

Outcome 4: Enhanced employability and acquisition of labour market skills and knowledge and participation in society through direct financial support and funding of employment and training services

Outcome 4 Strategy

The government's social inclusion and economic reform agenda emphasises a healthy, skilled and inclusive society as the foundation of Australia's productive capacity. Long-term priorities are focused on enabling people to participate in a range of positive and productive social and economic activities they might otherwise have difficulty accessing. These activities include securing a job.

Despite a strong labour market over the past decade, there are groups of people who experience labour market disadvantage. These groups will face further challenges in the context of the global economic situation.

In particular, employment results for Indigenous Australians are lower than those of non-Indigenous Australians. Evidence of this can be seen in the 2006 Census which showed that around 48 per cent of the Indigenous workforce-age population were in employment, compared to 72 per cent for other Australians. The Council of Australian Governments (COAG) has set a national target to halve this gap within a decade.

In order to achieve this target, an additional 100,000 Indigenous Australians will need to be employed within the decade. This would represent a 63 per cent total increase in the number of Indigenous Australians employed at mid-2006.

The government's objective is to provide opportunities for disadvantaged individuals and communities to participate in society and to remove disincentives and barriers to labour force participation so that people can become financially independent and develop social and community connectedness.

The department supports the government's skills and inclusion agenda by providing employment and training services for the unemployed and the disadvantaged. A key priority is to ensure that programs and payments provide a relevant service to participants, foster social inclusion and improve employment outcomes, particularly for disadvantaged people and those at risk of becoming disadvantaged.

Recent and ongoing economic challenges are likely to have the effect of raising unemployment. Higher unemployment will mean higher inflows into employment services and more people on income support. The government's policy approach will be to identify emerging issues and develop policies and strategies to increase engagement, training and participation, and provide appropriate services and support.

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On 5 April 2009 the Prime Minister announced a new \$650 million Jobs Fund as part of the Compact with Local Communities under the new Jobs and Training Compact for Australia. The Jobs Fund will support and create jobs, and increase skills through innovative projects that build community infrastructure and create social capital in local communities across Australia, to produce long-term improvements in communities affected by the global economic downturn.

The Prime Minister also announced \$20 million for the engagement of Local Employment Co-ordinators in regions most affected by job losses who will work directly with local government, business, and community organisations to:

- help ensure that new national training programs are well targeted
- identify and work in partnership to develop projects that might be funded through the Jobs Fund
- ensure that local infrastructure programs are being implemented in the best way possible to maximise local employment.

The department has commenced a community engagement project with jobless families and local stakeholders in three locations. Addressing the disadvantages experienced by jobless families is a key priority within the social inclusion agenda. The government is developing an evidence base on the risks faced by jobless families and how the provision of services can be enhanced in disadvantaged locations.

The new national employment services system, Job Services Australia, commences on 1 July 2009. Under Job Services Australia, eligible job seekers will receive assistance tailored to their individual needs and level of disadvantage. Job Services Australia providers will provide training and skills development, work experience, tailored case management and other assistance to help job seekers find employment. There is a greater focus on helping the most disadvantaged.

An Employment Pathway Fund (EPF) will enable providers to purchase a range of vocational and non vocational support for job seekers, specific to their needs. This includes: fares assistance, work clothing, safety equipment, counselling, wage subsidies and work experience and training.

Job Services Australia will also have a greater focus on employers, and providers will work with local employers to understand their labour needs and how best to fill their job vacancies.

The government has established a \$41 million Innovation Fund to identify innovative place based solutions that will utilise Job Services Australia providers to connect disadvantaged job seekers to training and employment.

Alongside the mainstream employment services, the department oversees the Indigenous Employment Program (IEP), which also works to address the employment disadvantage experienced by many Indigenous Australians. Reforms to the Indigenous Employment Program, to be implemented on 1 July 2009, will assist in meeting the Closing the Gap employment outcome gap target by building on existing strengths within the program and by targeting areas of specific need. Job Services Australia will also provide better local servicing for Indigenous people.

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The government has committed to developing a National Mental Health and Disability Employment Strategy. A paper entitled *Setting the Direction* was released in December 2008, and outlines six areas for action that the government will take in addressing barriers to employment participation for people with disability. The Strategy will guide future Australian employment policies for people with disability. From 1 March 2010, the Disability Support Pension Employment Incentive Pilot, part of the Strategy, will be established to trial a new way of encouraging employers to provide sustainable jobs to people who would otherwise receive the Disability Support Pension.

In addition, disability employment services will be reformed from 1 March 2010 to ensure that people with disability will have demand driven access to employment services that are individually tailored to their needs. Assessment processes for the Disability Support Pension will also be reviewed and improved. Changes will ensure that people who are seeking income support and who are able to work part-time, receive a more appropriate income support payment instead of receiving the Disability Support Pension.

Further, the government has announced an investment of \$298.5 million to ensure that newly redundant workers will be eligible for intensive employment services. Access to these services has been available since 1 April 2009, for all workers made redundant on or after 24 February 2009. Additional training places are also being provided for redundant workers through the Productivity Places Program, the Australian Apprenticeships Access Program and the Language, Literacy and Numeracy Program. The government has introduced changes to the Liquid Assets Waiting Period costing \$25.6 million to allow retrenched workers and others claiming income support quicker access to income support payments and to allow claimants to retain more of their savings.

In addition, disability employment services will be streamlined to ensure that services are individually tailored for job seekers.

