conclusion**

The Jobs and Training Compact was to provide an overall package of assistance to its target populations. There were clear linkages between the objectives of the compact. Support for the individuals and regions vulnerable during the economic downturn increased, as did awareness of the assistance available. This included employment and training programmes that aimed to build the national skills base and capacity which, in turn, aimed to assist the employment viability of participants and reduce their time spent in unemployment.

The true extent of the influence of the Jobs and Training Compact is uncertain. Participation in the compact initiatives was lower than expected. This was largely the result of the economic downturn in Australia being less severe than anticipated. Many employers retained their workers on reduced hours rather than retrenching them and this limited the number of workers who lost their job and the extent to which retrenched workers required assistance in order to regain employment.

Despite the low participation, the Jobs and Training Compact helped to build the national skills base and support individuals and regions vulnerable during the economic downturn. There was less evidence to suggest that it resulted in improved employment viability among the target populations. There was stronger evidence of improved employability from those initiatives that were designed to
boost labour demand, although this occurred at considerable cost. The evaluation found that many participants would have achieved positive outcomes without this assistance.

Data limitations and methodological constraints restricted the evaluation’s capacity to assess the extent of the Jobs and Training Compact’s contribution to assisting target populations to achieve employment and training outcomes. Outcomes appeared to be largely driven by other factors. These included the characteristics of participants and other changes to the economic and policy environment.

Many of the Jobs and Training Compact’s initiatives were implemented without baseline data or without a management information system capable of identifying and tracking participant outcomes. The difficulty in constructing suitable control groups for compact participants limited the inclusion of net impact analyses. Furthermore, the relatively short timeframe for assessing initiatives meant that it was not possible to determine whether they resulted in positive long-term outcomes for their participants.
Data sources

A variety of data sources were used in the evaluation of the Jobs and Training Compact, including a combination of collections designed specifically for the evaluation and existing data sources. The main data sources are described below.

Specific studies

2011 Survey of Access Program Participants
This survey collected information on the experiences of Access Program participants, including their views on the training, support and assistance provided by the programme. Fieldwork for the survey was undertaken by the department in March and April 2011 using computer assisted telephone interviewing (CATI). The sample was restricted to those aged 16 years or older who commenced assistance between July 2009 and December 2010. It was split into three strata—retrenched workers, early school leavers and other job seekers. A total of 627 survey responses were collected.

Surveys of Employers of Australian Apprentices
These surveys collected information from employers of apprentices and Group Training Organisations (GTOs) on their awareness, take-up and the perceived effectiveness of government-funded employer incentives to hire apprentices as well as the effect of the Global Financial Crisis on their business. Fieldwork was undertaken by the Social Research Centre Pty Ltd using CATI. The sample was interviewed in July 2010 and again in March and April 2011. The sample was restricted to organisations that hired at least one apprentice within 12 months of the first interview. In the fieldwork in July 2010, 549 employers and 53 GTOs were interviewed. In the March and April 2011 fieldwork, 312 employers and 24 GTOs were re-interviewed. Estimates from the survey were based on population weighted averages of employers of apprentices and GTOs, unless otherwise noted.

Surveys of Australian Apprentices
These surveys collected information on the experiences of apprentices, their pathways into apprenticeships and their opinions of their apprenticeships. Fieldwork was undertaken by the Social Research Centre Pty Ltd using CATI. The sample was interviewed in July 2010 and again in March and April 2011. The sample was restricted to those who commenced their apprenticeship at the time of interview (Certificate III or IV listed on the National Skills Needs List), completed an apprenticeship after 31 December 2009 or cancelled their apprenticeship after 31 December 2009. Interviews with 1,403 apprentices were completed in July 2010 and 928 of these apprentices responded again in March and April 2011. Estimates from the survey were based on population weighted averages of the group the sample was selected from, unless otherwise noted.

