



Australian Government

**Department of Education, Employment
and Workplace Relations**

Welfare to Work Contact Model: Final Evaluation Report

December 2007

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Department of Education, Employment and Workplace Relations

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Executive summary

The Welfare to Work Contact Model was implemented in 50 Centrelink sites to improve job seeker engagement and provide a more meaningful contact with Centrelink. The Contact Model engages job seekers fortnightly through a Participation Interview to reinforce the requirement to actively seek work and meet their obligations through a consistent, more frequent and more meaningful contact. The Participation Interview allows Centrelink to identify barriers to participation, monitor job search efforts, assist job seekers to correctly declare earnings and ensure job seekers are referred to the most appropriate employment assistance program.

The Contact Model also introduced streamlined processes for job seekers by replacing the existing SU19 form, Job Seeker Diary and Mutual Obligation Diary with a single document called the Participation Record. The Participation Record is retained by the job seeker for six fortnightly reporting periods and is used to report income, job search activities (including participation in employment programs) and any change to their circumstances. The Participation Record also serves as a diary, which can be used to record upcoming provider appointments and job interviews and to record details of employers the job seeker has already approached.

In January 2007 the department commenced an evaluation of the Contact Model based on its format which operated from November 2006 to July 2007. The aim of the evaluation was to measure any benefits from the Contact Model against its objectives of increasing activity test compliance, improving participation outcomes and improving payment correctness and integrity in order to improve job seeker engagement. The evaluation was unable to provide an analysis for regional and remote job seekers as the Contact model was not rolled out for these client groups.

Findings

The evaluation identified statistically significant positive outcomes from the improved job seeker engagement at the Contact Model sites, compared to other sites. Net impacts across all outcome measures examined were generally consistent with improved engagement of job seekers.

- Increased economic participation - evidenced by higher off-benefit outcomes, a higher incidence of reporting of on-benefit earnings and improvements in observable employment outcomes and job search activity leading to reduced income support expenditure in the order of \$8.5 to \$9 million over 9 months.
- Improved integrity of the Income Support system - through more accurate reporting of income and a higher incidence of reporting of on-benefit earnings.
- Increased activity test compliance - as demonstrated by the decrease in the rate at which Participation Reports were raised and the rate at which Participation Failures were imposed by Centrelink.

- The improvements in outcomes tended to be larger for job seekers for whom the increase in monitoring was greater, namely those who had previously been reporting to Centrelink less often than fortnightly and the very long-term unemployed.

Given the staggered implementation of the model, however, the results are likely to understate the impacts of a full Contact Model as only around 75% of the overall target group was converted by Centrelink and the intensity of contact, particularly delivery of work first messages, was less than originally intended.

The evaluation also analysed impacts for the Very Long Term Unemployed (VLTU). Requiring VLTU job seekers to report under the Contact Model was effective in promoting (and/or revealing) employment amongst the VLTU. It also contributed to improved income reporting accuracy and appears to have led to greater connectivity and improved activity test compliance. The VLTU are specifically targeted by the revised Model deployed in July 2007.

Behavioural changes induced by the Contact Model contribute to improved integrity of the Income Support system as a result of:

- the more intensive and detailed monitoring;
- promotion of more accurate income reporting, including reported earnings;
- increasing job seekers' understanding of requirements; and
- decreasing inefficiencies in the system.

The pattern of impacts, particularly on off-benefit outcomes and higher incidence of earnings, is consistent with initial 'tree-shaking' effects combined with a lesser but consistent impact over time.

- There are positive gains from tree-shaking.
- Additional outcomes, including off-benefit outcomes and increased earnings declarations, should continue to be achieved as additional job seekers flow into the Model.

Based on the income support expenditure per job seeker it is estimated that, over the nine months to the end of July 2007, direct income support payments at Contact Model sites were between \$8.58 and \$9.25 million dollars less than they would otherwise have been.

- While transition job seekers have generated significant savings they are unlikely to continue to increase for much longer – savings are no longer being generated by those who were reporting fortnightly prior to the introduction of the Model (as expected) and monthly savings for those who were reporting less frequently having peaked in May have declined since (though this could in part be the result of the reduction in intensity of delivery of the Model).
- New job seekers on NSA/YA(o) can be expected to generate new savings if required to report under the Contact Model.

Feedback from Centrelink during implementation reported a positive response from job seekers who valued the personal interaction with their staff and appreciated the added support during their search for work. Similar feedback was received from Centrelink

front line staff who welcomed the chance to interact with job seekers in a more meaningful way.

The Participation Record has been popular with job seekers, with a number of job seekers who were no longer in the Contact Model target group following the introduction of the refinements in July 2007, asking to remain in the Contact Model so they could continue to use the Participation Record. For some job seekers this also meant voluntarily remaining on fortnightly reporting rather than dropping back to less frequent reporting.

Centrelink staff also prefer the Participation Record over the SU19 form as they can work with job seekers to update the Participation Record each fortnight, listing Job Network appointments and discussing job search outcomes. The Participation Record is also preferred because job seekers do not as readily lose this booklet style document, whereas SU19 forms are frequently lost by job seekers and Centrelink staff spend considerable time re-issuing replacement forms. The evaluation found that the Participation Record made an important contribution to the results achieved by:

- enhancing the Centrelink Service Advisors' (CSA's) ability to detect non-compliance and tokenism from the greater level of detail (including job search history) it contains; and
- revealing which messages were appropriate for the particular job seeker it often directed the conversation between the CSA and the job seeker.

The structured messages combined with the tool for recording those messages also played a role, at a minimum providing the discipline to ensure that the CSA did have a conversation with the job seeker while they checked their Participation Record.

Centrelink also contributed to the evaluation by measuring the impact on service delivery. Initially, as anticipated, there were some increases in queues in Contact Model sites. However, similar changes in queue wait times and job seeker complaints were observed in both Contact Model and Non-Contact Model sites during the period. The Centrelink research concluded that although complaints were marginally higher in Contact Model sites this could have been a result of the Contact Model being in an implementation phase. Another environmental consideration was that the Contact Model was implemented during what is traditionally a peak service delivery period for Centrelink.

To ensure that the resources allocated to the Contact Model are optimised and clearly targeted to those most at risk of non-compliance a profiling tool, designed using rigorous statistical analysis, could be used to identify jobseekers for more intensive engagement. The tool can be designed to determine the amount of time to spend with a job seeker at each contact and to identify the messages most appropriate to a job seeker's known circumstances. Use of profiling to direct the allocation of resources would not be inconsistent with most job seekers reporting fortnightly using a Participation Record.

1 Introduction

1.1 Background to the Welfare to Work Contact Model

The Welfare to Work Contact Model was developed in the context of the Welfare to Work reforms with the objectives of increasing participation to facilitate an increase in employment outcomes; to increase activity test compliance and to increase payment integrity through more accurate earnings declarations. The Contact Model was designed to replace the SU19 lodgement process with a more meaningful discussion to review job search efforts, deliver work first messages and to confirm the correct declaration of earnings. The SU19 form provides vital information to Centrelink on a job seeker's job search activities, earnings and any changed circumstances. Prior to the Contact Model, the lodgement process for the SU19 required only a cursory review of payment correctness and very limited examination of job search efforts.

1.2 Objectives

The Contact Model represents a significant investment in the fortnightly contacts Centrelink has with job seekers. The key objective of the more substantial contact arrangements is to increase employment outcomes through:

- improved participation outcomes;
- greater payment correctness and integrity; and
- increased activity test compliance.

1.3 Changes introduced with Contact Model reporting

In order to be paid income support, Newstart and Youth Allowance (NSA/YA(o)) recipients are required, amongst other things, to have a specific interaction with Centrelink (stimulus reporting). Major changes to the nature of this interaction were introduced with the Contact Model.

- A fortnightly face-to-face *Participation Contact* incorporating delivery of structured work first messages.
 - This also means an increased frequency of reporting for many job seekers – an expected increase from approximately 63% to 90% of NSA/YA(o) recipients to attend each fortnight
- Reporting through the *Participation Record* rather than the SU19 form – the Participation Record requires provision of more detailed documentary evidence of both activity and income.

The Participation Record must be checked by a Centrelink Service Advisor (CSA) and a Participation Contact take place in order for the job seeker's income support payment to

be stimulated under the Contact Model. Compared to payment stimulation via the SU19 lodgement process Contact Model reporting acts to increase Centrelink monitoring of NSA/YA(o) recipients while shifting the focus of Centrelink's interaction with the job seeker toward encouraging participation rather than just establishing eligibility (or ineligibility) for payment.

On being made subject to Contact Model reporting requirements job seekers were:

- issued a Participation Record and had their Activity Agreements updated to reflect their changed reporting requirements;
- given work first messages at most Participation Contact Interviews; and
- some job seekers with earnings were offered the opportunity to report their earnings electronically.

The extent to which the Contact Model was implemented as envisaged is examined in Section 2.

1.3.1 The Participation Contact

As the primary focus of the face to face Participation Contact is on the job seeker's participation during their reporting period it provides a vehicle for the delivery of appropriately structured work first messages¹ to the job seeker. These messages have been designed to reinforce job seekers' understanding of their requirements when receiving income support. Each fortnightly Participation Contact should draw on the work first messages and should contain the following components:

- examination of the Participation Record;
- monitoring job seeker compliance with Activity Agreements;
- a review of job seeker attendance at Employment Service Providers (ESP) appointments and/or activities;
- reminders about future appointments and commitments;
- an investigation of payment integrity issues associated with reporting of income;
- where appropriate, discussion between Centrelink staff and employers to confirm the job seeker has been making genuine contacts; and
- the promotion of job seeker use of Australian JobSearch.

As the Participation Contact is more substantial than the SU19 contact it allows Centrelink to identify barriers to participation, monitor job search efforts, assist job seekers to correctly declare earnings and ensure job seekers are referred to the most appropriate employment program.

¹ A number of Work First messages are provided to Centrelink staff and the Single User Workspace enables staff to indicate which messages were delivered at each contact. A complete list of the messages can be found at Appendix A.

1.3.2 The Participation Record

To support the Contact Model, the existing SU19 (Application for Payment) was replaced with a Participation Record² for job seekers reporting under the Model. The Participation Record allows job seekers to record a wider range of information in one document - appointments, job searches, earnings, approved activities etc - and includes the income records and statements required to be lodged in each of six fortnightly Participation Contact to generate payment.

The Participation Record is a far more comprehensive reporting tool than the SU19 form:

- The Participation Record is a booklet (diary) in which details of all required activity, including all required employer contacts (up to 10 compared to 4 on the SU19 form), and employment must be recorded. Each booklet covers 6 fortnights and contains a tear out reporting form for each of those fortnights.
 - Details recorded must be checked at each reporting contact (not when the diary is complete as with the Job Seeker Diary and the Mutual Obligation Diary) in order for payment to be stimulated.
- The Participation Record also provides the job seeker with a hard copy of details of both their individual and general reporting requirements with which they have to comply and any upcoming appointments with Centrelink or ESP.
 - Incorporation of the daily detail of employment, including hours of work, rather than just aggregate earnings over the fortnight, improves the job seekers capacity to report their earnings accurately and the CSA's capacity to check that they have done so.
- The combination of six reporting forms into a single document enables CSAs to check activity reported for the current fortnight against that reported in up to 5 previous fortnights to ensure the job seeker is making genuine job search efforts.

1.4 Scope of the report

This report examines the extent to which introduction of the Contact Model, as implemented, changed the interaction between job seekers and Centrelink and whether these changes impacted on Centrelink's service delivery or job seekers' economic participation, activity test compliance or payment integrity.

The analysis covers the period from November 2006, when the limited roll-out commenced, to the end of July 2007. It is based on analysis of administrative data, from both the previous DEWR and Centrelink systems, and qualitative findings from visits³ to 10 Contact Model sites and 3 non-Contact Model sites in January, May and June 2007.

A major focus of the evaluation is to determine whether the Contact Model impacts on economic participation, activity test compliance and payment integrity. The report

² It also superseded Job Seeker and Mutual Obligation Diaries as it is more comprehensive than either.

³ These visits included observations of job seeker reporting contacts and discussions with Centrelink office staff.

provides an analysis of job seeker engagement with the Model, the use and effectiveness of the Participation Record and the extent of structured work first messaging.

Centrelink provided some evidence to the evaluation on the effect of the Contact Model on its service delivery, particularly queue management.

This report examines the impact of the Contact Model for specific cohorts of job seekers:

- in receipt of NSA/YA(o) and reporting at Contact Model sites when the Model rolled-out in November 2006 (*transition* job seekers) in order to capture the effect on job seekers of changing their reporting regime. Within this group comparison of impacts on those who were already reporting fortnightly to those who were reporting less frequently (variable reporters) provides some insight into the effect of the increased frequency of contact; and
- *New entrants*, who commenced receipt of NSA/YA(o)⁴ at Contact Model sites after the Model roll-out, to provide insight into how people might respond in a steady state situation.

