

**SENATE EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
LEGISLATION COMMITTEE**

**2005-2006 ADDITIONAL SENATE ESTIMATES HEARING  
16 FEBRUARY 2006**

**EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO**

**QUESTIONS ON NOTICE**

**Outcome 1: Efficient and effective labour market assistance**

**Output Group 1.2: Labour Market Programme and Delivery**

**Output 1.2.2: Employment Services**

**Question Number: W679-06**

**Question:**

Senator Wong asked in writing:

- a. What proportion of 100% wage subsidies are signed off by contract managers?
- b. What proportion of wage subsidies in excess of 100% are signed off by contract managers?
- c. How does DEWR ensure it maintains oversight of the 100% and greater wage subsidies?
- d. Is it guaranteed that they are all signed off by contract managers?
- e. Is it possible that Job Network members are using other funds to supplement the Job Seeker Account wage subsidy above 100%, and if so what would be DEWR's policy on this potential practice?
- f. How much is spent annually through the Job Seeker Account on wage subsidies?
- g. How much is spent annually through the Job Seeker Account on 100% wage subsidies?
- h. How much is spent annually through the Job Seeker Account on wage subsidies in excess of 100% of the wage?
- i. What proportion of Job Seeker Account funds remain unspent?

**Answer:**

- a. Since the revised guidance on the Job Seeker Account expenditure principles was introduced in March 2005, all wage subsidies of 100% or more to be funded using the Job Seeker Account are approved by contract managers.
- b. See (a) above

- c. The department oversees Job Network members' use of wage subsidies through regular contract monitoring and programme assurance activities. The department investigates any reports brought to its attention by Job Network members or through job seeker or employer feedback.

The department is able to take action in the event that Job Network services are not delivered in accordance with the contract.

- d. JSKA funds can be recovered from the Job Network member for any claims that do not meet these requirements. Job Network members may also be sanctioned for not complying with contract requirements.
- e. In calculating whether a wage subsidy under Job Seeker Account is 100%, Job Network members are advised to have regard to actual wage costs net of other funding assistance obtained by the employer for wages. Job Network members are not prohibited from using their own funds for other assistance to job seekers and employers providing their practices do not offend the Employment Services Code of Practice that forms part of the Employment Services Contract.

- f. Between the introduction of the Job Seeker Account in July 2003 and 6th January 2006, expenditure on wage subsidies has been approximately \$147.1m (out of a total JSKA expenditure of approximately \$509 million).

The following amounts have been spent each financial year on Wage Subsidies through the Job Seeker Account:

- : 2003/4 – approximately \$10.7 million
- : 2004/5 – approximately \$85.6 million
- : 2005/6 – approximately \$50.8 million (up to 6 January 2006).

- g. Since the Job Seeker Account expenditure principles were revised in March 2005, 17 wage subsidies of equal to 100% have been approved by contract managers and paid through the Job Seeker Account. To date, six of these have lodged interim outcome claims

Total expenditure claimed against these subsidies is \$61 389 (as at February 2006).

(It is not possible to provide information on wage subsidies of 100% paid through the Job Seeker Account prior to March 2005 as this information was not collected).

- h. Since the Job Seeker Account expenditure principles were revised in March 2005, one wage subsidy in excess of 100% of the wage has been approved by a contract manager and reimbursed to a Job Network member through the Job Seeker Account.

Expenditure for this claim to date is \$3300 (as at February 2006).

(It is not possible to provide information on wage subsidies in excess of 100% paid through the Job Seeker Account prior to March 2005 as this information was not collected).

- i. Job Seeker Account funds are credited to a Job Network member's notional bank to coincide with a job seeker's commencement in particular services with that organisation. These funds can be drawn-down by the Job Network member as appropriate services and products are purchased for the eligible job seeker.

The difference between the amount credited to Job Network members and that drawn-down can be loosely referred to as the 'unspent' component of the Job Seeker Account. However, the term 'unspent' is misleading, especially as Job Network members have an additional 28 days to finalise any job seeker claims and the 'unspent' amount fluctuates to reflect claims being finalised and the accruing of additional Job Seeker Account credits.

Between its introduction in July 2003 and 6 January 2006, the total amount credited to the Job Seeker Account has been approximately \$806 million. Almost \$596 million had been drawn-down by Job Network members.