The government has also announced a range of measures to stimulate the economy and support jobs in response to the global financial crisis. These include the \$42 billion Nation Building – Economic Stimulus Plan which provides incentives for individuals to be actively engaged in training opportunities and to protect employment opportunities for Australians during the global recession. As part of this, the Training and Learning Bonus of \$950, announced on 3 February 2009, will be paid to low income students to assist with the costs of education and training. This bonus will also be available over the period 1 January 2009 to 30 June 2010 to assist unemployed people receiving a range of income support payments who undertake qualifying training and receive the \$208 Education Entry Payment. Other groups of students may receive the bonus through an administrative scheme, including eligible postgraduate scholarship holders.

As a further measure, the government will introduce a Training Supplement, which is an additional payment of \$41.60 per fortnight to assist low-skilled job seekers on Newstart Allowance or Parenting Payment to find future employment by supporting them to undertake approved training. This Supplement will be available for eligible job seekers who commence approved training between 1 July 2009 and 30 June 2011.

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To support the Government's Jobs and Training Compact with Young Australians, the conditions that unemployed young people must meet to receive Youth Allowance will be changed. From 1 July 2009, anyone under the age of 21 without a Year 12 or equivalent qualification, who starts receiving Youth Allowance, must be in education or training in order to receive income support. Existing recipients of Youth Allowance (Other) will be required to meet these requirements from 1 January 2010 and will be progressively transferred to the new arrangements in the period ending 30 June 2010.

The government has introduced a package of reforms to student income support to respond to the recommendations and findings of the Review of Australian Higher Education (Bradley Review). The reforms to student income support recognise the vital importance of ensuring that financial barriers to the participation in education and training by students from low socio-economic backgrounds, including those from rural backgrounds and Indigenous students, are removed. The reforms are central to achieving the government's objective that 20 per cent of undergraduate enrolments in higher education are students from low socio-economic backgrounds by 2020. By supporting increased participation in education and training, including higher education, the reforms will assist in building labour force capacity for qualified employees in high demand occupations.

In 2008, the government established a Participation Taskforce (chaired by Ms Patricia Faulkner AO) to examine whether there are better ways of balancing participation requirements for parents and mature age job seekers with their family and community responsibilities. The government has responded to the recommendations of the Taskforce. From July 2010, principal carer parents on income support will have greater opportunities to gain additional skills and qualifications to help them find suitable paid work once their children are at school. They will also have more scope to focus on their family's needs when caring responsibilities prevent them from working or studying.

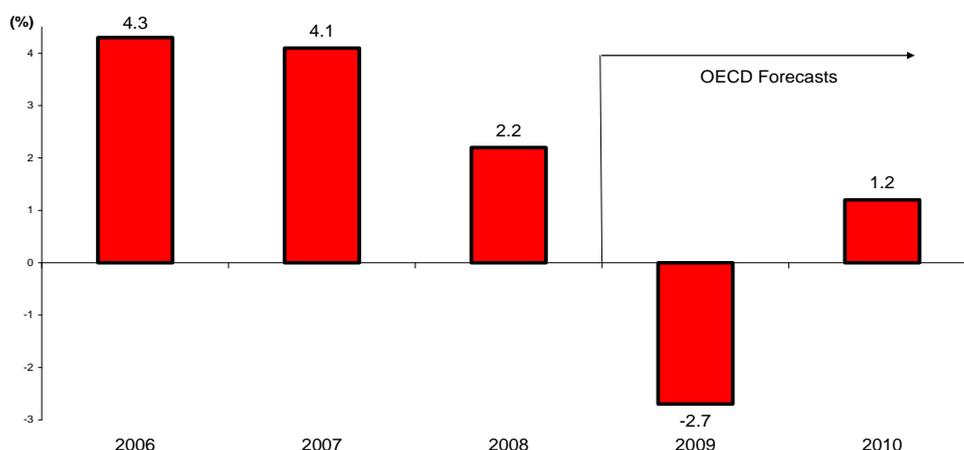
The 2009–10 Budget includes a measure to increase the readily available funds limits for access to the assets test hardship provisions in order to receive a non-student income support payment. The assets test hardship provisions allow people to access income support, in certain circumstances, where they have unrealisable assets and their readily available funds are below the relevant limit applicable to the payment they are claiming. This measure will make it easier for people in severe financial hardship to access certain income support payments where they have assets that cannot be realised.

A program that will harness the skills and experience of mature age people to support businesses and the community will be implemented progressively over three years from 2009. Golden Gurus, a 2020 Summit idea, will focus on connecting skilled mature age volunteers to mentoring opportunities within the community and with small businesses, including New Enterprise Incentive Scheme businesses.

The department is also implementing the Pacific Seasonal Worker Pilot Scheme, a small-scale pilot to examine whether a seasonal worker program could contribute to economic development in Pacific island countries, whilst benefiting Australian horticulture employers who cannot source sufficient local labour. A strategy is operating in similar locations to increase Indigenous employment in the horticulture industry.

The government’s Social Inclusion Agenda was introduced during a period of unprecedented economic growth and record employment. The global financial crisis will broaden the context for this agenda. As shown in Figure 2.4A, the OECD has forecast a global recession for the 2009 calendar year and a weak recovery for 2010. This will have adverse implications for Australia.

