



New Public Management and the Rule of Economic Incentives: Australian Welfare-to-work from Job Market Signalling Perspective

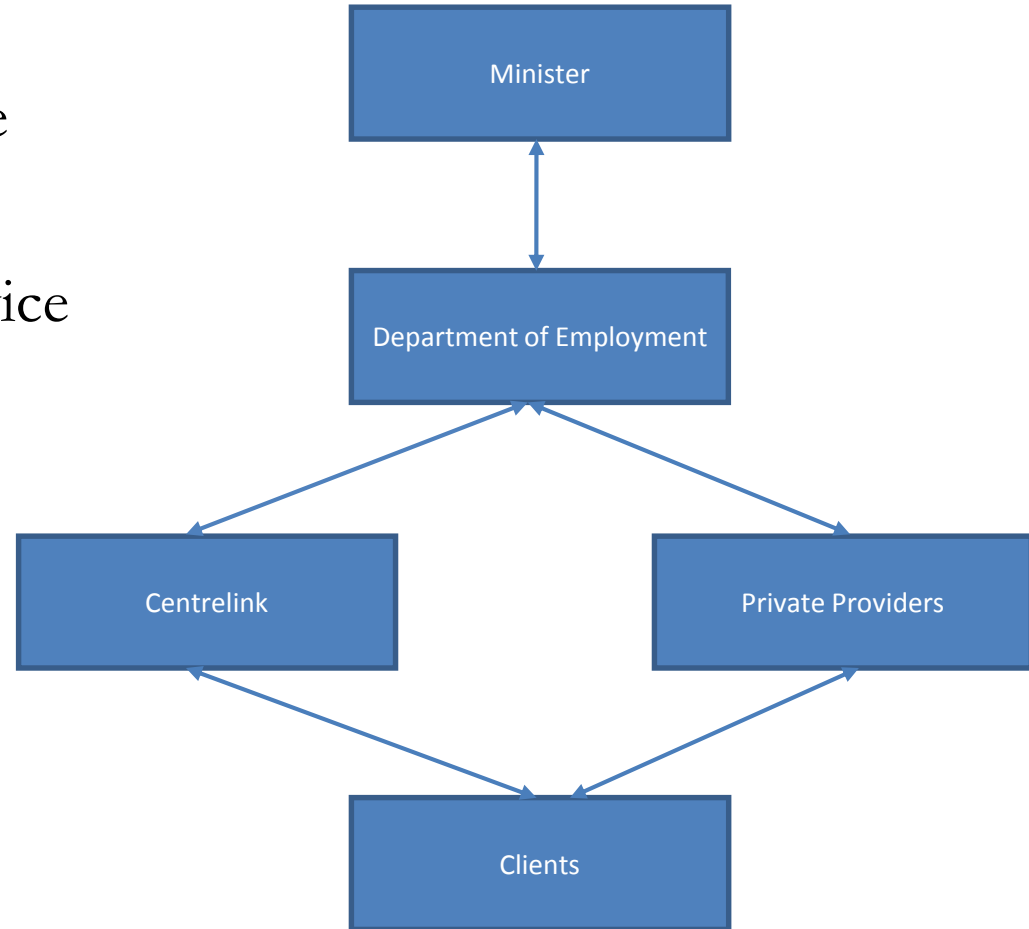


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Melbourne 23 Aug 2017



- Fully contracted out service delivery by 2003
- Individual/tailor made service
- Double activation
 - Jobseeker activation
 - Provider activation