This report does not examine the impact of the major refocus of the Model, implemented in July 2007, on a smaller closely defined group of job seekers (the groups targeted by the Revised Model are set out in Appendix B). Where possible, implications for the likely impact of the *revised* Model for particular groups of job seekers are drawn out. In particular the impact of the Model, to the end of July 2007, on the VLTU – the core target group of the July 2007 Model, is explicitly examined.

While it is possible to isolate the impact of the Contact Model⁵ using administrative data from before and after the introduction of the Model, and to draw some conclusions as to the mechanisms most likely to have generated these impacts it is not possible to evaluate the impact of the Contact Model in several areas of interest including:

- the ability of regional and remote job seekers to comply with the Model. As the Contact Model was not rolled out to these job seekers it is not possible to determine the likely impact reporting under the Contact Model would have on them; and
- the impact on employers. While the Contact Model did not increase the number of employer contacts job seekers are required to make, such contacts should increase if job seekers increase their compliance. Such effects, however, are not captured in administrative data. Employers in Contact Model areas are many and diverse making it difficult to gather their perceptions of the impact of the Contact Model in qualitative data and even if this were feasible it is unlikely that local employers would be able to differentiate the impact of the Contact Model from other changes, particularly the Welfare to Work reforms, that would have been influencing the extent of interaction between themselves and job seekers.

⁴ These job seekers were not in receipt of when the Model was rolled out but commenced receipt of NSA/YA(o) at one of the Contact Model sites between then and the end of April 2007.

⁵ The methodology used to identify the impact of the Contact Model is set out in Appendix D.

It should also be noted that delays in implementation combined with changes to the Model mean that the results reported are the consequence of a modified version of the Model originally envisaged.

1.5 Key outcomes

The Contact Model objectives cannot be measured directly from the administrative data so the analysis focuses on measures that are indicative of improved employment outcomes, increased activity test compliance and greater payment correctness and integrity. As some outcomes examined relate to more than one of the Model's objectives these key outcomes, and how they relate to the Model's objectives, are set out in **Table 1**.

Table 1: Relationship of key outcomes to Model Objectives

Outcome measure	Contact Model Objectives		
	Economic Participation	Activity Test Compliance	Payment Integrity
No Income Support Payment ¹			+
Off Benefit ²	+		+
Zero Paid ³	+		+
Declared earnings <i>Rounded⁴ to \$10</i>	+		+
Average Income Support Paid	-		-
Had PRs Raised		-	
PRs Raised and Applied		+	
Average number of PRs applied		-	
Found Own Employment	+		
Job Placements ⁵	+		
JN Job Referrals	+		
Average number of JN Job Referrals	+		
Interview			
JNS interviews		+	
attended		+	
not attended		-	
Other interviews		+	
attended		+	
not attended		-	
Reconnection interviews		+	
attended		+	
not attended		-	

+ indicates a positive relationship between outcome measure and objective

- indicates a negative relationship between outcome measure and objective

¹ The proportion of the group who, at the end of the observation period, were either off-benefit or had a zero basic entitlement to income support.

² Off benefit is the proportion of job seekers who sustained their income support exit for at least one month and were off income support at the end of the observation period.

³ Those on NSA/YA(o) who had a zero basic entitlement to income support at end of July 2007.

1.5.1 Economic participation

Economic participation, the primary objective of the Contact Model, is considered to encompass job search activity as well as (paid) employment. Although administrative data do not capture all employment outcomes achieved by NSA/YA(o) job seekers they measure other outcomes that are closely related to employment. The analysis used the following proxy measures of employment:

- off-benefit outcomes (previous research shows that 80 to 90% of movements off NSA/YA(o) are employment related⁶);
- earnings declarations, both incidence and level, by job seekers while on-benefit; and

⁶ Job Seeker Destination Survey, PPM

- recorded job placements which includes both reported found own employment (FOE) places and those made by Job Network members.

Similarly, although actual job search activity is not recorded in the administrative data, job referrals by Job Network members, which are recorded, provide a measure of the extent to which job seekers are undertaking job search assisted by their Job Network member.

1.5.2 Payment integrity

Payment integrity is achieved when a job seeker's income support payment corresponds to the amount to which they are entitled, given their actual circumstances. Integrity is compromised when job seekers:

- deliberately misreport their circumstances so their income support payment is above that to which they are entitled; or,
- inadvertently misreport their circumstances due to a lack of understanding of reporting requirements, resulting in over (or under) payment relative to their entitlement.

The Contact Model aimed to improve payment integrity through:

- increased monitoring, resulting from reporting through the Participation Record and increased frequency of contact for some job seekers, increases the incentive to report accurately by increasing the probability of deliberate misreporting, particularly of income, being detected;
- the increased detail and instructions for income reporting which also act to increase job seekers understanding of how to declare their earnings reducing the probability of inadvertent misreporting; and
- reinforcing influence of messages provided about how to declare income, the importance of timely reporting of changed circumstances and the consequences of not doing so.

Reductions in deliberate non-declaration of earnings result in increased off-benefit outcomes and/or an increased incidence of reported earnings but could act to either increase or decrease average declared earnings depending on the average earnings of those stimulated to declare compared to those who were already declaring⁷.

The extent to which income declarations are rounded (for example, to multiples of \$10 or more) is an indicator of how accurately job seekers are declaring their income. Rounded earnings suggest that the job seeker may have been careless or negligent in calculating their reported earnings, or may be unaware of how to correctly declare income from employment. Closer monitoring of income reporting through the Participation Record

⁷ As the impact of the Contact Model on average declared earnings is unpredictable this has not been used as an indicator of the effectiveness of the Model.

combined with provision of information on how to declare earnings correctly via the relevant messages can lead to increased accuracy of income reporting. Reductions in inadvertent incorrect declarations of earnings could be expected to result in a decreased incidence of rounded earnings.

1.5.3 Activity Test compliance

The more substantial fortnightly contacts with job seekers should provide them with a better understanding of their requirements leading to a decrease in both the extent of Participation Reporting and the extent to which Participation Reports raised are imposed. In the short term it is possible that greater interaction between Centrelink and job seekers, as a consequence of the Contact Model, and increased monitoring of job search effort, through the Participation Record, could counteract this effect as there is greater opportunity to identify non-compliance.

Insight into the impact of the Contact Model on activity test compliance can also be gleaned by examination of the ESP appointments. Relatively more people with appointments with ESP would suggest that more job seekers were being connected with employment services while fewer people with reconnection interviews would indicate that job seekers were better connected. Increases (decreases) in attendance (non-attendance) rates are also indicative of improved compliance. This is particularly so where the change in rate translates to relatively more (fewer) job seekers attending (not attending) interviews.

2 Implementation overview

2.1 Operational changes during implementation

The original aim was to have 90% of eligible⁸ NSA/YA(o) job seekers reporting under the new arrangements within 16 weeks of the initial implementation (by 23 February 2007). The Contact Model was implemented in November 2006 across 50 Centrelink Customer Service Centres (listed in Appendix D) (CSCs) by commencing the conversion of job seekers already reporting on a two weekly regime. Conversions of variable reporters did not commence until January 2007 with twelve weekly, fax and postal reporters not targeted until February 2007. System support to place new claimants directly into the Contact Model did not come on line until January 2007.

Early in 2007 it was evident that Centrelink would not achieve the desired 90 per cent job seeker engagement in the 16-week timeframe and the timeframe for completion of conversions was extended to the end of the 2006-07 financial year.

In March 2007, Centrelink advised that over a third of Contact Model sites were at risk of not meeting the revised conversion date of 30 June 2007. Around that time Centrelink slowed Contact Model conversions in the offices where they considered that their service delivery was impacted by resource constraints, evidenced through longer customer queues.

Early in April 2007 the Contact Model was adjusted by Centrelink to enable sites to undertake fortnightly Participation Contact Interviews more flexibly. The revised strategy included employing a 'light' or 'heavy' contact for Contact Model job seekers. In some fortnights job seekers would have a 'light' (shorter) interview without a work first message delivered and other fortnights the interview would be a full Participation Contact ('heavy'). This approach to the job seeker interaction was initially developed and applied at Centrelink's discretion, based on site capacity in peak periods and later systematised according to the job seekers' activity requirements.

At the end of May 2007 Centrelink National Office advised Contact Model sites not to engage in any further strategies involving converting customers who did not attend the office in person (ie. were mail or fax lodgers) or to call customers into the office outside of their normal Due to Lodge reporting cycle. On 14 June 2007, Centrelink sites were advised to cease conversions of job seekers (at new claim or with a current benefit status) if they did not have a recent history of earnings related debts or who had not had an eight week non-payment period applied. This advice was issued due to Centrelink queue

⁸ Appendix F provides details of job seeker eligibility.

management concerns which prompted further consideration of service delivery impacts, followed by a formal announcement of modifications to the Contact Model⁹.

From 16 July 2007, following discussions between relevant Ministers and subsequent discussions and agreement at the Centrelink/(previous) DEWR Executive level, a *revised* Model was deployed to the participating sites. The *revised* Model was introduced in response to feedback including the service delivery impacts experienced.

2.2 Job seeker engagement with the Contact Model

2.2.1 Engagement

Although a small number of sites achieved the 90% target, due to concerns around resource pressures at the Centrelink offices and subsequent operational changes to the Model and the resulting reduced expectations this target was not achieved, in aggregate, across all the sites.

- The Dashboard Reports provided by Centrelink show engagement peaking at 77% at the end of June 2007¹⁰. In that week two sites surpassed the 90% target while nine had fewer than 70% reporting under the Model (three less than 60%).
- None of the cohorts examined in greater detail achieved the 90% engagement target¹¹.
 - *Transition* job seeker engagement peaked at 70% in June 2007 (**Figure 1**). The peak occurred earlier for fortnightly reporters (80% in early June) than for either variable reporters (56% in mid to late June) or for the VLTU (68% in late June) (**Figure 2**).
 - Engagement of *new entrants* got closest to the target but still fell short, having reached 80% in early March and peaking at 84% in mid-June.
 - Conversions of *transition* job seekers were more likely to be impacted by workload pressures as there was no additional (transition) time involved in subjecting *new entrants* to Contact Model reporting once the system support was in place to do so at new claim.

Centrelink identified several factors contribute to the shortfall in reaching targets.

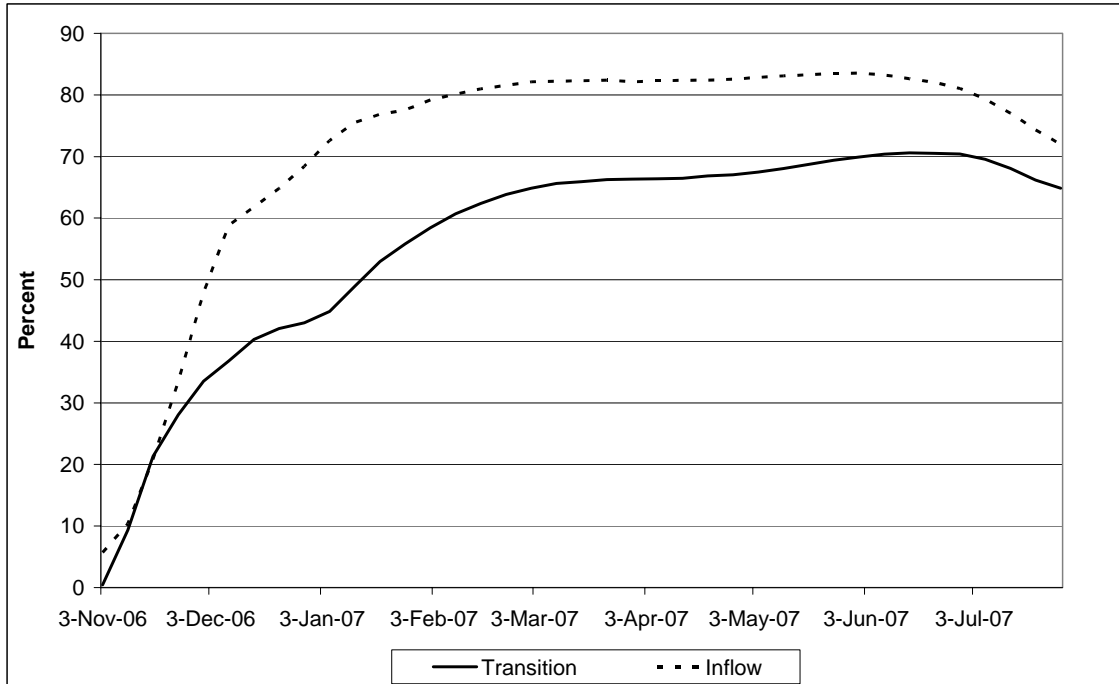
⁹ On 9 May 2007, the then Ministers Stone and Ellison requested that refinements be made to the Model to focus on job seekers most at risk of social and economic isolation, primarily the Very Long Term Unemployed.

¹⁰ Dashboard Report, Week 34 ending 29 June 2007.