Figure 2.4A: World GDP Growth¹ (% per annum)



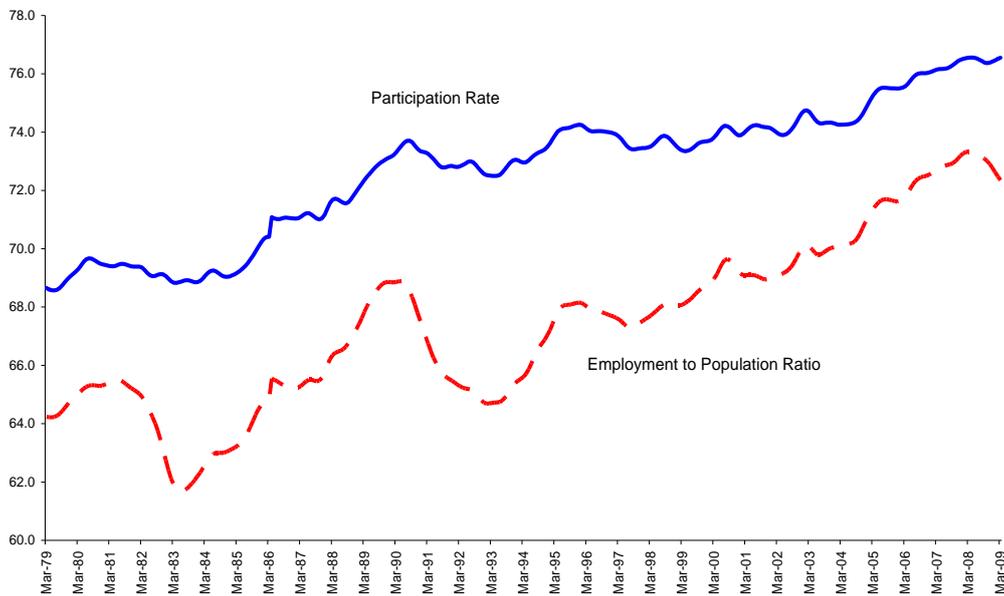
Source: OECD Economic Outlook (Interim Report), March 2009, page 9.

Recent developments in the labour force participation rate and the employment rate (i.e., the employment-population ratio) for workforce-age (15–64 year-old) civilians are shown in Figure 2.4B. Both these rates are in trend terms (i.e. adjusted for seasonal patterns and smoothed).

While the participation rate has held up around record levels so far, the employment rate has fallen by 0.6 percentage points over the year to March 2009 (latest data available). This is due to a fall in the male employment rate (which has fallen by 1.3 percentage points over the year) as the female employment rate was at virtually the same level in March 2009 as in March 2008.

¹ OECD countries plus Brazil, Russia, India and China only, representing 82 per cent of world GDP at 2000 purchasing power parities.

Figure 2.4B: Participation and Employment Rates for Workforce-age Civilians



Source: ABS (2009), *Labour Force, Australia, Preliminary, March 2009* (ABS Cat. No. 6202.0), Table 18.

The employment rate is likely to fall further for at least the near future as a result of the global recession. As at April 2009, DEEWR's Monthly Leading Indicator of Employment (Indicator) had fallen for sixteen consecutive months. The Indicator continues to confirm a slowdown in the pace of employment growth below its long-term trend of 2.3 per cent per annum.

Job Services Australia is expected to ameliorate the downward effect of the global recession and ageing of the adult population on the employment and participation rates. Other government policies which should assist in this regard include the large expansion in training places under the Productivity Places Program (see Outcome 3).

Budget Paper No. 1 of the *Budget Strategy and Outlook 2009–10* outlines the government's latest forecasts for employment growth and the participation rate for the adult (15 years and older) civilian population.

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Table 2.4: Budgeted Expenses and Resources for Outcome 4

Outcome 4: Enhanced employability and acquisition of labour market skills and knowledge and participation in society through direct financial support and funding of employment training services	2008-09 Revised Budget \$'000	2009-10 Budget \$'00
Outcome 4 Totals by Appropriation type		
Administered Expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	2,296,642	2,638,833
Other Services (Appropriation Bill No. 2)	-	-
Special Appropriations	11,996,970	15,038,468
Special Accounts	-	-
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	1,260,178	371,652
Revenues from Independent Sources (Section 31)	-	-
Special Accounts	-	-
Expenses not requiring Appropriation in the Budget year	293	293
Total Expenses for Outcome 4	15,554,083	18,049,246
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	2008-09	2009-10
Average Staffing Level (number)	2,184	2,090

Contributions to Outcome 4

Program 4.1: Employment Services

Program objective

Workforce participation remains a key component of the government's productivity agenda as a driver of long-term economic growth. This includes supporting working age Australians during the current global recession. The employment services objectives include:

- investing in the skills unemployed Australians need for the future to help them find and keep a job
- ensuring that government assistance supports workforce participation and economic and social inclusion.

The new Job Services Australia, to begin operation on 1 July 2009, will deliver a better, more personalised service that responds to all economic conditions. Job Services Australia folds seven separate employment services programs into a 'one-stop-shop' that provides job seekers with a more personalised service. Job Services Australia is designed to provide job seekers with the skills needed for employers looking for skilled labour.

Together with the expanded Productivity Places Program (see Outcome 3) already underway, these services represent a significant investment that will help address skill shortages and contribute to increased productivity.

Another initiative within the employment services program is the Automotive Industry Structural Adjustment Package which enables affected workers made redundant from the Automotive Industry to access employment and training services quickly while the industry is experiencing structural changes.

