

**House of Representatives
Select Committee on Intergenerational Welfare Dependence**

Questions on Notice from Public Hearing

Wednesday, 21 November 2018,

Canberra

Ms Rebekha Sharkie MP asked on proof Hansard page 48:

Question

Ms Sharkie: We had a witness say that there are currently 16 jobseekers for every vacancy. Is that the Department's calculation?... It's come from Uniting Care's submission.

Answer

The estimated ratio of more than 16 job seekers for every vacancy is a statistic sourced from the Australian Unemployed Workers' Union website <http://unemployedworkersunion.com/job-seekers-v-job-vacancy-data/>. UnitingCare quoted this figure in its submission to the Inquiry,

This statistic is incorrect because it combines estimates of underemployed and so-called 'hidden unemployed' (this latter estimate is not an official statistic produced by the ABS and it is unclear how the figure was derived in the AUWU report) to derive the number of people looking for work. This artificially inflates the ratio of job seekers to vacancies. The AUWU statistic also uses the Department of Jobs and Small Business (the Department) Internet Vacancy Index, which is a count of online job vacancies on three job boards. This fails to account more broadly for the number of vacancies in the labour market that are not advertised online, again incorrectly inflating the ratio of job seekers to vacancies.

The ABS defines unemployment as those of working age who were not in employment, actively looked for work recently, and were available to start work if given a job opportunity. This is the official estimate of the number of job seekers in the labour market.

Recent employment growth indicates there are many opportunities in the labour market, with seasonally adjusted **employment** increasing by 32,800 in October 2018, to a record high of 12,671,500. This is 308,100 (or 2.5 per cent) above the level recorded a year ago, and 1,187,900 (or 10.3 per cent) above the level recorded five years ago.

- Importantly, 77.5 per cent of the jobs growth over the last 12 months has been in full-time employment.

However, job turnover provides many employment openings every year and far more job opportunities than net job growth. ABS data shows around 4 to 5 million movements into and out of employment every year—so the labour market is constantly providing opportunities for unemployed people.

Over the 12 months to October 2018, there were more than two million newly lodged job advertisements across Australia lodged through job boards such as SEEK, CareerOne and Australian Jobsearch, but this is only one measure of labour demand. The Department's research shows that around 20 per cent of vacancies are not advertised, with employers instead using informal networks, or selecting from job seekers who have directly approached them about job opportunities.

Ms Rebekha Sharkie MP asked on proof Hansard page 48:

Question

Ms SHARKIE: With respect to jobactive, my calculations are that only 28 per cent of people who go into a job placement reach that 26-week outcome. That's really only one in four. Is the department considering some supports to help them stay on? Or do they think what the jobactive provider does is sufficient?

The key objective of jobactive is to promote stronger workforce participation by people of working age and help more job seekers move from welfare to work. To achieve this, the jobactive model includes incentives for providers to achieve sustained employment outcomes for job seekers. These incentives include Employment Outcome Payments which are paid to a provider when a job seeker has sustained employment for four, 12 and 26 weeks. Once job seekers are placed in employment, providers may need to deliver post placement support in order to assist the job seeker and the employer to reach those employment milestones. Post placement support can address issues to help the job seeker to stay in the job and can include assistance provided directly to the job seeker or the employer. The jobactive provider may also access the Employment Fund to purchase post placement support, such as specialised professional services where a job seeker requires additional assistance to maintain their employment.

Ms Rebekha Sharkie MP asked on proof Hansard pages 48-49:

Question

Ms SHARKIE: Do you get jobactive providers to do exit interviews on why the applicant and the job didn't stick?

Ms Shannon: The department does post-program monitoring surveys; so they actually survey jobseekers at a three-month point. But I would have to take on notice—

Ms BIRD: Three months from when?

Ms Shannon: From exit of the program.

Ms BIRD: From exit of the program but not exit of employment?

Ms Shannon: Correct, because some jobseekers may be combining part-time work; they might be still in another element of the suite of programs that they can access through jobactive. So it will vary. But I can take that on notice to see if I can provide some more information.

Ms SHARKIE: Thank you. Supplementary to that, would you also be able to break down for us what streams the people were from—(a), (b) and (c)—so that we can have a clearer picture of which cohort the wheels are more likely to drop off? Thank you

Answer

The Department collects information on the reasons why a job seeker's employment may have ceased as part of the Post-Program Monitoring survey. The data provided below relates to jobactive job seekers who had a job placement recorded between 1 January 2017 and 31 December 2017, and who were no longer in that recorded job placement. Job seekers were surveyed three months after the recorded job placement. This data cannot be disaggregated by jobactive Stream.