¹¹ Conversion rates achieved for these cohorts were generally a few percentage points below the maximum engagement achieved as the latter is based on those able to be engaged at the point in time. That is those in receipt of NSA/YA(o) and reporting at Contact Model sites at each point in time.

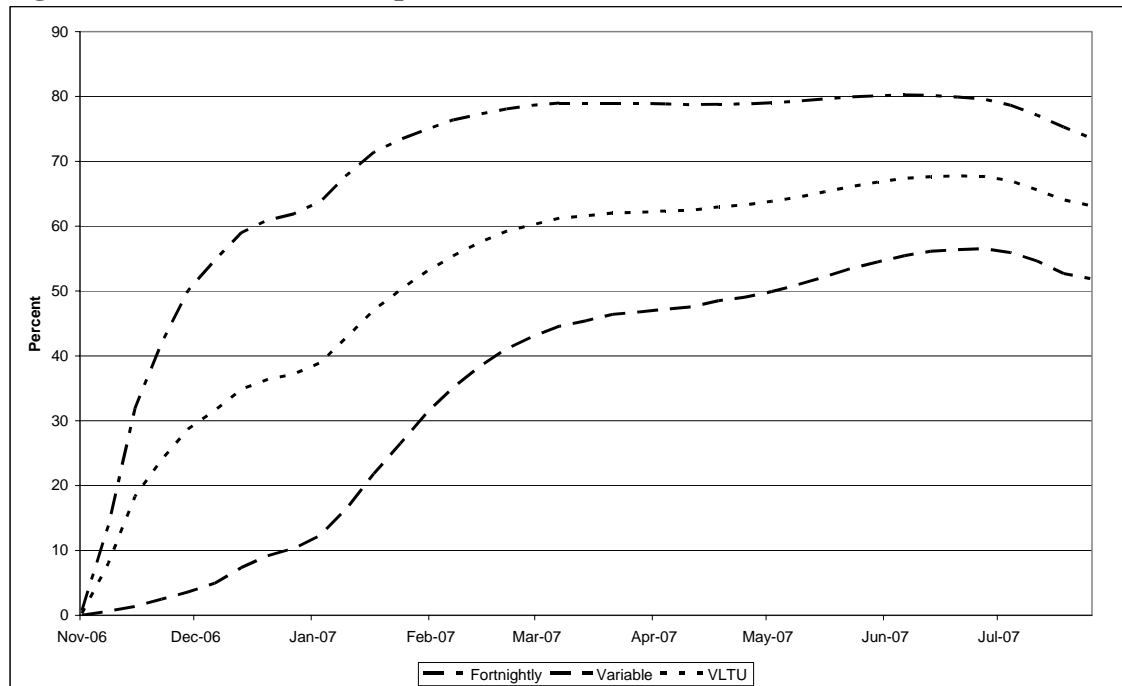
- Operational changes (discussed in section 2.1) in response to feedback from sites about extended client waiting times and resource pressures slowed down the conversion rates of remaining SU19 reporters.
- Preparation for the implementation of the Welfare to Work changes that introduced participation requirements for many Parenting Payment recipients on 1 July 2007 made additional demands on site resources in the few months preceding.

Figure 1: Contact Model reporters – NSA/YA(o) at Contact Model sites



Source: DEWR extraction of data from Centrelink mainframe.

Figure 2: Contact Model Reporters – Transition Job Seekers



Source: DEWR extraction of data from Centrelink mainframe.

The proportion of (originally) eligible NSA/YA job seekers reporting under the Contact Model arrangements in the selected sites declined from June.

- Engagement of *transition* job seekers dropped below 65% by the end of July.
- Engagement of *new entrants* to income support fell to just over 70% by the end of July.
- In aggregate, engagement had fallen to 68% by the end of July¹².

The declines in engagement evident in the later periods (Figure 1 and Figure 2) coincide with:

- Centrelink slowing the rate of conversion of variable reporters and ceasing to convert mail and fax lodgers at the end of May;
- Centrelink ceasing conversions of almost all new job seekers from mid-June;
- the introduction of the *revised* Model from mid-July¹³; and
- the disruptive effect identified by Centrelink staff, for staff and clients, of the many operational changes having an adverse impact on engagement.

¹² Dashboard Report, Week 38 ending 27 July 2007.

¹³ Since the end of July the removal of job seekers not targeted under the revised model from reporting under the Contact Model has been relatively rapid. By the end of September [Dashboard Report, Week 47 ending 28 September 2007] 16% of all job seekers continued reporting under the Contact Model having either not been assessed for the *revised* Model or having been assessed and found not to be “High Risk” but electing to continue to report under this system. Anecdotal evidence indicates many job seekers prefer to stay reporting under the Model.

2.2.2 Characteristics of those engaged.

Centrelink's conversion of job seekers to the Contact Model initially focussed on those job seekers who were easiest to convert, within both the fortnightly and variable groups. This means the job seekers who would benefit most from increased intensity and frequency of engagement were less likely to be converted to the Model. This selective conversion impacts on the observed impacts from the Model. Regression analysis of conversions in the period between November 2006 and February 2007¹⁴ shows that:

- those already less connected to Centrelink (variable reporters) were less likely to be required to report under the Model (35%) than those already reporting fortnightly (71%);
- disadvantaged job seekers less likely to report under the Model included those with higher JSCIs (47%), mature aged (46%), a partial capacity to work (16% with less than 15 hours capacity and 35% of those with 15 to 29 hours work capacity), and those participating in PSP (33%) or CRS (34%); and
- those with earnings were 15-25% less likely to be converted to the Model by Centrelink due to their lower availability and/or Centrelink's priority for converting this group, given that they were already working. This is a concern from a payment integrity perspective.

Although a history of participation failures made reporting under the Model more likely – the failure to fully implement the Model meant that only around 70% of those with previous participation failures were included.

Centrelink staff indicated that early implementation was also affected by systems limitations, leading to some double handling of new claimants. Some were placed on SU19s and converted to the Model at a later date. Iterative changes to the Contact Model led to confusion for both Centrelink staff and job seekers and may have impacted on the overall performance of the Model.

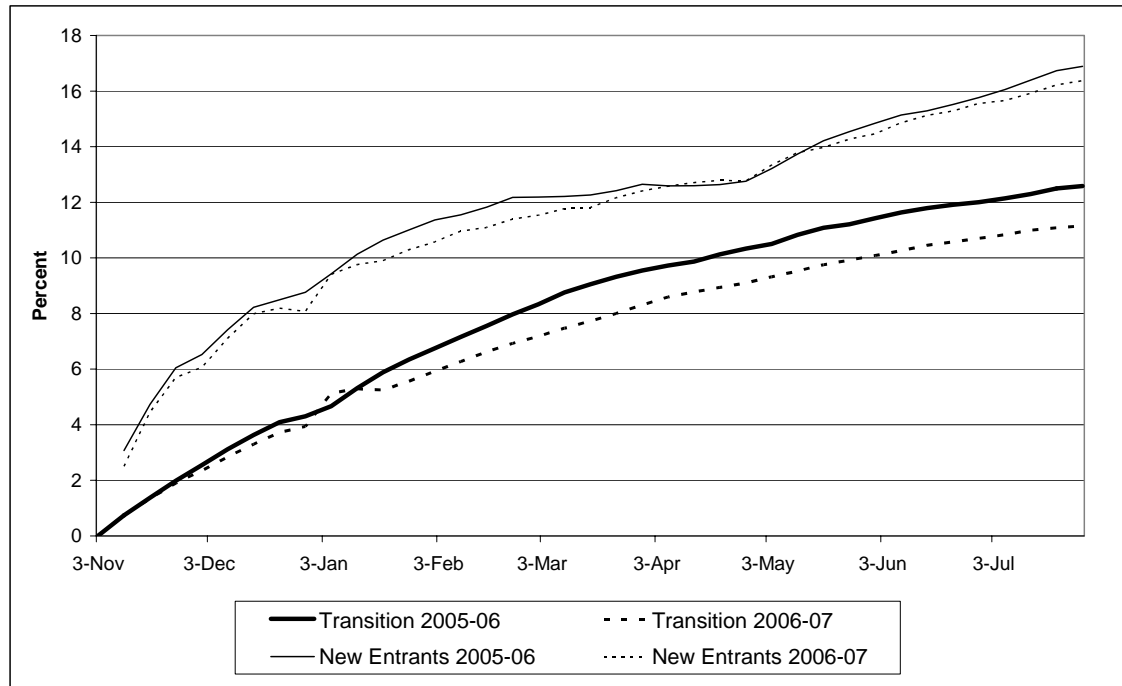
2.2.3 Avoidance behaviour

As the Contact Model was only implemented in 50 sites the issue of 'leakage'¹⁵ to other, non-Contact Model, sites was examined. Overall, only a small proportion of job seekers appear to have adopted this strategy. Comparing the extent of movement out of Contact Model sites since the Model was introduced with the extent of movement out of the same sites a year earlier suggests that some *transition* job seekers did adopt this strategy but that *new entrants* were less likely to do so (**Figure 3**).

¹⁴ This analysis was conducted as part of the early evaluation examining the implementation process in this period.

¹⁵ This refers to job seekers choosing to report at a non-Contact Model site in order to avoid the increased intensity (and scrutiny) of the Contact Model.

Figure 3: Contact Model Reporters – Reporting at non-Contact Model Sites



Source: DEWR extraction from Centrelink mainframe.

Centrelink sites visited indicated that they had arrangements in place to minimise this risk. Such arrangements included nearby sites:

- holding discussions with job seekers as to why they were not reporting at the Contact Model site and whether they intended to continue to do so; and
- having the capacity to undertake Participation Contact Interviews for job seekers who were already in the Model.

This issue would not arise with a universal roll-out of the Model. In the context of the limited roll-out such behaviour has the potential to impact on observed outcomes.

2.3 The Participation Contact

The Contact Model was designed to replace the SU19 lodgement process with a more meaningful discussion to review job search efforts, deliver work first messages and to confirm the correct declaration of earnings. The primary aim of the Participation Contact was to focus on the job seeker's participation during the period.

Feedback on the Model, from site visits and during implementation, was positive with Centrelink staff indicating that:

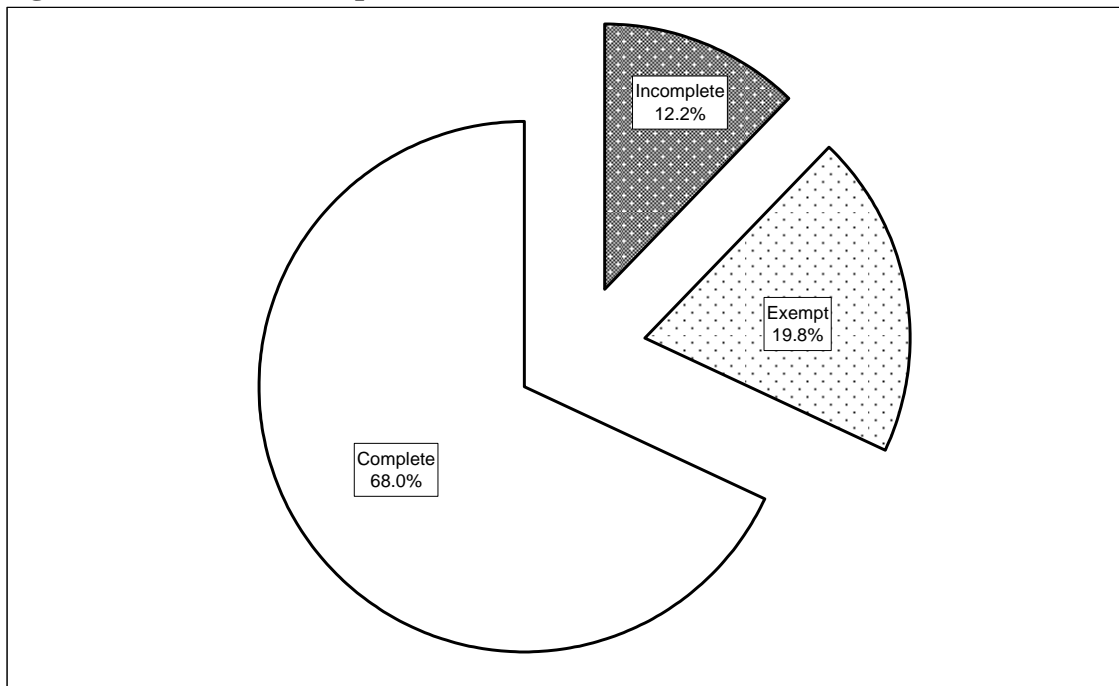
- they are better able to assist job seekers through more contact and dialogue;
- those in need of assistance were being engaged;

- although some job seekers had initially reacted against additional engagement with Centrelink¹⁶ the majority had adapted to the new model and now expected staff to engage in a discussion with them each fortnight;
- the face-to-face contact was effective in increasing job seeker motivation; and
- feedback from job seekers was positive as the personal discussion improved relationships between staff and job seekers providing the job seeker opportunities to address other pressing issues and reducing the likelihood of their being subject to participation failures.