The effectiveness of the employment services will be measured by monitoring the proportion of job seekers in employment, education and training and off benefit following assistance by the service. There are a number of complexities associated with reporting on the Program effectiveness measures in Table 2.4.1. Throughout the first half of 2009–10 post-assistance outcomes for job seekers placed into jobs through Job Network, such as 13 and 26 week outcome payments, will continue to occur and many job seekers who will receive assistance from Job Services Australia will not have participated for a sufficient period of time for their outcomes to be recorded. The post-assistance outcomes achieved by Job Services Australia to be included in the measures in Table 2.4.1 in 2009–10 will therefore relate to a smaller proportion of the population than in future years.

A further measure of effectiveness is provided through broader indicators that can be influenced by a range of factors including the impacts of Outcome 4 programs. The department will report these KPIs as data become available:

- Trend in the average duration (in weeks) of unemployment relative to labour market performance
- Comparative labour market experience (measured as average duration in weeks on full-rate unemployment allowance) and proportion of job seekers off benefit three months following participation in Employment Services for each of the following groups:
 - long-term unemployed
 - very long-term unemployed
 - mature aged
 - people of culturally and linguistically diverse backgrounds
 - young people
 - Indigenous people
 - people with disability
 - sole parents.
- Proportion of population of workforce age on working age income support payment:
 - full-rate
 - part-rate.

Administered Items

- *Job Services Australia*—assists unemployed individuals to obtain the skills they need to secure sustainable employment. Employment services providers will help all eligible job seekers, build linkages with employers, connect job seekers to appropriate skills development opportunities and build linkages with other key stakeholders.

When Job Services Australia commences the following administered items will change because the following employment services programs will be folded into one: Work for the Dole; Job Network; Job Placement, Employment and Training; Green Corps and Personal Support Program. Work for the Dole and Green Corps will continue on, however, as key work experience activities under Job Services Australia. The New Enterprise Incentive Scheme and Harvest Labour Services (previously a component of Job Network) will also continue as part of Job Services Australia.

- *Job Capacity Assessment*—a single, comprehensive assessment of a person's capacity to work. The assessment identifies any barriers to work and any interventions that may be needed to help them overcome these barriers. To improve coordination of the assessment and support for people with disabilities and other barriers to work, responsibility for the Job Capacity Assessment Program will transfer from the Department of Human Services to DEEWR from 1 July 2009.
- *Jobs Fund*—aims to produce long-term improvements in communities affected by the global economic recession. This is a new initiative to support and create jobs and increase skills through innovative projects that build community infrastructure and increase social capital in local communities across the country. Through the Jobs Fund the Government will invest in one-off capital projects and provide seed funding for social enterprises. The Jobs Fund is a joint Government initiative consisting of three streams:
 - *Local Jobs* - \$300 million of funding is available over two years for community infrastructure projects with a focus on the promotion of environment-friendly technology and heritage. Of this stream:
 - \$60 million has been specifically set aside for heritage-related projects and will be appropriated to DEWHA, \$6 million of which will be spent in the 2008-09 financial year
 - \$40 million has been allocated for the construction of bike paths and will be appropriated to DITRDLG
 - the remaining \$200 million will be appropriated to DEEWR.
 - *Get Communities Working*—\$200 million of funding is available over two years to invest in seed capital for self-sustaining projects which create jobs and provide activities and services to improve community amenity. \$11 million of this funding is available in 2008-09 to provide Temporary Financial Assistance to non-profit organisations whose donor base is currently under pressure due to the economic downturn. This funding will be appropriated to DEEWR
 - *Infrastructure Employment Projects*—\$150 million of funding is available over two years to provide for investment in infrastructure projects which generate jobs in regions affected by the economic downturn. This funding will be appropriated to DITRDLG.

Table 2.4.1: Administered expenses and key performance indicators for Program 4.1

	2008-09 Revised Budget	2009-10 Budget	2010-11	2011-12	2012-13
Administered item expenses (\$000)					
Annual Administered Expenses:					
<i>Ordinary Annual Services Appropriation Bill No. 1)</i>					
Work for the Dole	172,554	-	-	-	-
Job Network	1,251,917	-	-	-	-
Job Placement, Employment and Training Program	20,940	-	-	-	-
Green Corps	25,945	-	-	-	-
Personal Support Program	99,305	-	-	-	-
Job Services Australia	-	1,524,604	1,750,142	1,653,804	1,271,938
Job Capacity Assessment	-	176,897	173,080	175,078	182,290
Jobs Fund	11,000	206,804	168,176	-	-
Advertising	1,646	-	-	-	-
Evaluation	1,740	4,644	4,878	3,787	2,588
Total program expense	1,585,047	1,912,949	2,096,276	1,832,669	1,456,861

	2008-09 Revised Budget	2009-10 Budget	2010-11	2011-12	2012-13
Quantity for key deliverables					
Job Services Australia					
Total Job Placements achieved ²	550,000	450,000	450,000	450,000	450,000

² Outcomes relate to nine months of the period. For the first three months of Job Services Australia commencing 1 July 2009, outcomes measured will relate to outcomes achieved under the Job Network system as part of agreed transition arrangements.