2011 Training Supplement Survey
This survey examined the extent to which the Training Supplement encouraged and assisted eligible people to undertake study and to increase their employability and skills. The survey was undertaken by the department in February and March 2011 using CATI. The sample included Newstart Allowance and Parenting Payment recipients who received the Training Supplement within six months of survey interview. The sample was split into two strata—retrenched workers and non-retrenched workers. A total of 509 completed interviews were collected.
2009 Surveys of Retrenched Workers
These surveys examined the experiences of retrenched workers in the first two months after registration for assistance with employment services. Information was collected on the assistance provided by the previous employment services model, Job Network, and the current model, Job Services Australia. Information included the engagement and participation in employment and training services, attitudes to the assistance and employment outcomes. The sample for the first survey was selected from those who registered with Centrelink as retrenched workers in the fortnight beginning 16 March 2009. Fieldwork was undertaken by the department in May 2009 using CATI. For the second survey, the sample was selected from those who registered with Centrelink as retrenched workers between 1 July and 30 September 2009 and fieldwork occurred between November 2009 and February 2010. There were 417 respondents in the first survey and 680 respondents in the second survey.

Structured interviews and focus groups in priority employment areas
In 2010, the department conducted research in priority employment areas to provide an assessment of the perceived effectiveness of the Jobs and Training Compact initiatives in these regions as well as comparison locations. Information was also collected for the evaluation of Job Services Australia and on the performance of the Indigenous Employment Program (IEP). Face-to-face structured interviews and focus groups were held with a number of stakeholders, including:

- Job Services Australia providers—site managers and case managers
- IEP providers—site managers and case managers
- local governments
- Local Employment Coordinators
- employers and chambers of commerce
- Jobs Fund project managers and project participants
- job seekers, including specific focus groups with Indigenous job seekers, retrenched workers and early school leavers.

A total of 271 interviews and focus groups were conducted in nine priority employment areas and in five other regions.

In 2011, fieldwork for a second round of focus groups and interviews was conducted on behalf of the department by Sweeney Research Pty Ltd. Face-to-face or telephone interviews were also conducted with Registered Training Organisations and focus groups with Centrelink staff and young people who had become disengaged from the income support system. A total of 113 interviews and focus groups were conducted in eight priority employment areas and in three other areas.

Indigenous Jobs Fund case studies
Five Indigenous-focused Jobs Fund case studies were conducted for the department by Hugh Watson Consulting Pty Ltd between March and May 2011. Case studies investigated the effectiveness of these projects in terms of Indigenous engagement, employment and training outcomes, and longer-term sustainability. The Jobs Fund projects were located in New South Wales, Queensland and Victoria.
Focus groups with Local Employment Coordinators and Employment Project Officers
The department conducted focus group discussions with Local Employment Coordinators and Employment Project Officers during the Local Employment Coordinator conferences held in June 2010 and May 2011. The focus groups were used to gain further understanding of the experiences of the Local Employment Coordinators.

Australian Apprenticeships structured interviews and focus groups
The primary purpose of this research was to assess the contribution of the Australian Apprenticeship initiatives to the Jobs and Training Compact, including the role of apprenticeship incentives in the commencement, retention and completion of Australian Apprenticeships.

Structured interviews and focus groups were undertaken for the department by the Social Research Centre Pty Ltd. The interviews took place in April 2010 and in April and May 2011 and included:

- face-to-face interviews with employers of apprentices and GTOs (25 in April 2010 and 29 in April and May 2011)
- telephone interviews with representatives of state and territory training authorities in each jurisdiction (six in April 2010 and eight in April and May 2011)
- three focus groups with a total of 27 apprentices across the groups that had been made out of trade in the course of their apprenticeship.

Administrative systems
The department has a number of administrative systems to support its programmes, covering employment services; income support; specialised employment services for Indigenous job seekers; apprenticeships and traineeships; access to apprenticeships; structural adjustment; and language, literacy and numeracy assistance. Data from these administrative systems have been used extensively in the evaluation. Specific sources include:

- the DEEWR Research and Evaluation Dataset—an episodic longitudinal administrative dataset that provides demographic and payment information for those receiving income support
- the DEEWR Employment Services System, containing employment and training information for those registered in employment services
- the DEEWR income support information that provides a monthly snapshot of those receiving income support
- the DEEWR Productivity Places Program Information Management System that includes information regarding the characteristics and course information of those who participated in Structural Adjustment Places
- the DEEWR Training and Youth Information Management System—administrative data that provides training contract information for apprentices and their employers as well as information regarding apprenticeship incentives
- DEEWR administrative data for information on programme expenditure, commencements and completions in the Language, Literacy and Numeracy Program and the number of Workplace English Language and Literacy programme projects and the numbers of people trained by these projects
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- DEEWR Access Program administrative data, which provides information on the number of referrals, commencements and outcomes of Access Program participants
- Information provided in Regional Employment Plans, Local Employment Coordinator reports and Local Employment Coordinator case studies
- Centrelink Jobs and Skills Expo information on the number of attendees and exhibitor feedback information on the number of job connections at each expo
- DEEWR administrative data on the number of website views and calls received by the Keep Australia Working hotline service
- DEEWR Jobs Fund reports, written by the Jobs Fund project managers
- Jobs Fund project data, including funding allocations, project milestones and reported numbers of jobs, traineeships and work experience places achieved for each project.

Other sources

Service Quality Monitoring Program
The Service Quality Monitoring Program provides information on the quality and responsiveness of services delivered by Job Services Australia and Centrelink and employer recruitment methods, including their use of employment services. Surveys are conducted regularly. Elements of the programme used in the evaluation included:
- the 2010 Survey of Employment Service Providers—this survey has been run annually since 1999. It obtains information on the management of employment services contracts, provider awareness and use of government initiatives and their satisfaction with the quality of services provided by DEEWR and Centrelink. Enhance Research Pty Ltd was contracted by the department to conduct the 2010 survey. Fieldwork was over a three-week period in June 2010. The survey was undertaken online. A total of 718 survey responses were received
- the 2010 Survey of Employers—this survey was contracted to TNS Social Research Pty Ltd by the department and was conducted using CATI between November and December 2010. The survey captured a range of information from employers, including recruitment practices, awareness of government programmes, experiences with employment services and experiences of employing individuals from disadvantaged groups. A total of 5,524 employers were interviewed. Unless otherwise noted, survey estimates use population weighted averages of Australian employers.

Stepping Stones survey
The Stepping Stones survey is a longitudinal survey of job seekers (including those on income support) that collects information on the participation patterns of people receiving government assistance, including employment services and income support, and their outcomes. The survey was primarily established to support the evaluations of Job Services Australia and Disability Employment Services. The survey sample consists of four cohorts interviewed at six-monthly intervals for a maximum of six waves. The Jobs and Training Compact evaluation used data from cohort 2, which included a stratum of people in receipt of Youth Allowance (Other). This cohort was first interviewed in wave three (March to May 2010) and again in wave four (September to November 2010). Fieldwork was undertaken by the Social Research Centre Pty Ltd using CATI. There were 1,156 youth respondents in wave three and 756 were re-interviewed in wave four.
Employment Assistance Survey
This longitudinal survey was undertaken within the department using CATI. The survey was conducted from January 2008 to June 2011 to collect information on the type, quality, intensity of services, and outcomes delivered by Job Network and Job Services Australia. The survey included a stratified cohort of retrenched workers who accessed employment services. There were 566 retrenched worker respondents interviewed in September 2009, with 348 re-interviewed approximately 12 months later.

Post-programme Monitoring Survey
The ongoing Post-programme Monitoring Survey is conducted by the department to measure the labour market and education status of job seekers who participated in employment services. In most cases outcomes are measured around three months after assistance. Surveys are conducted year round by mail and telephone. An initial mail-based survey is sent out eight weeks after a job seeker becomes in-scope. Reminders are mailed to non-respondents three weeks later, followed by a telephone survey three weeks after that for any remaining non-respondents. The survey also collects information on the perceived benefits of labour market assistance and satisfaction with the services received.