2.3.1 Participation Contact Interviews

Almost one-third of the Participation Contact Interviews (PCIs) commenced, to the end of July 2007, did not incorporate delivery of work first messages (**Figure 4**).

Figure 4: Status of Participation Contact Interviews



Source: DEWR extraction of data captured by the Single User Workspace from Centrelink mainframe.

While some of these interviews were terminated prior to completion (12% of all contacts) the majority were exempt¹⁷ (20%). It is also likely that these incomplete or exempt interviews contained only a cursory examination of the Participation Diary.

¹⁶ Clients who, prior to the Contact model, had less contact with Centrelink, such as the mature age and those participating in PSP were more likely than others to initially react against the Model.

¹⁷ Work first messages did not have to be delivered at such interviews. Reasons interviews could be exempt include the customer's reporting date falling on a Public Holiday or Holiday Lodgement date (ditto for local public holidays), the customer having returned to full time work, the customer being incapacitated (Centrelink being advised by a third party on due to report date), the customer having casual work on

Although the proportion of specific cohorts of job seekers engaged in Participation Contacts is similar to the proportion of each cohort converted to Contact Model reporting, as shown in **Table 2** below, the proportion of each cohort that actually received work first messages was lower. Job seekers already reporting fortnightly when the Contact Model was rolled out in November 2006 and new entrants to NSA/YA(o) since that time were the most likely to have Participation Contacts. In addition, within each cohort, individuals who stayed on income support were more likely to have had a Participation Contact.

Table 2 - Proportion of Job Seeker Cohorts with Participation Contacts

Job Seeker Cohort	Converted	Contacts	With	End July ^a
	%	%	messages	%
Transition Groups				
Variable reporters	52.6	52.4	50.0	53.5
Fortnightly reporters	75.5	74.5	73.2	79.2
VLTU	66.7	66.4	64.8	66.4
All Transition	67.8	67.1	65.4	67.1
New Entrants	81.0	80.7	77.4	83.5

Source: DEWR extraction of data captured by the Single User Workspace from Centrelink mainframe

^a Cell entries are the proportion of cohort on benefit at the end of July who had Participation contacts

It is also clear that the easing of intensity with the introduction of ‘light’ interviews in early April resulted in an increasing number of Participation Contacts being conducted with job seekers receiving no work first messages. As shown in **Table 3** the proportion of interviews with no message delivered increased from May and ‘light’ interviews¹⁸ were the primary cause of this increase.

lodgement day and following day, the customer having zero rate of payment due to income or income precluding payment.

¹⁸ From April through to June ‘light’ interviews were coded as Local Public Holidays so CSA’s could proceed through the work flow. From June they were explicitly coded as exempt and not requiring work first messages (WFN).

Table 3: Participation Contact Interviews

	With Work	No Work First Messages		Total
	First Messages	Light ^a	Other ^b	
	%	%	%	
Nov-06	98.0	0.0	2.1	25 489
Dec-06	71.3	0.0	28.7	106 926
Jan-07	86.4	0.0	13.6	152 987
Feb-07	94.4	0.0	5.6	167 894
Mar-07	92.4	0.0	7.6	190 950
Apr-07	54.5	8.4	37.1	178 727
May-07	64.1	24.2	11.7	194 866
Jun-07	50.4	41.9	7.7	179 119
Jul-07	34.6	62.0	3.4	176 792
Average	68.6	11.6	19.8	1 373 750

Source: DEWR extraction of data captured by the Single User Workspace from Centrelink mainframe.

^a Includes interviews with exemption codes relating to 'Work first message not delivered' or, from April to June, to 'local public holidays'.

^b National Public Holidays were the main other reason for non-delivery of messages.

- The proportion of PCIs with messages fell from over 90% in February and March to less than 35% in July.
- From April light interviews increased as a proportion of total interviews (from 8% to 62%).
- Fewer PCIs were conducted in each of June and July than had been conducted in May.

The easing of the frequency of PCIs and of messaging over June and July is likely to have diminished the impact of the Model on job seeker behaviour.

2.3.2 Work First messages

Work first messages, structured around five work first themes, were provided to Centrelink staff. Although many interviews did not contain work first messages (over 30%) most job seekers who attended PCIs did receive at least one work first message (95%).

Qualitative data indicated that in the majority of cases messages delivered to a job seeker at any given contact were determined by aspects of their reporting (details in the Participation Record) or other circumstances made obvious by their presence. This observation is supported by the evidence indicating that messages most commonly delivered were those relating to the detail of what is recorded in the Participation Record (Table 4).

Table 4: Participation Contact Interviews and Work First Messages

Work First Themes	Interviews	Job Seekers
	(# = 1373750) %	(# = 165517) %
Assessment referral and program placement	10.8	46.1
ESP	17.8	67.9
Income Reporting	15.9	64.0
Payment for effort	8.2	45.3
Work effort	32.8	83.0
Self service	3.3	21.8
(Self service only)	1.7	0.2
Any	68.6	95.0

Source: DEWR extraction of data captured by the Single User Workspace from Centrelink mainframe.

- Messages around work effort were the most commonly delivered - at almost one-third of interviews and to 83% of job seekers.
- The next most commonly delivered messages were around ESP, often stimulated by checking up-coming appointments, and about accurate reporting of income.

The combination of structured messages with the tool for recording those messages did provide the discipline to ensure that the CSA has a conversation with the job seeker while checking their Participation Record. Examining the patterns of messages delivered to job seekers suggests, however, that the determination of messages delivered to any given job seeker is relatively ad hoc.

- Of contacts that contained messages, a high proportion of delivered messages were around a single work first theme (84%)¹⁹. Some job seekers were repeatedly delivered messages around a single theme only (6% with the maximum number of interviews being 13).
- As might be expected the number of themes delivered to a job seeker increased with the number of PCIs attended. Those who received messages on only one theme had, on average, three PCIs while those delivered messages on all five themes attended, on average, just over nine PCIs.
- Only 25% of job seekers were delivered messages around all themes, some at a single contact (2%). A few appear to have received messages around all the themes at every contact (one at six out of six contacts).
- The most common combinations of work first themes combined work effort messages with messages on access to and understanding of requirements associated with ESP and/or income reporting.

While it would often be appropriate for the messages delivered to be driven by the circumstances of the contact it is likely that at least some job seekers would not get the

¹⁹ This is likely to have been influenced by the finding from the six site pilot that a focus on a single Work First message, with a more detailed explanation of obligations and requirements, was the most effective way to ensure messages were received and retained.

most relevant messages for their circumstances. Better outcomes could be anticipated if the work first messages were delivered consistently and tailored to the individual job seeker.

2.3.3 Timing of contacts

When job seekers, already reporting through the SU19 lodgement process, are transitioned to the Contact Model the new reporting process has to be explained to the job seeker, their Activity Agreement has to be adjusted to reflect their altered reporting requirements and they have to be issued with a Participation Record and shown how to use it. As these additional activities take time this contact can take longer than subsequent Participation Contacts²⁰.

Feedback from Centrelink site staff at Contact Model sites indicated that initiating new entrants into the Model, when done in conjunction with the New Claim interview, did not result in additional time being taken to complete the New Claim interview.

Although the requirement to transition existing job seekers has an initial impact on resources required for the Model this could be expected to be a one-off effect that would disappear if the Model were fully implemented for the majority of job seekers.

Participation Contacts were not explicitly timed as part of the evaluation.

- Measuring the timing of Contact Model processes is very difficult in the context of multi-purpose contacts (where any issues relating to the job seeker identified by the system have to be addressed prior to payment) as it requires separate identification of the reporting and messaging elements of the contact²¹.
- Timing of processes automatically captured by the system is considered inappropriate as it does not necessarily capture the face-to-face time.
- There is no reason to expect the timing of the Participation Contact elements of the interaction to differ from that reported during the six site Trial. Evidence gathered throughout that trial indicated that Participation Contacts, on average, took 3.5 minutes.
- Availability of resources to support Contact Model processes could be expected to determine the average contact time rather than the other way around. Once overall resources are determined, they can be allocated across individuals strategically. Use of an appropriately designed profiling tool should ensure that more resources are directed towards individuals with a capacity to benefit and fewer towards those who are already behaving correctly.

²⁰ Evidence from the six site Trial indicated that this can vary from between 10 and 30 minutes, and averages approximately 20 minutes

²¹ Under such circumstances not only would the timer have to be able to differentiate the different elements of the interaction between the job seeker and the CSA they would also have to be located where they could overhear the conversation. The latter is sufficient to introduce a bias into the measurements as the CSA would be aware that the contact was being timed.

2.4 The Participation Record

Between November 2006 and the end of July 2007 around 130 000 job seekers were issued with Participation Records²². Feedback from site visits indicates that the Participation Records were popular with job seekers and CSAs. Staff reported that job seekers responded positively to the Participation Report as reflected by a reduction in the number that had to be reissued, compared to SU 19s, and the number of requests to keep completed Records. Staff recognised the Record as a useful tool particularly valuing its continuity for improving their capacity to effectively monitor job search effort and its role in initiating discussions with job seekers.

The proportions of specific cohorts of job seekers issued with a Participation Record were much lower (by 15 to 40%) than the corresponding rates of conversion to Contact Model reporting (**Table 5**). To the extent that this reflects a lower intensity of intervention it is likely to impact on outcomes achieved by the Model.

Table 5 - Proportion of job seeker cohorts issued a Participation Record

Job Seeker Cohort	Converted %	Participation Record	
		Issued ^a %	Of conversions %
Transition Groups			
Variable reporters	52.6	31.2	59.3
Fortnightly reporters	75.5	64.1	84.9
VLTU	66.7	48.6	72.9
All Transition	67.8	53.1	78.3
New Entrants	81.0	64.7	79.9

Source: DEWR extraction of data from Centrelink mainframe.

^a Cell entries are percentage of the cohort issued with a Participation Record as indicated by Activity Agreement details

^b Cell entries are percentage of those converted to Contact Model reporting, by cohort, who had been issued with a Participation Record

This also shows that job seekers already reporting fortnightly when the Contact Model was rolled out in November 2006 and new entrants to NSA/YA(o) since that time were the most likely to be issued with Participation Records.

2.5 Effect of the Contact Model on Centrelink operations

This section summarises the evidence provided by Centrelink on the impact of the Contact Model on its service delivery.

²² As indicated by having their Activity Agreement modified such that their required job search contacts had to be recorded in their Participation Record and presented to Centrelink Each fortnight.

2.5.1 Queue management

Customer wait times increased, for all measured queues, during December 2006 to February 2007, in both Contact Model and Non Contact Model sites. Since the Model was rolled out the average 'stand up' queue wait time in Contact Model sites has been higher in Contact Model sites than in non-Contact Model sites. Since March 2007, however, the average 'stand up' queue wait time in Contact Model sites has been less than five minutes. Average 'sit down' wait times, although increasing through December 2006 to February 2007 have since fallen and in July were lower than immediately prior to the roll-out of the Contact Model in both Contact Model and non-Contact Model sites.

2.5.2 Customer feedback

Complaints about queue wait times increased in both Contact Model and Non-contact Model sites during the peak seasonal period. The increase in Contact Model sites, was however, more significant than that at non-Contact Model sites. Understandably, the impact on customer satisfaction could not be accurately measured by the regularly scheduled Customer Satisfaction Surveys due to the sample size and an inadequate timeframe to establish trends.

3 NET IMPACT - EFFECTIVENESS OF THE CONTACT MODEL

Gauging the effectiveness of the Contact Model against its objectives requires assessment of the extent to which the Model altered outcomes associated with those objectives. This net impact analysis measures the difference the Contact Model has made – the difference between outcomes achieved **at all Contact Model sites**²³ compared to the outcomes of the SU19 arrangements in place at similar Centrelink sites.

The measures of net impact represent the overall impact of the Contact Model, for the period examined, but do not attempt to disaggregate for the changes introduced during this period. As such the final results are influenced by the rate of implementation of, and the level of engagement with, the Contact Model across the limited roll-out sites.

3.1 Evaluation approach

The limited roll-out of the Contact Model enabled application of a regression adjusted difference-in-differences methodology (outlined in Appendix C) to construct counterfactual outcomes for a range of key outcomes. Comparison of these estimated counterfactual outcomes to those observed at Contact Model sites provides the measures of net impact reported²⁴.

3.1.1 Impacts measured

Changes in economic participation, activity test compliance and payment integrity are not directly observable. The key impacts measured for each of the Contact Model objectives for:

- *Economic participation* include off-benefit outcomes, employment placements, job referrals and the incidence of earnings;
- *Payment correctness and integrity* include off-benefit outcomes, the incidence and details of earnings declarations; and
- *Activity test compliance* include the incidence of participation reporting, the ratio of participation reports applied and attendance at employment service provider interviews.

²³ It is not possible rigorously measure net impact at the site level due to small sample sizes.