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	2008-09 Revised Budget	2009-10 Budget	2010-11	2011-12	2012-13
Program effectiveness					
Job Services Australia					
Cost per employment outcome ³ for Employment Services delivered by Job Services Australia:					
• Stream 1-3	-	\$4,000	\$4,000	\$4,000	\$4,000
• Stream 4	-	\$17,300	\$17,300	\$17,300	\$17,300
Proportion of job seekers in employment three months following participation in Employment Services:					
• Stream 1	-	55%	55%	55%	55%
• Stream 2	-	38%	38%	38%	38%
• Stream 3	-	25%	25%	25%	25%
• Stream 4	-	13%	13%	13%	13%
Proportion of job seekers in education/training three months following participation in Employment Services:					
• Stream 1	-	10%	10%	10%	10%
• Stream 2	-	10%	10%	10%	10%
• Stream 3	-	12%	12%	12%	12%
• Stream 4	-	12%	12%	12%	12%
Proportion of job seekers off benefit three months following participation in Employment Services:					
• Stream 1	-	55%	55%	55%	55%
• Stream 2	-	40%	40%	40%	40%
• Stream 3	-	35%	35%	35%	35%
• Stream 4	-	15%	15%	15%	15%
Proportion of job seekers off benefit twelve months following participation in Employment Services:					
• Stream 1	-	-	70%	70%	70%
• Stream 2	-	-	60%	60%	60%
• Stream 3	-	-	55%	55%	55%
• Stream 4	-	-	20%	20%	20%
Proportion of Stream 4 commencements that obtain a social outcome					
	-	-	50%	50%	50%

³ Cost per employment outcome for Employment Services delivered by Job Services Australia will be calculated as total expenditure divided by the number of job seekers employed (as measured through the Department's Post Program Monitoring survey) in the reporting period

Changing Administered Items

The following administered items will change on 30 June 2009. They will be replaced by services to be delivered by Job Services Australia. Consequently most of the KPIs will no longer be applicable for the 2009–10 Budget or forward years.

Efficiency Key performance indicators	2008–09 Revised budget
Program 4.1: Employment Services	
Work for the Dole	
Utilisation of program capacity	45,000
<i>Quality</i> Percentage of Work for the Dole activities that address one or more skills in demand	75%
Level of satisfaction of participants with: Work for the Dole Program	80%
Job Network	
Total Job Placements achieved	550,000
Utilisation of program capacity ⁴	
• Employment Preparation Capped	200
• Employment Service for Age Pensioners	250
• Wage Assist	1,500
• Work Experience Placement (WEP) program	1,500
Cost per employment outcome 3 months following participation in Job Network Employment Services (Job Placement and Intensive Support)	3,800
<i>Quality</i> Proportion of job seekers in employment 3 months following participation in Employment Services.	
• Job Placement	70%
• Intensive Support	54%
Proportion of job seekers in education/training 3 months following participation in Employment Services.	
• Job Placement	10%
• Intensive Support	10%
Proportion of job seekers off benefit 3 and 12 months following participation in Employment Services in Intensive Support.	
• 3 months	48%
• 12 months	55%

⁴ The take up of these initiatives has been less than anticipated.

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Efficiency Key performance indicators	2008–09 Revised budget
New Enterprise Incentive Scheme⁵	
Utilisation of program capacity	6,800
<i>Quality</i> Proportion of job seekers in employment 3 months following participation in Employment Services in New Enterprise Incentive Scheme.	80%
Proportion of job seekers in education/training 3 months following participation in Employment Services in New Enterprise Incentive Scheme.	10%
Proportion of job seekers off benefit 3 and 12 months following participation in Employment Services in New Enterprise Incentive Scheme. • 3 months • 12 months	80% 80%
Job Placement, Employment and Training Program (JPET)	
Number of actual commencements in the JPET program	14,000
<i>Quality</i> Effective strategies to stabilise circumstances, identify and overcome barriers and achieve outcomes for JPET participants: • Proportion of JPET participants who achieve economic outcomes	25%
Green Corps	
Utilisation of program capacity	1,350
<i>Quality</i> Level of satisfaction of participants with Green Corps Program	80%

⁵ From 1 July 2009 the NEIS program becomes a component of Job Services Australia. NEIS outcomes will be included as part of Stream Services KPIs 2009–10 onwards. Participants can apply for NEIS allowance under the old contract up until 30 June 2009 so there may be residual participants under the old ESC3 which could potentially continue for 82 weeks from date of commencement.

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Efficiency Key performance indicators	2008–09 Revised budget
Personal Support Program	
Utilisation of program places	80,000
Information, referral and support services:	
• Number of referrals	45,000
• Ratio of commencements to referrals	80%
<i>Quality</i>	
Percentage of Personal Support Program (PSP) participants exiting PSP who are in employment for 13 weeks duration, education/training, referred to DEN and/or referred to JNS (ISca) (positive outcomes) or social outcomes, within the last 12 months:	
• positive outcomes	30%
• social outcomes	40%

Program 4.2: Indigenous Employment

Program objective

Increase Indigenous Australians' employment outcomes and participation in economic activities, contributing to the government's commitment to halving the gap between Indigenous and non-Indigenous employment outcomes within a decade. The Indigenous Employment Program (IEP) works alongside the universal employment services, which are the largest provider of employment services for Indigenous people.

Key actions will involve developing and strengthening foundation skills to enable the unemployed to develop skills that will assist them in gaining employment and increasing the skill levels of those who are employed.

Reforms to the IEP will be implemented on 1 July 2009 following consultations across Australia.

The effectiveness of the program is indicated by KPIs in Table 2.4.2 which focus on the labour force and education status of job seekers following participation in Indigenous Employment programs. As the reformed IEP builds on the existing program strengths, the KPI's in Table 2.4.2 relate to continuing and new projects. Program 4.2 also impacts as part of a wider set of factors on the following broader indicator.