Survey of Employers’ Recruitment Experiences
This survey is conducted within the department by telephone from a random sample of employers in regions across Australia. A rolling survey programme is undertaken to obtain information on employer recruitment activities and expectations. The results are used to inform policy development and implementation and stakeholder strategies. During the period 2009 to 2011 the focus of the survey was priority employment areas, which were surveyed up to three times. Some non-priority employment areas were also surveyed in 2010.
## Logistic regression results

### Early Access to Employment Services

**Table A.1: Detailed logistic regression results, likelihood of exit from income support—cohort 2008**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Est.</th>
<th>Wald Chi-Sq</th>
<th>Pr&gt;Chi-Sq</th>
<th>Description</th>
<th>Odds ratio</th>
</tr>
</thead>
<tbody>
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<td>Intercept</td>
<td>-1.702</td>
<td>996.84</td>
<td>&lt;.0001</td>
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<td></td>
</tr>
<tr>
<td>Early Access participants</td>
<td>S1 comparison</td>
<td>0.332</td>
<td>1152.40</td>
<td>&lt;.0001</td>
<td>S1 comparison vs Early Access participants</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>0.077</td>
<td>67.73</td>
<td>&lt;.0001</td>
<td>Male vs Female</td>
</tr>
<tr>
<td>Age</td>
<td>&lt;18</td>
<td>0.065</td>
<td>4.82</td>
<td>0.028</td>
<td>&lt;18 vs 55–64</td>
</tr>
<tr>
<td></td>
<td>18–20</td>
<td>0.493</td>
<td>414.07</td>
<td>&lt;.0001</td>
<td>18-20 vs 55–64</td>
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<tr>
<td></td>
<td>21–24</td>
<td>0.841</td>
<td>1502.48</td>
<td>&lt;.0001</td>
<td>21-24 vs 55–64</td>
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<tr>
<td></td>
<td>25–44</td>
<td>0.726</td>
<td>1352.00</td>
<td>&lt;.0001</td>
<td>25-44 vs 55–64</td>
</tr>
<tr>
<td></td>
<td>45–54</td>
<td>0.389</td>
<td>337.63</td>
<td>&lt;.0001</td>
<td>45-54 vs 55–64</td>
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<td>Education</td>
<td>Year 12</td>
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<td>213.87</td>
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<td>Tertiary</td>
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<td>Tertiary vs &lt; Year 12</td>
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<td>50.39</td>
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<td>66.09</td>
<td>&lt;.0001</td>
<td>Contactable vs Not contactable by phone</td>
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<tr>
<td>PEA</td>
<td>Non-PEA</td>
<td>0.135</td>
<td>231.37</td>
<td>&lt;.0001</td>
<td>Non-PEA vs PEA</td>
</tr>
<tr>
<td>Country of birth</td>
<td>Australia</td>
<td>0.196</td>
<td>259.24</td>
<td>&lt;.0001</td>
<td>Australia vs Non-English-speaking country</td>
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<tr>
<td></td>
<td>Mainly English speaking</td>
<td>0.275</td>
<td>187.71</td>
<td>&lt;.0001</td>
<td>Mainly English speaking vs Non-English-speaking country</td>
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<tr>
<td>Literacy and numeracy</td>
<td>Not required</td>
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<td>578.79</td>
<td>&lt;.0001</td>
<td>Not required vs Required</td>
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<td>Living conditions</td>
<td>Family lives with others</td>
<td>0.696</td>
<td>810.94</td>
<td>&lt;.0001</td>
<td>Family lives with others vs Lone parent</td>
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<tr>
<td></td>
<td>Family living alone</td>
<td>0.554</td>
<td>501.23</td>
<td>&lt;.0001</td>
<td>Family living alone vs Lone parent</td>
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<td></td>
<td>Family living with partner/spouse</td>
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<td>779.53</td>
<td>&lt;.0001</td>
<td>Family living with partner/spouse vs Lone parent</td>
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<tr>
<td></td>
<td>Family other living conditions</td>
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<td>918.87</td>
<td>&lt;.0001</td>
<td>Family other living conditions vs Lone parent</td>
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<tr>
<td></td>
<td>Family partnered parent</td>
<td>0.537</td>
<td>285.63</td>
<td>&lt;.0001</td>
<td>Family partnered parent vs Lone parent</td>
</tr>
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</table>

S1: Stream 1.

PEA: Priority employment area.