²⁴ Net impact is identified as the change in outcomes at Contact Model sites before and after the roll-out adjusted, using estimates of change over the same periods at non-Contact Model sites, for the impact of any other changes that are not specific to the Contact Model sites. This methodology takes into account differences in characteristics as well as the impact of time.

3.1.2 Cohorts examined

For job seekers on NSA/YA(o) when the Model was rolled out (*transition* job seekers) the net impact measures capture the effect on job seekers of changing their reporting regime. For those already reporting fortnightly when the Contact Model was rolled out these changes comprise an increase in monitoring, through the Participation Record, and an increase in the intensity of each contact as a result of the structured work first messaging. In contrast, the changes for those reporting less frequently when the Contact Model was rolled out (variable reporters) also included an increase in the frequency of contact with Centrelink. Comparison of net impacts across these groups of job seekers provides some insight into the effect of the increased frequency of contact.²⁵

How people might respond in a steady state situation corresponds more closely to the impact on those flowing onto NSA/YA(o) (*new entrants*). Comparison of results for this group to those for *transition* job seekers also sheds some light on the extent to which the increased monitoring is creating temporary ‘tree-shaking’ effects as opposed to on-going effects.

The impact of the *revised* Model could be examined in a limited way from the observed (pre revision) impact on *transition* job seekers belonging to the groups of high risk job seekers targeted in the *revised* Model, identified in Appendix B. Due to issues of identification and/or the small number of individuals in many of the groups targeted in the *revised* Model, rigorous net impact analysis was only possible for the VLTU (under either the 24 months plus definition or the Welfare to Work definition). The net impact analysis, reported here, for *transition* job seekers who were VLTU when the Model was rolled out captures the impact of the initial Model. While this is indicative of the impact the *revised* Model should have it doesn’t capture any impact resulting from Contact Model reporting being triggered by becoming VLTU.

3.1.3 Time period of the analysis

Outcomes achieved at Contact Model sites were observed to the end of July 2007. For *transition* job seekers observation commenced when the Model was rolled out (November 2006) while for *new entrants* observation began with the first entry to NSA/YA(o) subsequent to the Model roll-out. The period chosen is the result of trading off the desire to maximise the period over which outcomes can be observed with the need to minimise the impact of the significantly *revised* Model from July 2007²⁶.

The reporting focuses on the longer term impact of the Model - to the end of July²⁷. This approach can result in short run effects being overlooked. To resolve this tension

²⁵ Had the rate of implementation and the level of engagement been the same for these two groups of job seekers the difference in net impact would provide an exact measure of the impact of the increase in frequency.

²⁶ Although engagement with the model by the groups analysed did decline through July any impact on the outcomes examined is unlikely to be observed before the end of July 2007.

²⁷ Some measures reported do capture the cumulative impact over the period.

between measuring longer run rather than short run effects greater detail of the dynamics of outcome changes, through to the end of July, is provided where it is considered useful to do so.

3.2 Impact of the Contact Model

The analysis suggests that the Contact Model had a positive impact despite the large variability in implementation across sites. Net impacts were generally consistent with the objectives of the Model across all outcome measures examined.

3.2.1 Economic participation - three different perspectives

Analysis of relevant administrative data indicates that economic participation, as reflected by the significant positive impacts on off-benefit outcomes for all groups of *transition* job seekers and for *new entrants* and on the incidence of on-benefit earnings declarations by the VLTU and by variable reporters, has increased as a result of the change in policy (Table 6).

Table 6: Employment-related income support Net Impacts, July 2007

Analysis Group	Off-benefit ^a		Declared earnings	
	Outcome %	Net Impact % points	Outcome %	Net Impact % points
Transition Groups				
Variable reporters	19.2	1.4	29.6	1.0
Fortnightly reporters	38.7	0.6	64.7	-
VLTU ^b	17.4	0.9	44.3	1.5
All Transition	32.2	0.9	52.9	0.5
New Entrants^c	53.5	1.3	54.5	-0.9

Source: RED and SEAD.

Net impacts are reported if significant at the 95% level unless otherwise specified.

a. Off benefit is the proportion who sustained their income support exit for at least one month and were off income support at the end of the observation period.

b. This group consists of transition job seekers who had been in receipt of NSA/YA(o) for at least 2 years (including allowable breaks) and those considered VLTU under the Welfare to Work rules.

c. In the March and May analyses this group consisted of new entrants from November 2006 to the end of April 2007.

At the end of July:

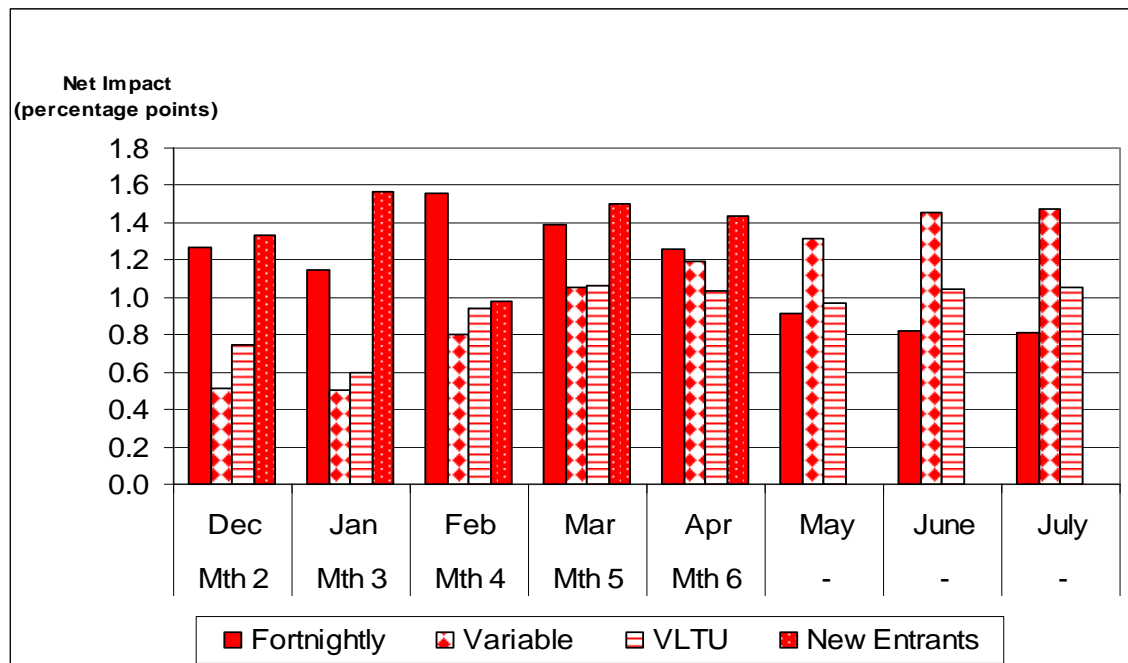
- off-benefit outcomes achieved by *transition* job seekers were almost 1.0 percentage points higher at Contact Model sites (32.2 out of every 100 jobseekers were off-benefit compared to 31.3 at other Centrelink sites);
- for *new entrants* the contact Model resulted in an additional 1.3 per 100 job seekers moving entirely off income support;

- the incidence of earnings declarations increased for the VLTU and for variable reporters but not for fortnightly reporters²⁸; and
- the negative impact on the incidence of earnings declarations by *new entrants* is connected with job seekers acquiring full-time employment and moving off income support in preference to taking up a part-time job.

Positive off-benefit net impacts derive from job seekers exiting income support earlier than they otherwise would have. The significance of such an outcome depends on how much earlier job seekers exited and on the extent to which the exit status was maintained. Examination of the pattern of off-benefit net impacts combined with exit behaviour over time²⁹ provides some indication of the extent to which off-benefit outcomes might be sustained.

For all cohorts analysed the Contact Model resulted in higher off-benefit outcomes in each month of the observation period (**Figure 5**). Additional income support exits, however, were only generated for part of the period (**Figure 6**). For *transitional* job seekers additional exits were observed for up to seven months after the limited roll-out commenced (four months for fortnightly reporters, five for variable reporters and seven for the VLTU) while for *new entrants* additional exits were observed for four months after commencing NSA/YA(o).

Figure 5: Off-benefit net impact, by month^a



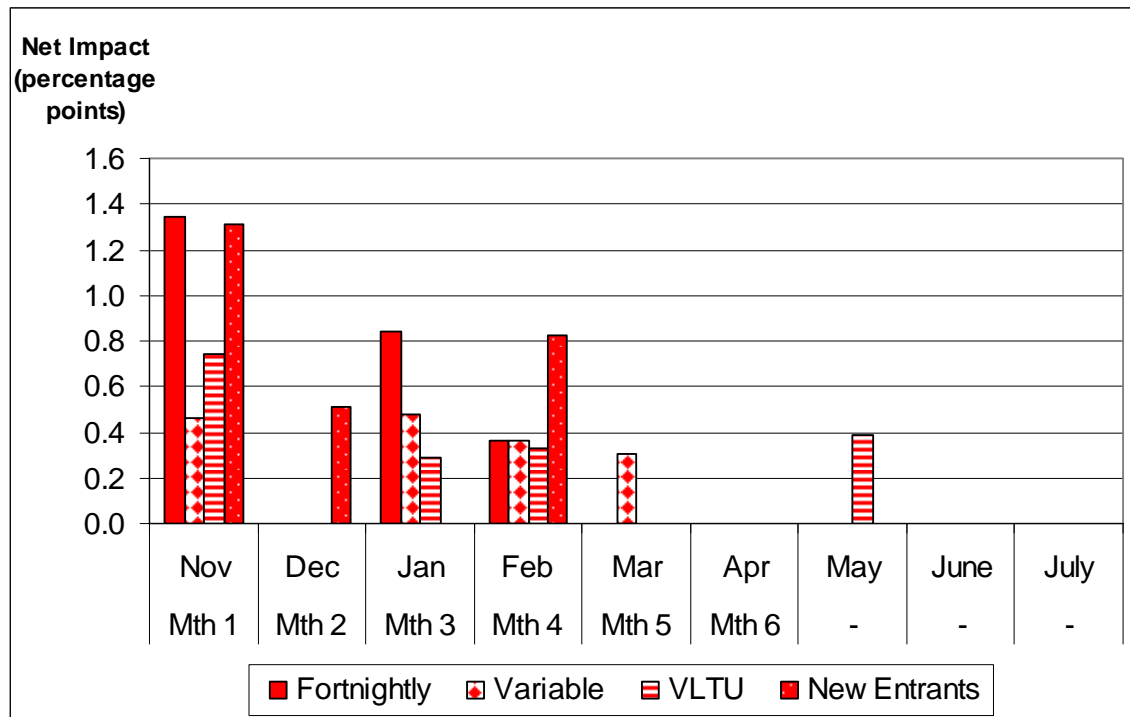
Source: RED and SEAD.

^a Measures the change in the proportion of the cohort that is off-benefit for the entire month.

²⁸ Early improvements reported for this group in June 2007 (using data to the end of March) appear to have been ameliorated with the passage of time.

²⁹ For *transition* job seekers the net impact in each month from roll-out to July 2007 is examined while for *new entrants* up to six months from entry is examined due to the diminishing sample size.

Figure 6: Income support exit net impact, by month



Source: RED and SEAD.

In conjunction, the patterns of off-benefit and exit net impacts suggest that off-benefit impacts on variable reporters and the VLTU are likely to be sustained for a longer period than will the impact on fortnightly reporters.

- Off-benefit impacts for fortnightly reporters, although remaining positive, have declined since February when additional exits were last observed. This suggests that:
 - off-benefit impacts were largely driven by additional exits; and
 - for this group the effects of ‘tree-shaking’ on exit behaviour of non-compliant job seekers appear to have been captured by February.
- In contrast, the off-benefit net impact on variable reporters continued to grow over the period though it may have levelled off in June and July. The increase in off-benefit impacts continued beyond March, the last month in which additional exits were observed. This suggests that the Contact Model not only stimulated additional exits but also discouraged returns to income support for this cohort.
- Similarly, the impact on the VLTU, having peaked in March, has stayed at around 1 percentage point and has been sustained beyond the impact on exit for this cohort.
- The observed patterns for variable reporters and the VLTU could result from:
 - the slower conversion of these job seekers;

- the greater change in intensity of contact faced by these groups relative to fortnightly reporters; or
- a decrease in churning if these job seekers were moving into sustainable jobs.

Off-benefit net impact is higher over the first six months for *new entrants* than for any other group.

- Off-benefit net impacts peaked three months after commencement.
- Off-benefit net impact is closely related to the exit net impact with off-benefit net impact diminishing over time once additional exits ceased.

Additional off-benefit net impacts should be generated, however, for each additional cohort of *new entrants*, required to report under the Contact Model.

The impact of the Contact Model on job search effort and employment placements is less clear, possibly because of greater variation in reporting, particularly with respect to FOE placements, and the less direct link between the Centrelink interventions and Job Network outcomes (**Table 7**).