- Comparative labour market experience (measured as average duration in weeks on full-rate unemployment allowance) for Indigenous Australians.

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Administered Items

- *Indigenous Employment*—to assist Indigenous people to obtain employment and also start businesses as well as to support more communities to develop and achieve their own economic direction.

Table 2.4.2: Administered expenses and key performance indicators for Program 4.2

	2008-09 Revised Budget	2009-10 Budget	2010-11	2011-12	2012-13
Administered item expenses (\$000)					
Annual Administered Expenses:					
<i>Ordinary Annual Services (Appropriation Bill No. 1)</i>					
Indigenous Employment	117,097	138,756	152,338	168,864	177,139
Total program expense	117,097	138,756	152,338	168,864	177,139

Quantity for key deliverables					
Indigenous Employment					
Number of total commencements in Indigenous employment programs (includes commencements in employment, training and other assistance)	15,000	25,000	27,500	30,000	32,500
Number of employment commencements in Indigenous employment programs	n/a	12,500	14,000	16,000	18,000
Program effectiveness					
Proportion of job seekers in employment and/or education/training (positive outcomes) three months following participation in Indigenous Employment programs	65%	60%	60%	60%	60%

Program 4.3: Disability Employment Services

Program objective

To provide specialist assistance to job seekers with a disability, injury or health condition who require ongoing support to find or maintain sustainable employment in the open labour market. Job seekers are assisted through individual employment planning, vocational assessment and counselling, training, job search activities, injury management, workplace modifications, work experience and post-placement or ongoing support.

The department provides payments and assistance for job seekers with disability through two administered items: Employment Assistance and Other Services, and Vocational Rehabilitation Services (VRS).

As part of its social inclusion and skills agenda, the government has undertaken a review of existing disability employment services, in close consultation with consumers, peak bodies, employers and employment services providers. The objectives of the review were to streamline services, reduce red tape and tailor services to the individual needs of job seekers. The government will invest more than \$1.2 billion in the disability employment services over the period 1 March 2010 to 30 June 2012. From 1 March 2010, DEN and VRS will be subsumed into the new Disability Employment Services program, for which new Key Performance Indicators will be defined.

The effectiveness of the program is indicated by KPIs in Table 2.4.3 which focus on the proportion of participants achieving employment outcomes. Program 4.3 also impacts as part of a wider set of factors on the following broader indicator:

- Comparative labour market experience (measured as average duration in weeks on full rate unemployment allowance) for people with disability (including mental illness).

Administered Items

- *Employment Assistance and Other Services*—supports job seekers with a disability mainly through the Disability Employment Network (DEN) and includes the Employer Incentives Scheme (EIS).

DEN provides specialist assistance to job seekers with disability who require ongoing support to find and maintain employment. These services are purchased under the *Disability Services Act 1986*.

EIS includes the Workplace Modifications Scheme, Supported Wage System, Wage Subsidy Scheme, Auslan for Employment program and the National Disability Recruitment Coordinator service. It aims to improve access to employment for people with disability.

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- *Vocational Rehabilitation Services (VRS)*—provides specialist employment assistance, combined with vocational rehabilitation, to help people with a disability, injury or health condition find and retain safe and sustainable employment in the open labour market. The *Disability Services Act 1986* provides the legal framework for VRS.

Table 2.4.3: Administered expenses and key performance indicators for Program 4.3

	2008-09 Revised Budget	2009-10 Budget	2010-11	2011-12	2012-13
Administered item expenses (\$000)					
Annual Administered Expenses:					
<i>Ordinary Annual Services (Appropriation Bill No.1)</i>					
Employment Assistance and Other Services	334,239	214,214	9,203	9,386	9,450
Vocational Rehabilitation Services	253,017	158,011	-	-	-
Disability Employment Services	-	208,658	525,750	561,952	599,854
Total program expense	587,256	580,883	534,953	571,338	609,304
Quantity for key deliverables					
Employment Assistance and Other Services – Disability Employment Network					
Utilisation of program capacity					
• Disability Employment Network Capped	22,000	13,333*			
• Disability Employment Network Uncapped #	-	8,667*			
• Other Disability Employment including Assistance and services - Employer Incentives Strategy of Wage Subsidy Scheme (WSS), Supported Wage System (SWS), Workplace Modifications Scheme (WMS), Auslan for Employment Program (AFE) (instances)	11,000	7,333*			
• National Disability Recruitment Coordinator (NDRC)	650	467*			
* The 2009-10 KPIs are based on eight months to the end of February 2010.					
# DEN uncapped estimate not provided for 2008-09.					

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	2008-09 Revised Budget	2009-10 Budget	2010-11	2011-12	2012-13
Vocational Rehabilitation Services					
Number of actual commencements	35,000	23,500*			
<i>Quality</i> Proportion of job seekers referred to demand driven Vocational Rehabilitation Services (VRS) who commence	85%	85%	Outyear KPIs not determined - from 1 March 2010 the DEN program will be replaced by the new Disability Employment Services program. New KPIs to be determined as part of the next stage of consultation.		
Proportion of job seekers referred to fixed place VRS who commence	70%	70%			
* The 2009-10 KPIs are based on eight months to the end of February 2010..					
Program effectiveness					
The proportion of DEN job seekers who received assistance during 2008-09 that achieve a sustainable employment outcome in: • The capped stream • The uncapped stream #	37% -	37% 25%	Outyear KPIs not determined - from 1 March 2010 the DEN program will be replaced by the new Disability Employment Services program. New KPIs to be determined as part of the next stage of consultation.		
Proportion of job seekers in VRS, in jobs, who go on to achieve a 13 week employment outcome	70%	70%			
Proportion of job seekers in employment 3 months following participation in VRS # DEN uncapped estimate not provided for 2008-09.	37%	32% ⁶			

Program 4.4: Working Age Payments

Program objective

Working age payments support people to improve their prospects of gaining employment, acquire labour market skills and knowledge, and participate in society. Financial assistance is provided to people who are unemployed, looking for work, undertaking employment preparation programs, have parenting responsibilities, or have a partial capacity to work due to disability.