Source: DEEWR administrative systems.
### Priority employment areas

#### Table A.2: Detailed logistic regression results, likelihood of exit from income support—cohort 2008

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Est.</th>
<th>Wald Chi-Sq</th>
<th>Pr&gt;Chi-Sq</th>
<th>Description</th>
<th>Odds ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>-2.111</td>
<td>596.94</td>
<td>&lt;.0001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age &lt;21</td>
<td>0.970</td>
<td>972.87</td>
<td>&lt;.0001</td>
<td>&lt;21 vs 55+</td>
<td>2.64</td>
</tr>
<tr>
<td>Age 21–30</td>
<td>1.299</td>
<td>2133.28</td>
<td>&lt;.0001</td>
<td>21–30 vs 55+</td>
<td>3.67</td>
</tr>
<tr>
<td>Age 31–40</td>
<td>1.095</td>
<td>1406.47</td>
<td>&lt;.0001</td>
<td>31–40 vs 55+</td>
<td>2.99</td>
</tr>
<tr>
<td>Age 41–54</td>
<td>0.932</td>
<td>1082.67</td>
<td>&lt;.0001</td>
<td>41–54 vs 55+</td>
<td>2.54</td>
</tr>
<tr>
<td>Gender Male</td>
<td>0.588</td>
<td>1281.76</td>
<td>&lt;.0001</td>
<td>Male vs Female</td>
<td>1.80</td>
</tr>
<tr>
<td>Gender Tertiary</td>
<td>0.899</td>
<td>520.35</td>
<td>&lt;.0001</td>
<td>Tertiary vs &lt;Year 10</td>
<td>2.46</td>
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<tr>
<td>Gender Year 10/11</td>
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<td>71.04</td>
<td>&lt;.0001</td>
<td>Year 10/11 vs &lt;Year 10</td>
<td>1.20</td>
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<tr>
<td>Gender Year 12/Trade/TAFE</td>
<td>0.410</td>
<td>312.20</td>
<td>&lt;.0001</td>
<td>Year 12/Trade/TAFE vs &lt;Year 10</td>
<td>1.51</td>
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<tr>
<td>Indigenous Non-Indigenous</td>
<td>0.063</td>
<td>4.70</td>
<td>0.0302</td>
<td>Non-Indigenous vs Indigenous</td>
<td>1.06</td>
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<td>Phone Contactable</td>
<td>0.212</td>
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<td>&lt;.0001</td>
<td>Contactable vs Not contactable</td>
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<td>Disability No disability</td>
<td>0.963</td>
<td>281.34</td>
<td>&lt;.0001</td>
<td>No disability vs Reduced work</td>
<td>2.62</td>
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<tr>
<td>Disability One or more</td>
<td>0.136</td>
<td>5.12</td>
<td>0.0237</td>
<td>One or more vs Reduced work</td>
<td>1.15</td>
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<td>English Good</td>
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<td>281.49</td>
<td>&lt;.0001</td>
<td>Good vs Not good</td>
<td>1.55</td>
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<td>Transport Own transport</td>
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<td>11.54</td>
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<td>Transport Public or private</td>
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<td>Public vs No transport</td>
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<td>PEA Non-PEA</td>
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<td>48.04</td>
<td>&lt;.0001</td>
<td>Non-PEA vs PEA</td>
<td>1.12</td>
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<tr>
<td>JSCI score 0–19</td>
<td>0.529</td>
<td>507.74</td>
<td>&lt;.0001</td>
<td>0–19 vs 29+</td>
<td>1.70</td>
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<tr>
<td>JSCI score 20–28</td>
<td>0.245</td>
<td>133.09</td>
<td>&lt;.0001</td>
<td>20–28 vs 29+</td>
<td>1.28</td>
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</table>

1 Excludes ‘Stability of accommodation’, which was not significant at the 5 per cent level.

PEA: Priority employment area.