Table 7: Employment Placements and Job Search Effort^a Net Impact, July 2007

Analysis Group	Found Own Employment ^b		Other Employment ^c		Job Referrals	
	Outcome %	Net Impact % points	Outcome %	Net Impact % points	Outcome %	Net Impact % points
Transition groups						
Variable reporters	9.1	0.5	6.7	-	21.1	1.0
Fortnightly reporters	23.0	-	13.5	-	38.0	0.7
VLTU	12.7	0.9	9.1	-	29.0	1.3
All Transition	18.3	-	11.2	-	32.3	0.8
New Entrants	16.1	-0.7	14.2	0.8	30.4	0.7

Source: RED and SEAD.

- not significant

a. Only includes employment outcomes and job referrals recorded by ESP in the Integrated Employment System.

b. FOE jobs are shown separately because they provide supplementary evidence for increased job search effort rather than evidence for increased interaction with Job Network members.

c. Excludes FOE jobs.

- The combination of improved off-benefit outcomes with only limited change to job placements, particularly for fortnightly reporters, suggests compliance ('tree shaking') effects in Contact Model sites as job seekers increased job search activity and/or were induced to voluntarily leave benefits rather than report employment, whether or not that employment was pre-existing.
- For *transition* job seekers who were variable reporters or VLTU there was a significant increase in reported FOE jobs by both (0.5% and 0.9% respectively).
- The job placements data failed to capture effects such as people increasing their hours of employment in response to the Model.

- For *new entrants* the decrease in reported FOE jobs was offset by an increase in other employment placements. This is consistent with this group being encouraged to rely more heavily on formal employment assistance.
- While only capturing one aspect of job search effort the positive impact on Job Network job referrals identified for all groups suggests that the Contact Model has resulted in job seekers increasing their (assisted) job search activity.

In combination, the results indicate a small but positive impact on economic participation at Contact Model sites. The Contact Model has had a larger impact on variable reporters and the VLTU than on fortnightly reporters. For *new entrants* the impact of the Contact Model has been concentrated on off-benefit outcomes.

3.2.2 Payment integrity

The evidence also suggests that the Contact Model has improved payment integrity (Table 6 above and Table 8).

Table 8: Accuracy of earnings declarations net impact, July 2007

Analysis Group	Rounded ^a to \$10	
	Outcome %	Net Impact % points
Transition groups		
Variable reporters	25.6	-2.1
Fortnightly reporters	32.4	-2.9
VLTU	32.8	-1.5
All Transition	31.1	-2.8
New Entrants	24.3	-3.7

Source: RED and SEAD.

* significant at the 10% level

- not significant

a Rounded earnings are measured for those who declare earnings.

- The reduction in rounded earnings declarations for all groups suggests that the delivery of relevant messages and the improved reporting format in the Participation Record have impacted positively on the accuracy of income reporting.
- To the extent that the positive impacts on off-benefit outcomes and the incidence of reported earnings do not derive from economic participation they are the result of increased declarations of existing employment and consequently contribute to improved payment integrity.

3.2.3 Activity Test compliance

The analysis of participation reporting and failures suggests that fewer people are non-compliant in Contact Model sites and that those who are non-compliant are failing less

often (**Table 9**). Greater scrutiny of job seekers under the Contact Model appears to have averted potential participation failures.

Table 9: Participation Reporting net impact, July 2007

Analysis Group	Had Participation Report		Had Participation Failure ^a		Participation Failure Incidence ^b	
	Outcome %	Net Impact % points	Outcome %	Net Impact % points	Outcome #	Net Impact #
Transition groups						
Variable reporters	12.6	-	73.8	-2.9	1.5	-
Fortnightly reporters	26.6	-0.9	76.6	-4.6	1.5	-0.03
VLTU	20.5	-	75.5	-4.6	1.6	-0.3
All Transition	22.0	-0.7	76.2	-4.2	1.5	-0.02
New Entrants	15.9	-0.7	77.2	-2.7	1.3	-

Source: RED and SEAD.

* significant at the 10% level

- not significant

a. Proportion with participation failures of those with participation reports.

b. Average number of Participation Failures for those who had any Participation Failures.

- The decline in the proportion of fortnightly reporters and of new entrants who had participation reports raised is consistent with an improved understanding of requirements due to the increased focus on clarification of obligations. This is also reflected in the decline in the proportion of job seekers in all groups ending up with a Participation Failure.
- The reduction in the average number of Participation Failures, for those with failures, suggests greater connectivity and improved activity test compliance, particularly for the VLTU.

The Contact Model also appears to have been successful in educating job seekers about their obligations and encouraging greater compliance, as demonstrated by the decrease in the rate at which Participation Reports are imposed by Centrelink. That the impact for fortnightly reporters and *new entrants* is stronger demonstrates that a better understanding of requirements through continual reinforcement helps avoid future problems with compliance.

The evidence on activity test compliance, as measured by increased connectivity to ESP and better interview attendance is less clear (Table 10). Although improvements in connectedness with ESP are apparent at Contact Model sites they are accompanied by an increase in non-attendance at appointments.

Table 10: ESP Interviews Net Impact, July 2007

Analysis Group	JNS Interviews		Other Interviews		Reconnection Interviews	
	Outcome %	Net Impact % points	Outcome %	Net Impact % points	Outcome %	Net Impact % points
Had interviews scheduled						
Transition groups						
Variable reporters	58.0	-	34.0	1.0	6.8	-0.8
Fortnightly reporters	81.9	-	29.4	-	16.4	-1.4
VLTU	65.4	0.8	39.8	1.3	12.0	-1.2
All Transition	73.9	-	30.9	0.5*	13.2	-1.2
New Entrants	84.9	-0.8	12.1	-0.5	10.3	-0.8
Not attended						
Transition groups						
Variable reporters	47.9	0.8*	17.1	-	29.5	2.8*
Fortnightly reporters	58.2	0.8	29.0	-	33.6	2.1
VLTU	52.1	1.5	25.2	-	30.3	-
All Transition	55.5	0.7	24.7	-	32.9	2.2
New Entrants	47.1	-	20.5	-	34.3	3.3

Source: SEAD.

* significant at the 10% level

- not significant.

- VLTU job seekers under the Model were more likely to have JN interviews scheduled and both variable reporters and the VLTU were more likely to have interviews scheduled with ESP other than JN. These increases, particularly with ESP other than JN, may be the result of these job seekers' greater exposure to Centrelink leading to more appropriate servicing.
- *New entrants* were less likely to have interviews scheduled with ESP. This could, however, be the result of them moving off income support earlier under the Contact Model than under the SU19 reporting regime.
- The reduction in the proportion of all groups requiring reconnection interviews is supportive of improved activity test compliance even though there was also an increase in non-attendance³⁰ at these interviews for all but the VLTU.
- For all groups of *transition* job seekers the probability of not attending at least one scheduled JN appointment increased.

Overall, the evidence for improved activity test compliance is positive, particularly for participation reporting. Connectivity with employment services has improved for the VLTU and for variable reporters and once connected to ESP, all groups of job seekers are more likely to stay connected.

³⁰ For all transition groups the decrease in the proportion having interviews more than offset the increase in non-attendance so, in total, relatively fewer job seekers missed reconnection interviews.

3.2.4 Impact on income support expenditure

The Contact Model has resulted in reduced income support expenditure at Contact Model sites, mainly as a result of job seekers moving off NSA/YA(o),.

Table 11: Income support Payments Net Impact, July 2007

Analysis Group	No Income Support Payment ^a		Zero Paid ^b		Average Income Support Paid ^c	
	Outcome	Net Impact	Outcome	Net Impact	Outcome	Net Impact
	%	% points	%	% points	\$	\$
Transition groups						
Variable reporters	21.0	1.3	2.2	-	\$6743	-\$62.90
Fortnightly reporters	42.3	-	6.0	-0.6	\$4832	-\$52.00
VLTU	20.4	0.9	3.7	-	\$6523	-\$63.90
All Transition	35.2	0.6	4.5	-0.4	\$5471	-\$56.80
New Entrants	57.0	1.1	7.6	-	\$3031	-\$58.00

Source: RED and SEAD.

* significant at the 10% level

- not significant

a. The proportion of the group who, at the end of the observation period, were either off-benefit or had a zero basic entitlement to income support.

b. For those on NSA/YA(o) at end of July 2007.

c. Average basic income support payment over the period November 2006 to July 2007.

- For variable reporters, the VLTU and *new entrants* the proportion of jobseekers no longer receiving income support payments³¹ (**Table 11**) was around one percentage point higher at Contact Model sites than at comparison sites. This result is related to the higher off-benefit outcomes achieved under the Model (**Table 6** above), rather than an increase in the proportion on benefit but zero paid.
- For fortnightly job seekers, the measure of ‘no longer receiving income support’, masks the positive impacts achieved for off-benefit outcomes which are offset by the Contact Model’s negative impact on the proportion on benefit but zero paid. These results also influence the aggregate result achieved for the *transition* group overall.
- By the end of July income support expenditure (**Table 11**) at Contact Model sites had fallen by over \$56 per job seeker.³² The reduction in income support payments was greater, on average, for variable reporters (\$63) and for the VLTU (\$64). These net impacts on income support payment levels³³ provide an indication of potential income support savings resulting from the Contact Model.

Based on the income support expenditure per job seeker it is estimated that, to July, direct income support payments at Contact Model sites were between \$8.58 and \$9.25 million

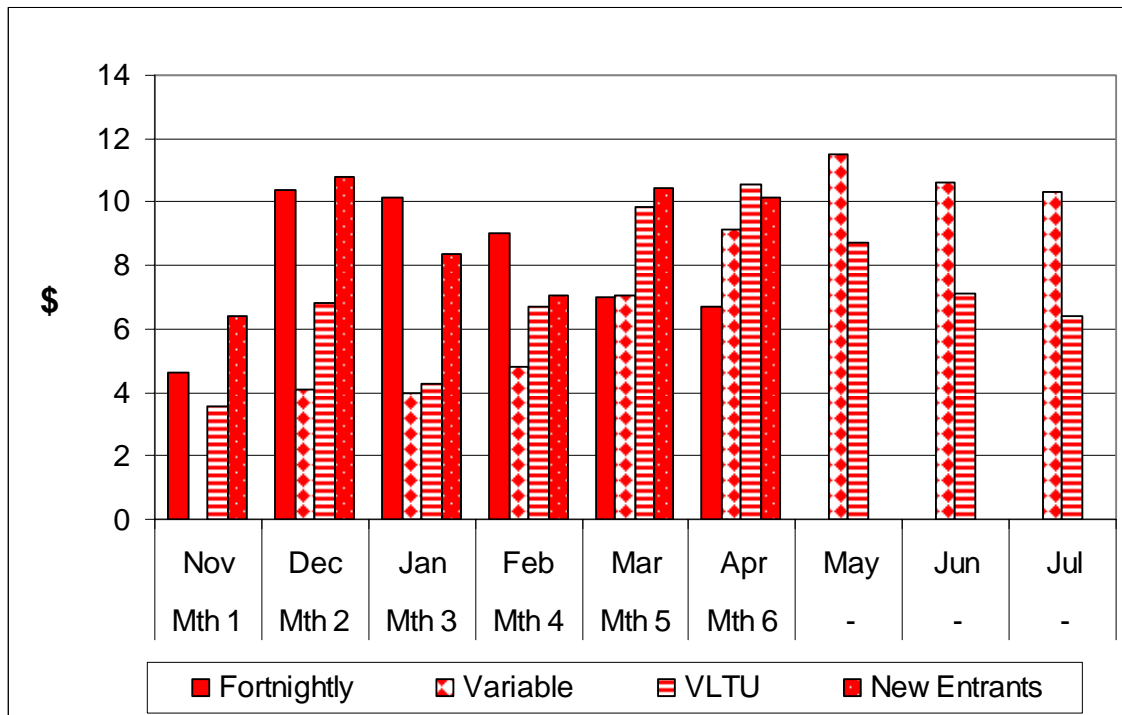
³¹ This indicator combines off-benefit job seekers with those still on benefit but receiving no basic payments.

³² For *transition* job seekers this is over a 9 month period while for *new entrants* this has been achieved over periods ranging from 3 to almost 9 months.

³³ The analysis examined the basic income support paid (in dollars), it did not include potential impacts on rent assistance or other add-ons.

dollars less than they would otherwise have been³⁴. Additional income support savings could be generated if the Contact Model were to be maintained (Figure 7).

Figure 7: Reduction in income support expenditure, by month



Source: RED and SEAD.

- Income support expenditure on *new entrants* was significantly reduced in each of the six months following entry and reduced expenditures are likely to continue for at least a few months for the cohort analysed. As additional cohorts of NSA/YA(o) new entrants flow into the system they could be expected to generate a similar level of savings.
- Further savings are also likely to be generated for variable reporters and the VLTU.

3.3 Sustainability of impacts

The Contact Model increased the cost to job seekers of being in receipt of income support and of particular behaviours while in receipt of income support, relative to the SU19 lodgement process.

- Increased time taken to report to Centrelink, the consequence of the longer contact for all job seekers and the increased frequency for some, raise the relative cost of continuing in receipt of income support.