The effectiveness of working age payments is measured by monitoring and analysing payment trends to assess the average duration on income support.

⁶ The target has been reduced to reflect expected lower employment outcomes associated with the economic slowdown and experience from previous economic downturns.

Administered Items

- *Parenting Payment*—provides income support for the principal carer of a child aged under six years if the carer is partnered or under eight years if the carer is single.
- *Pensioner Education Supplement*—is a fortnightly payment to certain income support recipients who are participating in approved full or part-time study.
- *Widow Allowance*—provides income support for older working age women who no longer have a partner and have no recent workforce experience. This allowance is being phased out and eligibility is limited to women born on or before 1 July 1955.
- *Ex Gratia Payment*—ex gratia assistance was granted to a small number of widow allowance recipients not currently eligible to transfer to other more appropriate income support payments.
- *Utilities Allowance*—is a supplement paid to income support recipients of Widow Allowance and Partner Allowance, or those of age pension age and in receipt of an income support payment to assist with their household bills.
- *Newstart Allowance*—provides income support for eligible job seekers aged between 21 years and Age Pension age. Recipients must satisfy an activity test by seeking and accepting suitable work and participating in activities designed to improve their employment prospects.
- *Partner Allowance*—provides assistance to mature age people who are partners of income support recipients and who face difficulty gaining employment due to a lack of recent workforce experience. This allowance was closed to new claimants on 20 September 2003.
- *Youth Allowance (Other)*-is an income support payment available to eligible young people aged 16 to 20 years who may be required to seek or prepare for paid employment or, until they attain Year 12 or an equivalent Certificate Level II qualification, undertake study or training in combination with other approved activities.
- *Sickness Allowance*—is a means-tested income support payment for people aged 21 or over but under age pension age who are temporarily incapacitated for work or study as a result of illness, are unable to work or study, and have a job or course of study to return to.
- *Mobility Allowance*—is a non-means tested income supplement for people with disability who are unable to use public transport without substantial assistance.
- *Modified Compliance Framework*—provides an offer of assistance to job seekers in an eight week non-payment period who have vulnerable dependants, including children, or who are considered exceptionally vulnerable themselves, providing financial case management by paying essential expenses up to the level of income support they would have received but for the eight week non-payment period.

Under the new compliance legislation to come into effect from 1 July 2009, job seekers will be able to end a penalty through participation in a Compliance Activity or, in some circumstances, by meeting a hardship test. These provisions will remove the need for financial case management for job seekers who incur penalties under the new legislation.

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Table 2.4.4: Administered expenses and key performance indicators for Program 4.4

	2008-09 Revised Budget	2009-10 Budget	2010-11	2011-12	2012-13
Administered item expenses (\$000)					
Annual Administered Expenses:					
<i>Ordinary Annual Services (Appropriation Bill No. 1)</i>					
Ex Gratia Payment	539	334	198	198	198
Modified Compliance Framework	6,703	-	-	-	-
Special Appropriations:					
<i>Social Security (Administration) Act 1999</i>					
Mature Age Allowance	725	-	-	-	-
Mobility Allowance	117,199	121,150	126,174	131,861	136,594
Newstart Allowance	5,023,641	8,132,294	9,606,433	9,406,957	8,504,143
Parenting Payment Single	4,265,052	4,206,501	4,133,243	4,077,464	4,144,414
Parenting Payment Partnered	984,932	1,045,754	1,119,024	1,203,955	1,272,488
Partner Allowance Benefit	55,881	35,955	15,348	943	-9
Partner Allowance Pension	318,102	244,703	181,398	138,051	63,294
Pensioner Education Supplement	65,030	62,965	58,898	54,408	53,680
Sickness Allowance	92,852	88,841	90,047	92,041	93,991
Utilities Allowance	25,746	23,302	20,272	17,967	15,184
DVA Training and Learning Bonus	2,169	-	-	-	-
Widow Allowance	506,191	451,206	423,288	423,259	392,781
Youth Allowance (Other)	539,450	625,797	706,213	629,708	500,253
Total program expense	12,004,212	15,038,802	16,480,536	16,176,812	15,177,011

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	2008-09 Revised Budget	2009-10 Budget	2010-11	2011-12	2012-13
Program effectiveness⁷					
Average (mean) duration on income support by current income support payment (weeks):					
• Newstart Allowance (NSA)	176				
• Youth Allowance (Other) (YA(O))	73				
• Parenting Payment Single (PPS)	349				
Percentage of income support recipients who exit income support within 3 months of grant:					
• Newstart Allowance (NSA)	30				
• Youth Allowance (Other) (YA(O))	33				
Percentage of income support recipients who exit income support within 12 months of grant:					
• Newstart Allowance (NSA)	77				
• Youth Allowance (Other) (YA(O))	78				

Departmental Outputs

Social inclusion and participation

The department develops policy to provide disadvantaged Australians with the opportunity and support they need to reach their full potential, access opportunities to develop the skills and capabilities they need to find sustainable work, and ensure they are not left behind.