Source: DEEWR administrative systems.
### Table A.3: Detailed logistic regression results, likelihood of exit from income support—cohort 2009

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Est.</th>
<th>Wald Chi-Sq</th>
<th>Pr&gt;Chi-Sq</th>
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<th>Odds ratio</th>
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<td>Age &lt;21</td>
<td>0.950</td>
<td>1405.80</td>
<td>&lt;.0001</td>
<td>&lt;21 vs 55+</td>
<td>2.59</td>
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<tr>
<td>21–30</td>
<td>1.350</td>
<td>3626.52</td>
<td>&lt;.0001</td>
<td>21–30 vs 55+</td>
<td>3.86</td>
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<tr>
<td>31–40</td>
<td>1.157</td>
<td>2442.86</td>
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<td>31–40 vs 55+</td>
<td>3.18</td>
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<tr>
<td>41–54</td>
<td>0.911</td>
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<td>41–54 vs 55+</td>
<td>2.49</td>
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<tr>
<td>Gender Male</td>
<td>0.530</td>
<td>1574.70</td>
<td>&lt;.0001</td>
<td>Male vs Female</td>
<td>1.70</td>
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<tr>
<td>Education Tertiary</td>
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<td>Tertiary vs &lt;Year 10</td>
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<td>Year 10/11</td>
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<td>Year 10/11 vs &lt;Year 10</td>
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<td>Year 12/Trade/TAFE</td>
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<td>Year 12/Trade/TAFE vs &lt;Year 10</td>
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<td>Non-Indigenous vs Indigenous</td>
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<td>Accommodation Stable</td>
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<td>Stable vs Unstable</td>
<td>1.15</td>
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<td>Phone Contactable</td>
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<td>Contactable vs Not contactable</td>
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<td>No disability vs Reduced work</td>
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<td>One or more vs Reduced work</td>
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<td>523.80</td>
<td>&lt;.0001</td>
<td>Good vs Not good</td>
<td>1.65</td>
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<td>Own transport vs No transport</td>
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<td>20–28 vs 29+</td>
<td>1.28</td>
</tr>
</tbody>
</table>

PEA: Priority employment area.

Source: DEEWR administrative systems.
Bibliography

Web references cited in this bibliography were current in May 2013.


Rudd, K. 2009, *We are all in this together—A Jobs and Training Compact with Australia*, speech presented at a Brotherhood of St Laurence Jobs Forum, 5 April 2009, City of Casey, Melbourne.


## List of acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Meaning</th>
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<tbody>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
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<tr>
<td>ARIMA</td>
<td>Auto-Regressive Integrated Moving Average</td>
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<td>CATI</td>
<td>Computer assisted telephone interviewing</td>
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<td>CDEP</td>
<td>Community Development Employment Projects</td>
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<td>COAG</td>
<td>Council of Australian Governments</td>
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<td>DEEWR</td>
<td>Department of Education, Employment and Workplace Relations</td>
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<td>DEWR</td>
<td>Department of Employment and Workplace Relations</td>
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<td>DIISRTE</td>
<td>Department of Innovation, Industry, Science, Research and Tertiary Education</td>
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<td>EPF</td>
<td>Employment Pathway Fund</td>
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<td>ESIs</td>
<td>Early school leavers</td>
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<td>GFC</td>
<td>Global Financial Crisis</td>
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<td>GTO</td>
<td>Group Training Organisation</td>
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<td>IWAP</td>
<td>Insulation Workers Adjustment Package</td>
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<td>KAW</td>
<td>Keep Australia Working</td>
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<td>LAWP</td>
<td>Liquid Assets Waiting Period</td>
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<td>NCVER</td>
<td>National Centre for Vocational Education Research</td>
</tr>
<tr>
<td>NEET</td>
<td>Not in employment, education or training</td>
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<tr>
<td>NSA</td>
<td>Newstart Allowance</td>
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<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>PEA</td>
<td>Priority employment area</td>
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<td>PP</td>
<td>Parenting Payment</td>
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<td>PPP</td>
<td>Productivity Places Program</td>
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<td>RTO</td>
<td>Registered Training Organisation</td>
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<td>SAA</td>
<td>Securing Australian Apprenticeships</td>
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<td>SAP</td>
<td>Structural Adjustment Places</td>
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<td>TAFE</td>
<td>Technical and Further Education</td>
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<td>Workplace English Language and Literacy programme</td>
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