³⁴ This estimate does not include any savings generated by new entrants in June and July 2007 or by job seekers transferring into Contact Model sites over the period examined.

- Increased monitoring, resulting from the increased frequency and detail of contact, increased the probability of fraudulent behaviour (deliberate under or non-declaration of earnings) being detected so the relative cost of that behaviour increased.
- Increased monitoring, particularly through access to the detailed historical record of job search, similarly increased the relative cost of non-compliance with activity requirements.

The overall impact of the Contact Model is the consequence of:

- ‘tree-shaking’ (due to altering the costs and benefits of particular behaviours):
- on-going compliance effects (the result of the higher relative cost of particular behaviours); and
- on-going program effects (from ensuring that job seekers understand the value of being self-sufficient as well as the relative cost of particular behaviours).

Tree-shaking occurs when, as the result of *changing* the relative costs of particular actions, individuals change their behaviour. Importantly, such impacts can be realised without job seekers actually facing the new costs – the consequence of the threat of the change in relative costs. The gains from tree-shaking are additional to any ongoing impacts but are unlikely to be maintained at a constant level over time as individuals adjust to the new system. In the context of the Contact Model tree-shaking is most likely to occur where those inappropriately claiming benefits, by not declaring existing employment, may be forced to declare earnings or leave benefits. There may also be a tree-shaking effect where job seekers increase their job search activity rather than comply with the Model, and as a result find employment.

Ongoing impacts, on the other hand, flow from job seekers having a better understanding of their requirements (through use of the Participation Record and from the delivery of work first messages) and from the higher level of monitoring (which has increased the relative costs, to a job seeker, of misreporting and of staying on NSA/YA(o)).

While the impacts of tree-shaking are most likely to be apparent in measures associated with increased economic participation, particularly off-benefit measures and measures of earnings incidence, it is evident from the results reported above that the Contact Model has also impacted on outcomes much less likely to be influenced by tree-shaking.

For off-benefit measures and measures of earnings incidence in particular, it is not possible to distinguish the ‘tree-shaking’ effects resulting from the change in monitoring from better compliance due to better understanding of the system and the higher level of monitoring.

- Comparison of results across groups, for whom ‘tree-shaking effects are likely to differ, sheds some light on the extent to which the increased monitoring is creating ‘tree-shaking’ effects as opposed to on-going effects.

- Examination of how these net impacts developed over the nine months³⁵ from the limited roll-out also provides insight into the sustainability of these impacts.

The impact on those who did not change from SU19 reporting to Contact Model reporting but commenced directly in the latter (that is, *new entrants*) corresponds more closely to the on-going impact of the Model while the impact on *transition* job seekers includes both ‘tree-shaking’ and on-going effects³⁶. At the end of July 2007:

- the off-benefit net impact of the Contact Model on *new entrants* was positive and significant (1.3 percentage points) indicating that not all off-benefit impacts are the result of ‘tree-shaking’; and
- off-benefit net impacts were stronger for *new entrants* than for *transition* job seekers suggesting that impacts for the latter group were, at least in part, one-off.

As increasing the frequency of reporting, of itself, should generate ‘tree-shaking’ rather than on-going impacts, differences between the impact of the Contact Model on variable reporters, whose frequency of contact with Centrelink increased, and fortnightly reporters, whose frequency of contact remained the same, are also indicative of ‘tree-shaking’ making some contribution to the observed results³⁷.

- The impact of the Contact Model has been stronger for variable reporters than for fortnightly reporters on all measures relating to economic participation. This is consistent with the increased intensity of reporting imposed on variable reporters resulting in additional ‘tree-shaking’ for this group.

Although it is not possible to quantify the extent to which net impacts are the consequence of tree-shaking rather on-going effects it is clear that both are contributing to the observed net impacts.

3.4 Implications for the revised Model

The only group specifically targeted by the *revised* Model that could be rigorously analysed was the VLTU. Requiring VLTU job seekers to report under the Contact Model appears effective in promoting (or at least revealing) economic participation amongst the VLTU. It has also contributed to improved income reporting accuracy and appears to have led to greater connectivity and improved activity test compliance.

³⁵ For *transition* job seekers net impacts are examined for each month up to and including July while for *New Entrants* sample sizes are only large enough to consider the first six months from when the job seeker commenced NSA/YA(o).

³⁶ As not all *new entrants* engaged with the Contact Model, and of those who did not all did so on commencing NSA/YA(o), the impact on *new entrants* does not provide an exact measure of the potential on-going effects of the Contact Model

³⁷ The actual difference does not provide a measure of the ‘tree-shaking’ effect as both groups are likely to be subject to at least some ‘tree-shaking’ and as more fortnightly reporters were converted to the Model.

- There is no evidence to indicate that the on-going impact of Contact Model reporting on the VLTU is higher than for other job seekers.
- At this stage it is not possible to draw unambiguous conclusions on the extent to which impacts for this group are one-off, the result of tree-shaking, or the on-going effects of the new reporting arrangements.
- As not all VLTU had been converted to Contact Model reporting by the end of July it is likely that some additional impacts will be generated by the explicit targeting of this cohort for Contact Model reporting.
- It is to be expected that the *revised* Model, by focussing on this group, will continue to generate on-going impacts but most tree-shaking effects may have been realised already for the current stock of VLTU.
- It is not possible to predict the impact of the *revised* Model on job seekers as they flow into the targeted groups.

3.5 Confounding influences

Delays in implementation combined with modifications to the Model mean that the evaluation findings reported are the consequence of a modified version of the Model, not of the Model originally envisaged. These implementation issues lessened the intensity with which the Contact Model was applied. The reduction in intensity was reflected in the observed reduction in work first messaging and the fact that at any point in time at most only 80% of any cohort examined was reporting under the Contact Model. It is likely that this lower than intended intensity of the Contact Model would have resulted in the observed impacts being smaller than they potentially could have been.

Changes to Centrelink's business process, rolled out nationally from July 2006 may have influenced the evaluation findings, particularly, the shift from appointment based servicing to multi-purpose sit-down contacts at the time of SU19 lodgement had the potential to lessen the impact of the Contact Model. There was insufficient time to determine of the level of influence that this had.

4 Findings

Overall, the analysis shows positive benefits resulting from the introduction of the Contact Model - impacts observed across most outcome measures examined were consistent with promotion of the Contact Model objectives.

- Increased economic participation - evidenced by higher off-benefit outcomes, a higher incidence of reporting of on-benefit earnings and improvements in observable employment outcomes and job search activity leading to reduced income support expenditure in the order of \$8.5 to \$9 million over 9 months.
- Improved integrity of the Income Support system - through more accurate reporting of income and a higher incidence of reporting of on-benefit earnings.
- Increased activity test compliance - as demonstrated by the decrease in the rate at which Participation Reports were raised and the rate at which Participation Failures were imposed by Centrelink
- The improvements in outcomes tended to be larger for job seekers for whom the increase in monitoring was greater, namely those who had previously been reporting to Centrelink less often than fortnightly and the very long-term unemployed.

The pattern of impacts, particularly on off-benefit outcomes and earnings incidence, is consistent with initial 'tree-shaking' effects combined with a lesser but consistent impact over time.

- The gains from tree-shaking are one-off and these effects can be expected to diminish over time.
- Additional outcomes, including off-benefit outcomes and incidence of earnings, should continue to be achieved as additional job seekers flow into the Model.

The outcomes and impacts from the model, however, have been compromised by the staggered implementation of the model. The results are likely to understate the impacts of the full Contact Model as only around 75% of the overall target group was converted and the intensity of contact, particularly delivery of work first messages, was less than originally intended.

- Job seekers not drawn into reporting under the Model as a result of the less than full implementation are likely to be those who are the most difficult to engage.

Whatever resources are available to support the Contact Model, the potential to generate positive outcomes can be increased by allocating resources such that job seekers whose behaviour is most likely to change (those more at risk of non-compliance and those most likely to be influenced by the messaging) have a more intensive contact (with specific messages delivered) and those least likely (who are already genuine, compliant job seekers) having a less intensive contact.

- Profiling job seekers has the potential to be beneficial in directing scarce resources away from genuine job seekers (who behave as they should) toward those most at risk of non-compliance and whose behaviour is most likely to change.
- An appropriately designed profiling tool could be used to determine the amount of time to spend with a job seeker at each contact as well as the messages most appropriate to the job seeker's known circumstances.
- Use of profiling to direct the allocation of resources could be consistent with most job seekers reporting fortnightly using a Participation Record.

The evaluation also analysed impacts for the Very Long Term Unemployed (VLTU) group targeted by the revised Model that was deployed in July 2007. Requiring VLTU job seekers to report under the Contact Model was effective in promoting (and/or revealing) employment amongst the VLTU. It also contributed to improved income reporting accuracy and appears to have led to greater connectivity and improved activity test compliance. It is to be expected that the revised Model, by focusing on this group will continue to generate impacts

Feedback from Centrelink during implementation reported a positive response from job seekers who valued the personal interaction with their staff and appreciated the added support during their search for work. Similar feedback was received from Centrelink front line staff who welcomed the chance to interact with job seekers in a more meaningful way.

The Participation Record has also been popular with job seekers, with a number of job seekers who were no longer in the Contact Model target group following the introduction of the refinements in July 2007, asking to remain in the Contact Model so they could continue to use the Participation Record. For some job seekers, that also meant voluntarily remaining on fortnightly reporting when they could have dropped back to less frequent reporting if they had elected to leave the Contact Model.

Centrelink staff also prefer the Participation Record over the SU19 form as they can work with job seekers to update the Participation Record each fortnight, listing Job Network appointments and discussing job search outcomes. The Participation Record is also preferred because job seekers do not as readily lose the booklet style document, whereas SU19 forms are frequently lost by job seekers and Centrelink staff spend considerable time re-issuing replacement forms. The evaluation found that the Participation Record made an important contribution to the results achieved by:

- providing greater detail and history of both job search and employment it enhances the CSA's ability to detect non-compliance and tokenism.
- revealing which messages were appropriate for the particular job seeker it often directed the conversation between the CSA and the job seeker.

Although the message delivered to a job seeker at any given contact was most likely to be determined by aspects of their reporting (in the Participation Record) or other

circumstances made obvious by their presence, the structured messages combined with the tool for recording those messages provided the discipline to ensure that the CSA did have a conversation with the job seeker while they checked their Participation Record.

Centrelink also contributed to the evaluation by measuring the impact on service delivery. Despite earlier concerns regarding job seeker queuing in Contact Model sites, adverse service delivery impacts were reflected in queue wait times and job seeker complaints in both Contact Model and Non-Contact Model sites during the period. The Centrelink research concluded that although complaints were higher in Contact Model sites, this could have been a result of the Contact Model being in an implementation phase without reaching a normative state. Another environmental consideration was that the Contact Model was implemented during what is traditionally a peak service delivery period for Centrelink.

The behavioural changes induced by the Contact Model appear to improve the integrity of the Income Support system over time. These changes are produced through:

- more intensive and detailed monitoring;
- promotion of more accurate reporting;
- increasing job seekers' understanding of requirements; and
- decreasing inefficiencies in the system.

Based on the income support expenditure per job seeker it is estimated that, to end-July 2007, direct income support payments at Contact Model sites were, in aggregate, between \$8.58 and \$9.25 million dollars less than they would otherwise have been.

- The savings generated from *transition* job seekers are unlikely to continue to increase for much longer – additional savings are no longer being generated by the fortnightly reporters and monthly savings for variable reporters having peaked in May have declined since (though this could in part be the result of the reduction in intensity of delivery of the Model). In addition, as the impact on exit behaviour appears to have ceased so off-benefit net impacts and associated income support expenditure reductions could be expected to diminish over time.
- Provided *new entrants* to NSA/YA(o) are required to report under the Contact Model savings should continue to be generated

Appendix A: Work First messages

Employment Service Providers (ESP)

<input type="checkbox"/> Nominated provider	Customer should be able to name their Job Network member or other provider, location of office and contact person
<input type="checkbox"/> Frequency of visits	Check how often they actually attend and how often they are required to attend
<input type="checkbox"/> Resources available	Are they aware of all the resources for example, job search kiosks, resume service, automated job matching, interview tips and feedback
<input type="checkbox"/> Outstanding contacts	Are there any scheduled appointments?
<input type="checkbox"/> Obligations and Penalties	Payment may be delayed or decreased for non-attendance
<input type="checkbox"/> How to avoid penalties	Comply with an Activity Agreement, respond to all letters, attend all interviews or communicate clearly in advance when there are any problems.
<input type="checkbox"/> Check all?	
<input type="checkbox"/> Follow up required on this issue?	Do you want to discuss all or parts of this message at the next contact?