Reason	Proportion of job seekers who left a recorded job placement (%)
Job was temporary or seasonal	30.5
Laid off, retrenched or dismissed	22.7
Pay or work conditions	12.3
Got a new job	12.3
Ill health or Injury	8.7
Never started job	5.5
Employer went out of business	1.6
Other reasons ⁽¹⁾	21.5

Note: job seekers may have had more than one reason for leaving a job placement. Accordingly, totals do not add to 100 per cent.

¹ Other reasons include travel time and transport costs, unable to access child/holiday care for children, left to care for ill or disabled family member, family reasons, moved location and returned to study.

Post-Program Monitoring survey employment rate data is provided below for jobactive. The data shows the proportion of job seekers who participated in jobactive between 1 January 2017 and 31 December 2017 who were in employment three months later. Job seekers may have still been participating in or exited jobactive at the time surveyed.

	Proportion employed (%)
All job seekers	49.5
Stream A	59.1
Stream B	43.5
Stream C	27.2

Ms Sharon Bird MP asked on proof Hansard page 49:

Question

Ms Bird: I've had providers locally who were given five-star ratings and who then don't get funded in another round, and some national organisation I've never heard of has suddenly got the contract in our area. I'd just like your feedback on how the Department tries to stop that churn, or thinks we could more effectively, from a policy position, stop that churn, and actually foster local expertise and leadership.

Answer

In addition to the testimony provided by the Department at the hearing on 21 November 2018, the Department places a very high weighting on an organisation's past performance and local connections and both are reflected in the selection criterion. All responses are assessed and moderated by experienced teams and at least one team member has specific State and/or region knowledge.

The process also supports assessors to validate the respondent's claims through the most appropriate means, which can include third parties.

All assessment teams undertake training prior to participating in the purchasing process.

Before any business is awarded, a committee of senior executive staff test the recommendations against the value for money principles as required under the Commonwealth Procurement Rules. In doing so the committee reviews the recommendations based on a combination of relevant factors that inform the value for money assessment, including but not limited to assessment scores, conditionality and coverage, specific client and community needs, Indigenous Organisation status (IPP) if applicable, the organisation's capacity to deliver, financial viability, diversity of the market, and risk to the Commonwealth.

Ms Sharon Bird MP asked on proof Hansard page 50:

Question

Ms Bird: Somebody might say, 'Look that's great, there are jobs there and you're pointing me to them.' The one I get for young people is hospitality: 'Yes. Great. I can go and work in the kitchen at this big place, but they want me to work night shifts and there's no public transport I don't have a car.' Are providers able to work with the transport issues that are raised?

Answer

jobactive providers can access the Employment Fund to provide transport assistance to participants. This includes covering taxi costs or costs associated with the provider hiring a vehicle to transport multiple participants to their job. The Employment Fund can also help participants to gain and use their own transport by covering costs such as:

- Driving lessons, test fees and license costs to obtain a driver's license
- Vehicle registrations, inspections and compulsory third-party vehicle insurance
- Petrol vouchers.

Ms Ged Kearney MP asked on proof Hansard pages 51-53:

Question

Ms Kearney: I'd like to ask you some questions about the Youth Jobs PaTH program. Looking at the figures as of 31 October... only 8,000 internship placements commenced, with 3,465 businesses. Clearly businesses are taking one or two, because there are 8,000 internships with only 3,000 businesses. Am I reading that right?

Ms O'Regan: That would be an average. There would be some businesses who would be taking on larger numbers and employing in larger numbers, and others who would be just taking one or two.

Ms Kearney: Did we expect that to be a bigger uptake?

Ms O'Regan: Yes. There is a cap of 30,000 every year, and we are doing what we can to improve take-up, given that it is achieving reasonably strong outcomes, particularly for more disadvantaged job seekers.

Ms Kearney: What would those outcomes be?

Ms O'Regan: I don't think I have the figures here, but there are some very encouraging outcomes. It's not only Stream A jobseekers who are benefitting from the work experience that you get through a Youth Jobs PaTH Internship; Stream B and C are as well. I'm happy to take on notice some further breakdown of that.

Ms Kearney: I would be interested to know what happens after the internship.

Ms O'Regan: I'll check the figure for you and take that on notice.

Chair: Do you know when they actively monitor the interns?