Key departmental social inclusion and participation priorities for 2009–10 are:

- Policy development to improve the participation of young people. Most young people aged 15–24 make a successful transition from school to work or further education. However, some do not and can be vulnerable to long-term joblessness and social exclusion. There are many young people who are not engaged in education or work and the department will be contributing to further policy development particularly in the area of barriers to participation for disengaged young people. The changes to Youth Allowance (other) are an important step in ensuring young people are engaged in study and work.

⁷ Estimates based on historic trend analysis are unavailable due to the change in the recipient population in 2008-09

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- Implementation and management of the Innovation Fund to support projects that provide innovative solutions and pathways to employment for disadvantaged job seekers, particularly in areas of entrenched disadvantage.
- Development of strategies to address the needs of homeless job seekers. The government released *The Road Home: a national approach to reducing homelessness* in December 2008. This White Paper outlines the government's strategy to halve homelessness by 50 per cent by the year 2020 and provides a framework for preventing homelessness. The department will be contributing to further policy work particularly in the area of unemployment and homelessness.
- Identification of strategies for improving the participation of jobless families. There are approximately 225,000 jobless families with a dependent child under the age of 16 where either one or both parents are on income support and have no reported earnings in the previous 12 month period. The government believes that addressing the disadvantage experienced by jobless families is a priority and the department will be contributing to further policy development particularly in the area of barriers to participation for jobless families. The community engagement project in three locations will assist with this work. The changes that the government is making to the participations requirements for principal carer parents on income support, in line with the recommendations of the Participation Taskforce, will assist jobless families better balance caring and study commitments with looking for paid work.
- Development of place-based strategies for tackling disadvantage. Place based, local solutions to servicing people on income support provide a way of encouraging community involvement and promoting inclusive practices by service providers. Policy development will include analysis of the ways that social enterprises, social entrepreneurship and social innovation can assist in providing more opportunities for people in disadvantaged locations to be included in social and economic life. In addition, policy work will focus on promoting partnership approaches (between levels of government, the community sector and businesses) to both developing solutions and to delivering services.
- Implementation of the Improving School Enrolment and Attendance through Welfare Reform Measure (SEAM), which attaches conditions to parents' income support payments to ensure their children attend school. The current SEAM trial will be extended until 30 June 2010.
- Policy development to increase participation opportunities for people with disability, including those with a mental illness; for example through the development of a National Mental Health and Disability Employment Strategy and through contributing to the OECD Thematic Review of Sickness Disability and Work (2005-09) to gain insight from OECD analysis and from international experience.

Income Support Measures

The department develops policy on income support measures and manages the portfolio's social security legislation interests.

Through the tax system, the government provides income and other support to reduce the social exclusion and economic marginalisation that results from financial and workforce disadvantage. Two major reviews, the Pension Review and the Australia's

Future Tax System Review, will make recommendations to create a tax structure that will position Australia to deal with demographic, social, economic and environmental challenges and enhance Australia's economic and social outcomes. The department has assisted these reviews through the provision of advice on the effectiveness of working age income support payments that are administered within the portfolio. A focus of the reforms will be to ensure there are appropriate incentives for workforce participation and skill formation, and more opportunities for self-provision and labour market participation.

Table 2.4B: Performance information for department outputs for Outcome 4

Performance Indicator	2009–10 Estimate
Program Management	
<i>Quality</i>	
Payments are made in accordance with approved timelines	All programs to meet relevant administrative targets set by quality assurance processes in DEEWR
Payments made are based on calculations which are accurate and in accordance with approved guidelines	All programs to meet relevant administrative targets set by quality assurance processes in DEEWR
Employment IT applications: defect density for important defect types measured by the mean defect from the International Software Benchmarking Standards Group (ISBSG) repository of major defects	Benchmark: Mean defect density (major severity) = 15 defects/1000 function points (to be measured 4 weeks after software release)
High quality Ministerial replies as measured by the level of satisfaction of Ministers and the Parliamentary Secretaries with the quality and timeliness of the replies	Qualitative evaluation of satisfaction using feedback to the Secretary from the Ministers and Parliamentary Secretaries
Provision of employment outcome results through the Post-Program Monitoring survey	Results available within a satisfactory timeframe
Proportion of DEN organisations achieving quality assurance certification within required timeframes	100 per cent
Services provided by Australian Government agencies (e.g. Centrelink) satisfy performance requirements.	DEEWR requirements met
<i>Quantity</i>	
Employment IT applications Services – construction and redevelopment of internally developed software	Cost benchmark is \$1,250 per function point ⁸ Target is \$1,250 or less
Employment IT applications availability	Target is 99.5 per cent
<i>Client Satisfaction</i>	
Level of satisfaction of service providers with contracted information and support	80 per cent satisfied

⁸ This is an internal created benchmark based on previous performance and international comparisons. A function point is an internationally recognised measure of software size.

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Performance Indicator	2009–10 Estimate
Policy Services	
Quality	
High quality policy advice to Ministers, senior officers of the department and other key stakeholders	Qualitative evaluation of satisfaction and timeliness using feedback to the Secretary from the Ministers and Parliamentary Secretaries
Level of satisfaction of Ministers with the provision of research and evaluation	Satisfactory or above