Work Effort

<input type="checkbox"/> All job seeking methods	for example, newspapers, internet, phone, canvassing, social/ professional networks
<input type="checkbox"/> Suitable presentation	Outfit appropriate for workplace/ job type
<input type="checkbox"/> Record keeping	Does the customer keep track of the approaches to employers?
<input type="checkbox"/> Incentives	Is the job seeker aware of all financial help that may be available? e. JN payments, SEA, Advance payment, EEP, EdEP, HCC retention, income test taper rates, Working Credit
<input type="checkbox"/> Check all?	
<input type="checkbox"/> Follow up required on this issue?	Do you want to discuss all or parts of this message at the next contact?

Income

<input type="checkbox"/> Gross income	The amount earned before tax or other deductions.
<input type="checkbox"/> Declare electronically when earned	Social security law says income must be declared when it is first earned, derived or received (s1068-G7A for NSA). Customers should report via IVR or the Web.
<input type="checkbox"/> Self Employment	A Profit and Loss statement outlining revenue and expenses for the period should be supplied.
<input type="checkbox"/> Under/non-declaration	Any incorrect payment, whether intentional or not, is a debt.
<input type="checkbox"/> Taxation issues	The allowance is a taxable entitlement. Contact the ATO for more information.
<input type="checkbox"/> Check all?	
<input type="checkbox"/> Follow up required on this issue?	Do you want to discuss all or parts of this message at the next contact?

Assessment, Referral and Program Placement

<input type="checkbox"/> Current placement	Has the customer been attending and fully participating in their program?
<input type="checkbox"/> Barriers to employment	Does the customer have any barriers? for example, illness/injury, cultural/ linguistic, caring responsibilities, qualifications, access to labour market. Have they all been disclosed and assessed (where necessary)?
<input type="checkbox"/> Skills and Education	Does the customer need to update or upgrade their skills, education or qualifications?
<input type="checkbox"/> Available providers	Is the customer aware of all possible providers who service the area?
<input type="checkbox"/> Budgeting issues	Would Centrepay, or referral to a person who could help with budgeting, assist the customer?
<input type="checkbox"/> Check all?	
<input type="checkbox"/> Follow up required on this issue?	Do you want to discuss all or parts of this message at the next contact?

Payment for Effort

<input type="checkbox"/> Support for activities	The payment is to support the customer while they are looking for work or undertaking an approved activity. It is a short-term payment.
<input type="checkbox"/> Obligations and penalties	Payments may be reduced or stopped if customers do not comply with their obligations
<input type="checkbox"/> How to avoid penalties	Comply with an Activity Agreement, respond to all letters, attend all interviews or communicate clearly in advance when there are any problems.
<input type="checkbox"/> Review and appeal procedures	Rights are clearly outlined in, and protected by, social security law.
<input type="checkbox"/> Changes in circumstances	Centrelink needs to be informed within 14 days of any changes.
<input type="checkbox"/> Check all?	
<input type="checkbox"/> Follow up required on this issue?	Do you want to discuss all or parts of this message at the next contact?

Self Service Promotion

<input type="checkbox"/> Registered already?	Has the customer already registered for self service?
<input type="checkbox"/> Know your PIN or password	Does the customer remember their PIN or password?
<input type="checkbox"/> More convenient	Customers with access to a phone or the Web can check their own details. Services are available outside normal business hours.
<input type="checkbox"/> All personal information on line	Customers can see all the details Centrelink has recorded on their file via the Web.
<input type="checkbox"/> May save a visit to an office	So many details are available on the Web and via the phone, some claims can be lodged on-line, and an increasing number of updates are possible.
<input type="checkbox"/> Check all?	
<input type="checkbox"/> Follow up required on this issue?	Do you want to discuss all or parts of this message at the next contact?

Appendix B: The Revised Model

The *revised* Model, implemented from mid-July 2007, focuses on higher-level engagement for those with a high risk of social and/or economic isolation. The proposed hierarchy of core target groups of high risk job seekers are:

1. Very Long Term Unemployed (VLTU) NSA/YA(o) - 24 months or greater (continuous or with short (less than 13wks) break off same payment)
2. VLTU – as assessed under Welfare to Work i.e. Can be someone who is on payment less than 24 months with a VLTU indicator showing they have been through ISCA2
3. Anyone who has an Eight Week non-payment period whether as result of 3rd failure and/or serious failure
4. Anyone who has had 2 or more Participation Failures in the last six months.
5. Homeless³⁸
6. Unreasonable to Live at Home³⁹
7. Weekly Payments – Anyone in receipt of weekly payments⁴⁰
8. 2 earnings related debts⁴¹ in last 12 months (or possibly last 6 months). This is at the bottom of the hierarchy) as it is considered that job seekers with a debt are not at higher risk (than those above) of social or economic isolation
9. Voluntary – job seekers who have been placed in the Model who do not fit the above categories but wish to remain in the Model

This *revised* Model applies a more targeted approach to those most at risk of long term unemployment and introduces a ‘high (8.5 minutes)’ or ‘low (3.00 minutes)’ intensity contact interview. To fully implement this *revised* Model participating sites have been required to conduct a supplementary transition assessment. These transition assessments are not expected to be completed until November 2007.

Rigorous net impact evaluation was not feasible for the ‘non- payment participation penalty group’, the group with ‘at least two participation failures’ or homeless individuals due to the small number identified in the data nor for the ‘unreasonable to live at home’ and the ‘weekly payments’ groups as they are not identifiable from the administrative data.

³⁸ Can only be identified through the Vulnerable Indicator from 1 July 2006.

³⁹ Only identifiable for Youth Allowees.

⁴⁰ Not identifiable from administrative data currently available.

⁴¹ Identified by debt reason codes – IES, IPN, ISI, IEP, UCE or UCP. Payment Assurance/Integrity section were to provide input.

The 'voluntary' group is an artefact of the change in the Model so didn't exist pre-July and the 'earnings related debt' group is only identifiable from the IRIS data which was not accessible.

Appendix C: Net Impact methodology

Approach

The methodology identifies the net impact⁴² of the introduction of the Contact Model in particular Centrelink sites on various outcome measures reflecting economic participation, compliance and payment integrity. The results include tree-shaking compliance impacts as well as on-going impacts of reporting under the Contact Model (for those who actually did so).

The, planned, phased roll-out of the Contact Model made it possible to use a regression adjusted difference-in-differences methodology to construct estimates of the outcomes that would have resulted had the Contact Model not been introduced. Comparison of these estimated outcomes to those observed at Contact Model sites provides the measures of net impact reported.

This methodology uses data from both Contact Model and Non-contact Model sites and at different points of time (from roll-out, November 2006 to the end of July 2007, and from a similar period prior to introduction of the Contact Model - November 2005 to the end of July 2006). A significant advantage of this approach is that incorporation of data from the same sites prior to implementation provides scope to control for impacts of relevant unobservable factors – such as job seeker motivation (strongly influenced by socio-demographic environment) and local office practices. Selection of non Contact Model sites that, apart from the Contact Model itself, were subject to the same changes as were Contact Model sites (for example changes in general macroeconomic conditions, Welfare to Work Reforms and other environmental factors) between November 2005 and November 2006, controls for impacts of such changes. Remaining differences in observable characteristics, of both sites and job seekers) are controlled by regression techniques.

Construction of counterfactual outcomes

The outcomes achieved at Contact Model sites can be observed but not what would have occurred at those sites if the Model had not been introduced. What would have happened, or the ‘counterfactual’ outcomes, must be constructed. The limited roll-out of the Contact Model enabled application of a regression adjusted difference-in-differences methodology to construct counterfactual outcomes for a range of key outcomes. This methodology, by using data from both Contact Model and non-Contact Model sites before and after the Contact Model was rolled out to estimate the counterfactual outcomes, takes into account the differences in job seeker characteristics across sites as

⁴² Measures of net impact control for outcomes that would have occurred in the absence of assistance. Net impact is the difference between outcomes achieved by individuals subject to treatment (i.e. job seekers at Contact Model sites) and outcomes they would have achieved if the Contact Model had not been introduced.

well as the impact of time. Comparison of these estimated counterfactual outcomes to those observed at Contact Model sites provides the measures of net impact reported⁴³.

Cohorts

The evaluation examines two cohorts of participants:

- *transition job seekers* in receipt of NSA/YA(o) when the Model rolled-out in November; and
- *new entrants* who commenced receipt of NSA/YA(o) after the Model roll-out.

This allows us to examine the impact of swapping job seekers to a new regime and to determine how people might respond in a steady state situation. Comparison across the two analyses gives an idea of the extent to which impacts are being generated by ‘tree-shaking’.

In addition sub-group analysis of the *transition* job seekers was undertaken in an attempt to separate the impact of increased frequency of reporting from the impact of the Participation Record and messaging (through differences in impact on variable compared to fortnightly reporters). The impact of the *revised* Model was examined in a limited way from the observed (pre revision) impact on VLTU job seekers.

Timing

To allow time for some outcomes to be generated the observation window was stretched to the end of July. *Transition* job seekers, selected at the beginning of November, were followed for almost nine months. All *New entrants*, selected on the basis of having commenced receipt of NSA/YA(o) in November through to April, could be observed for at least three months and the sample size was sufficient to observe most outcomes for up to six months..

Changes to the Model in July 2007 dictate using an observation period to the end of July 2007 to measure impacts.

- This maximises the period over which outcomes can be observed (9 months for transition jobseekers, and at least 3 months for new entrants to NSA/YA(o) between November 06 and April 07).
- Interpretation of the impacts produced to the end of July should only be minimally effected by the refinements that were introduced from 16 July. This change means significant numbers of job seekers will exit the Contact Model treatment and/or be subjected lesser requirements making interpretation difficult. Observing outcomes to the end of July maximises the amount of time

⁴³ Net impact is identified as the change in outcomes at Contact Model sites before and after the roll-out adjusted, using estimates of change over the same periods at non-Contact Model sites, for the impact of any other changes that are not specific to the Contact Model sites.

participants can be observed while minimising the negative impact of the July changes.

Data sources

This net impact analysis uses administrative data of both Centrelink and the previous DEWR, including data contained in the previous DEWR's Research and Evaluation Database and Survey, Evaluation and Analysis Database. Findings from the net impact analysis are interpreted in the light of the quantitative elements of the evaluation of the Welfare to Work Contact Model, including:

- Feedback from Centrelink staff through site visits (May/June 2007); and
- Observation of PCIs and SU19 lodgements.

Appendix D: Limited Roll-out Contact Model Sites

STATE	CSC	STATE	CSC
Queensland	Aitkenvale	Western Australia	Midland
	Caboolture		Mirrabooka
	Cairns		Morley
	Fortitude Valley		Victoria Park
	Ipswich		
	Mackay	South Australia	Glenelg
	Mitchelton		Marion
	Southport		Noarlunga
	Toowoomba		Norwood
NSW	Auburn	Northern Territory	Casuarina
	Cabramatta		Knuckey Street
	Corrimal		Palmerston
	Charlestown		
	Dapto	Tasmania	Launceston
	Dubbo		
	Ettalong	Victoria	Ballarat
	Fairfield		Cheltenham
	Gosford		Epping
	Lismore		Morwell
	Liverpool		Ringwood
	Parramatta		Shepparton
	Shellharbour		Warrnambool
	Tamworth		
	Warrawong		
	Wollongong		
ACT	Belconnen		
	Braddon		
	Gungahlin		
	Lanyon		
	Tuggeranong		
	Woden		

Appendix E: Criteria for Determining Job Seeker Eligibility

All job seekers who were reporting to Centrelink on a fortnightly basis when the Model was rolled out were assigned to be converted to report under the Contact Model.

Job seekers on variable reporting were segmented by activity type and progressively targeted for assignment to Contact Model reporting and conversion to fortnightly reporting. Job seekers with an activity type of Jobsearch, Intensive Support Customised Assistance, and Personal Support Program were the first groups targeted. These groups were converted onto fortnightly reporting in different ways according to the conversion strategy adopted by the Centrelink site.

- Some converted variable reporters at their next scheduled contact.
- Others employed an outbound call strategy calling job seekers to make appointments for a transition interview either on, or before, their next scheduled reporting date.

Some job seekers were excluded from the Model. Factors considered for exclusion included if the job seeker was:

- Remote (more than 90 minutes from the Centrelink office);
- Suffering significant illness or incapacity, that is, condition prevents them from attending a CSC;
- In a Bereavement period;
- An expectant mother; or
- A recently arrived refugee.

Job seekers lodging via a Centrelink agent or Centrelink Access Point or whose circumstances made it extremely difficult to attend a CSC were also excluded from the Model.

- If a person within 90 minutes of a Centrelink CSC does not have access to public transport then they will not be required to attend fortnightly face-to-face contacts. Instead these job seekers can visit a Centrelink Agent or Access Point to undertake their fortnightly Participation Contact via phone and fax.
- Job seekers residing more than 90 minutes from a Centrelink CSC will also undertake their fortnightly Participation Contact via phone and fax from a Centrelink Agent or Access Point.
- Other job seekers who are not required to attend Centrelink fortnightly under the Contact Model would typically be:
 - Suffering serious illness or incapacity;
 - Recently arrived refugees; or
 - Recipients of Parenting Payment or Disability Support Pension.