Ms O'Regan: I believe they are. The program area could give you more information about that, but, yes, that's my understanding.

Answer

Youth Jobs PaTH internships are achieving good employment outcomes for participants.

As at 31 October 2018:

- Two out of three young jobactive participants who successfully completed their internship placement moved into a job placement with their host business (62 per cent) or another business (four per cent).
- A further 29 per cent of internship placements for jobactive participants that did not result in employment subsequently gained employment within 3 months.
- Employment following the successful completion of the internship is similar across all streams in jobactive.

Streams	Internship Placement Count	Completed Placements	Employment With Host	Found Other Employment
Stream A	2,836	1,774	62%	5%
Stream B	3,218	1,886	63%	3%
Stream C	783	432	60%	3%
Stream not determined	12	4	50%	0%
Total (jobactive only)	6,849	4,096	62%	4%

Note: Data is at 31 October 2018. Completed placements exclude active placements, ended early and ended pending finalisation. (Source: Administrative data)

PaTH internship results show young people gaining jobs within 3 months of an internship are achieving a high rate of sustainable employment.

Streams	4 Week Conversion Rate	12 Week Conversion Rate	26 Week Conversion Rate
Stream A	79.3%	72.9%	55.5%
Stream B	78.5%	70.6%	47.2%
Stream C	74.7%	69.7%	46.4%
Grand Total	78.4%	71.5%	50.6%

Note: Data is at 31 October 2018. (Source: Administrative data)

Conversion Rates are the proportion of job placements eligible for a four, 12 or 26 week outcome that went on to achieve that outcome. For a job placement to be considered eligible, that is four, 12 or 26 weeks respectively, an additional 56 days must have passed from the job placement date.

Employment services providers have a key role in monitoring internship placements to ensure program requirements are met.

Before the internship starts, providers must ensure participants understand their rights and responsibilities during the internship and how to report any concerns. This includes providing the job seeker with a copy of the internship agreement, a fact sheet and contact card, and information on insurance.

Providers monitor internship placements through their regular contact with interns and host businesses, notifying the Department of any issues identified and taking corrective action where needed.

Providers also use a combination of placement history and local knowledge to determine a businesses' suitability to host an intern. Placement information, including the number of interns hosted and employed by a business, is available to Providers through the Department's IT systems.

Ms Rebekah Sharkie asked on proof Hansard on page 54:

Question

Ms Sharkie: With respect to the regional employment trials, are you able to give us some more detail on which 10 RDA regions were selected?

Answer

The Regional Employment Trials (RET) program runs from 1 October 2018 – 30 June 2020 in the below ten selected Regional Development Australia (RDA) regions:

State	Location
New South Wales	Northern Inland
	Far South Coast
Victoria	Melbourne (Western Melbourne/ North Western Melbourne Employment Regions only)
	Gippsland
Queensland	Townsville and North West (Townsville Employment Region only)
	Wide Bay Burnett
South Australia	Murraylands and Riverland
	Yorke and Mid North
Western Australia	Peel
Tasmania	Tasmania (North and North Western Tasmania Employment Region only)

Ms Sharon Bird MP asked on proof Hansard page 55:

Question

Ms Bird: Does participating in ParentsNext qualify you for child care payments under the new regime?

Ms Shannon: It does. There are a range of criteria and a range of different levels of benefit, but I believe that parents who are participating in ParentsNext, by virtue of their program participation, qualify for the base level of the childcare subsidy. I would need to double check that, but I'm pretty sure that's the case.

Ms Bird: I would appreciate it if you could just double check.

Answer

Under the Child Care Subsidy activity test, recipients of Parenting Payment with a compulsory mutual obligation requirement have access to at least 36 hours of subsidised care per fortnight. As the ParentsNext program is targeted toward individuals on Parenting Payment, it is expected that most participants will be eligible for the Child Care Subsidy, provided they fulfil the other eligibility requirements, such as meeting the immunisation requirements.

Ms Sharon Bird MP asked on proof Hansard on page 56

Question

Ms Bird: That's the New Enterprise Incentive Scheme. Have we looked at packaging this together and getting more proactive?... I would never have thought to look at the jobactive website for SelfStart. This is obviously successful stuff, but I don't really see it getting the level of promotion and engagement that might be of interest to people. Are you looking at something to rev that up or refresh or package it? I'm just concerned that it's all advertised as separate programs and whoever's funded it, as opposed to a comprehensive sort of program that's about job opportunities and setting up your own small business.

Ms O'Regan: I think the SelfStart website tries to bring all the information together about the assistance that's available to somebody who wants to start their own business.

Ms Bird: ... Do you still have Small Business Hubs? Do we still fund those? Could you ask the division to provide a little bit of a summary submission to us about what they're doing, particularly for young people in that space? ...

Mr Jalayer: I should just make it clear that this is under NEIS, which is a very formal program. The other elements are the workshops and SelfStart. They are actually complementary. But there are quite a significant number of jobseekers who are encouraged to start their own self-employment in jobactive... But there are a significant number of people.

Ms Bird: If you've got any data or information on that, that would be good.

Answer

The Department recognises that self-employment is a viable option for many people and provides assistance to help people create their own job.

Entrepreneurship Facilitators promote entrepreneurship and provide support to help people start their own business.

Entrepreneurship Facilitators provide a range of services including:

- Promoting and encouraging entrepreneurship to increase community awareness of self-employment as an alternative pathway to employment.
- Providing mentoring and assistance to people interested in starting or growing their own business.
- Linking and referring people to other support services in the location including other Australian Government business support programs such as New Business Assistance with NEIS.

Currently, Entrepreneurship Facilitators work in three areas with high youth unemployment and lower than average business activity to promote entrepreneurship and self-employment among young people. The three current Entrepreneurship Facilitators work in Cairns (Queensland), the Hunter including Newcastle (New South Wales), and Launceston and North-East Tasmania.

As part of the 2017–18 Budget, the Government announced \$17.7 million for new Entrepreneurship Facilitators in 20 additional locations from January 2019. The new facilitators will focus on encouraging entrepreneurship among mature age Australians, including those at risk of unemployment due to structural changes in the economy. However, like the current facilitators, they will be able to help anyone interested in starting their own business. Further information is available at www.jobs.gov.au/entrepreneurship-facilitators.

New Business Assistance with NEIS also helps people to start their own business. The program has helped more than 170,000 people start their own business over the last 33 years. New Business Assistance with NEIS provides accredited training, mentoring and support for the first 12 months of the new business, and, if eligible, income support for up to 39 weeks.

People who are interested in starting their own business can connect with a local provider through a number of channels.

- Referral from another service provider such as jobactive or Disability Employment Services providers or Entrepreneurship Facilitators.
- Directly approaching a NEIS provider for assistance.

NEIS providers also deliver Exploring Being My Own Boss Workshops. The two-week workshops provide people with a taste of what it is like to run their own business. There are 1,000 places available each financial year. Following the workshop, people may go on to start their own business through New Business Assistance with NEIS.

Online promotion - The Department also promotes self-employment through its websites. For example, on the jobs.gov.au home page one of the options for a job seeker is 'I want to start my own business'. This option provides the person with a range of information about what assistance is available, including New Business Assistance with NEIS, business.gov.au and the SelfStart online hub.

The SelfStart online hub is a starting point for people who wish to explore and develop their ideas into a successful business. The online hub provides general information on starting your own business and links people to relevant assistance such as business.gov.au and support available in their local area. The SelfStart online hub is at jobsearch.gov.au/selfstart.

The department also publishes self-employment articles and case studies on the jobs.gov.au newsroom. For example, the department recently published a story on the National NEIS Association's awards night, including two award winners who created their own job through self-employment.

Small Business Hub

The Australian Government's Small Business and Family Enterprise Ombudsman has a Small Business Hub. The Hub is based in Canberra city and is set up to provide interstate small businesses, family enterprises and industry association members with better access to the Australian government and public sector.

The Hub provides:

- desks to work from during visits
- a space to hold meetings
- easy access to Parliament House and federal government departments
- a place to host events.

Attached is the ***Backing Small Business*** handbook from October 2018 which includes all government support for Small Business. Of importance are pages 9-10 and 21-22 which include; business.gov.au, support from the Australian Taxation Office, and the Australian Small Business Advisory Services Digital Solutions Program (pgs 9-10) and Information for Entrepreneurs and Startups pgs (21-22). The handbook is currently being updated and some further detail and new initiatives are listed below.

jobactive participants in self-employment

A jobactive provider may claim an Outcome Payment when a job seeker who they have helped remains in self-employment, which reduces their reliance on income support.

Between 1 July 2015 and 31 October 2018, jobactive providers have recorded the following results for job seekers taking up self-employment:

- 44,021 Self-Employment Placements,
- 17,898 4-Week Outcomes,
- 15,610 12-Week Outcomes, and
- 10,443 26 Week Outcomes