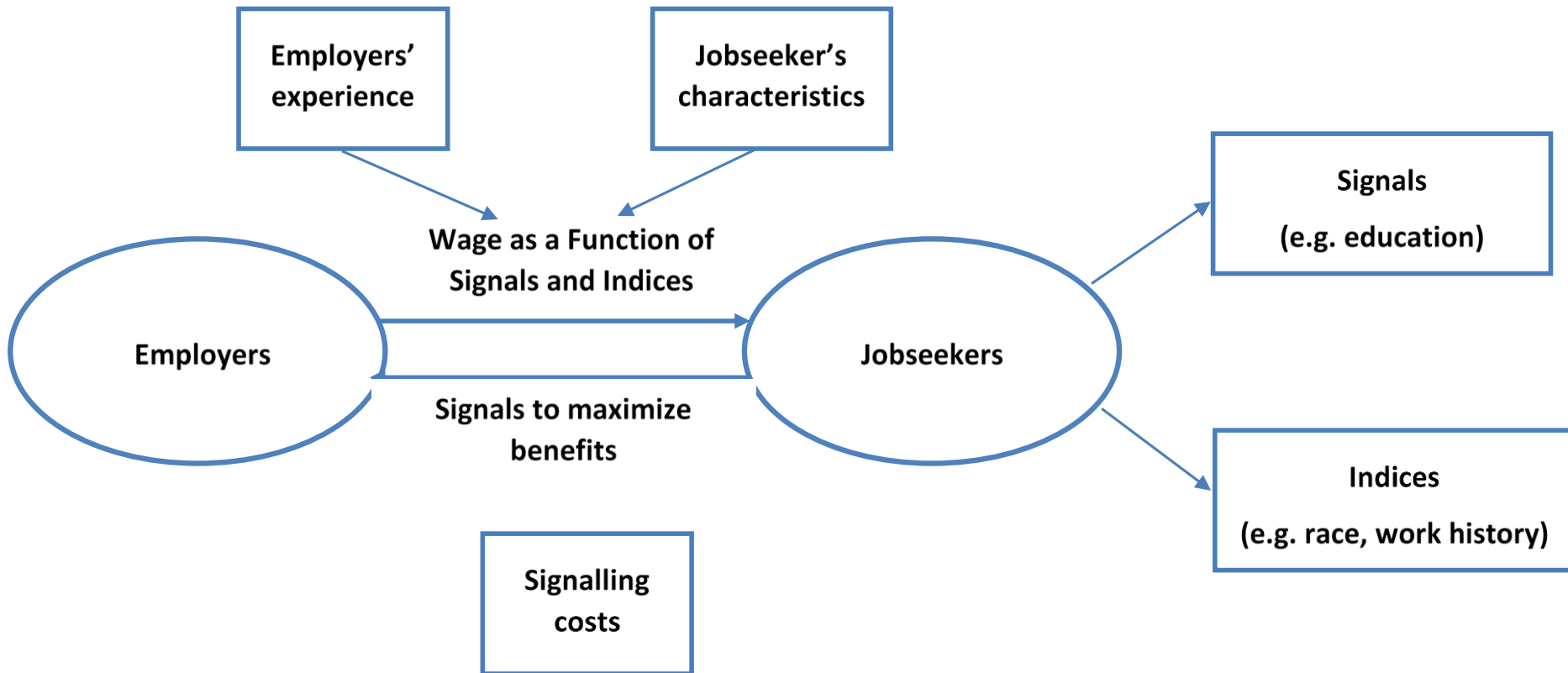


- Surveys (1998, 2008 and 2012)
- Focus groups in Melbourne and Sydney in 2012

	1998	2008	2012
Respondents	625	1512	1265
Response rates	56.00%	44.40%	45.16%

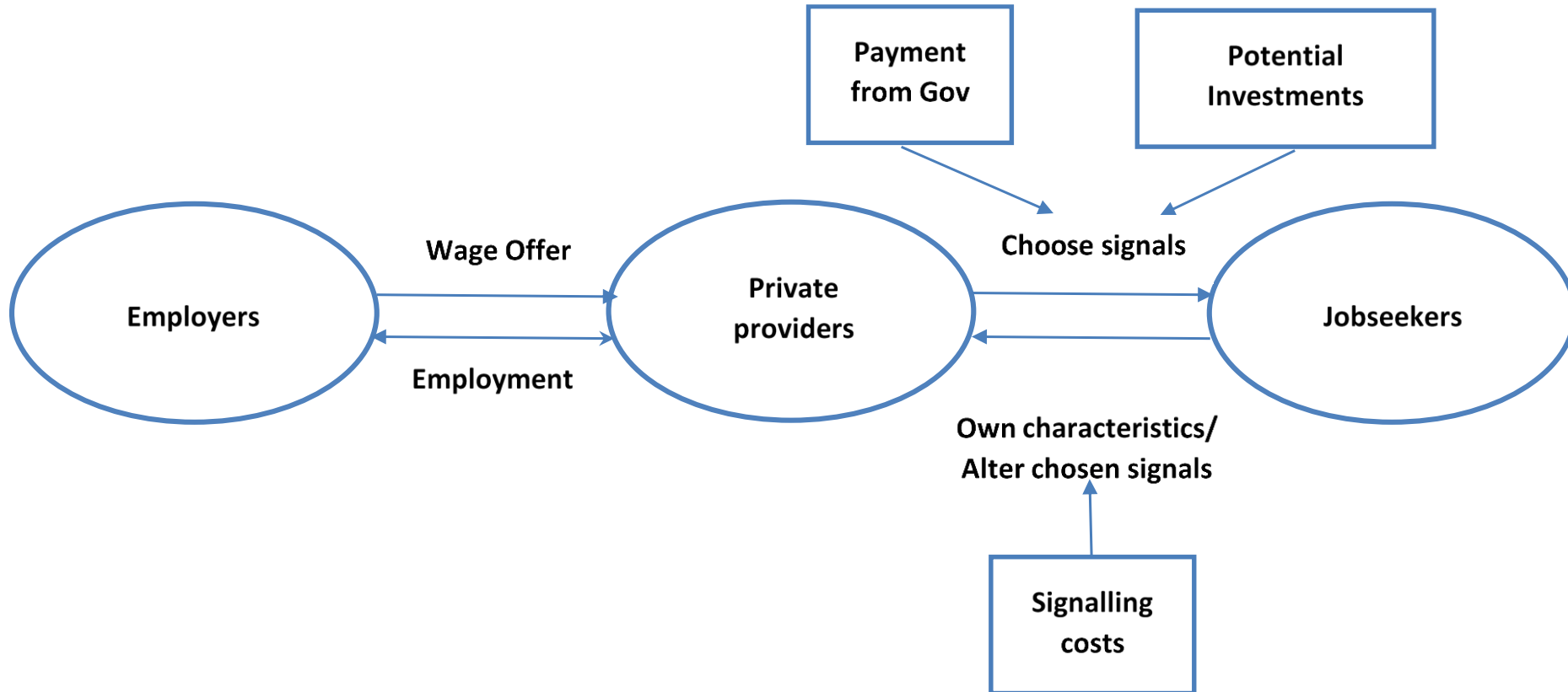


Job marketing signalling model



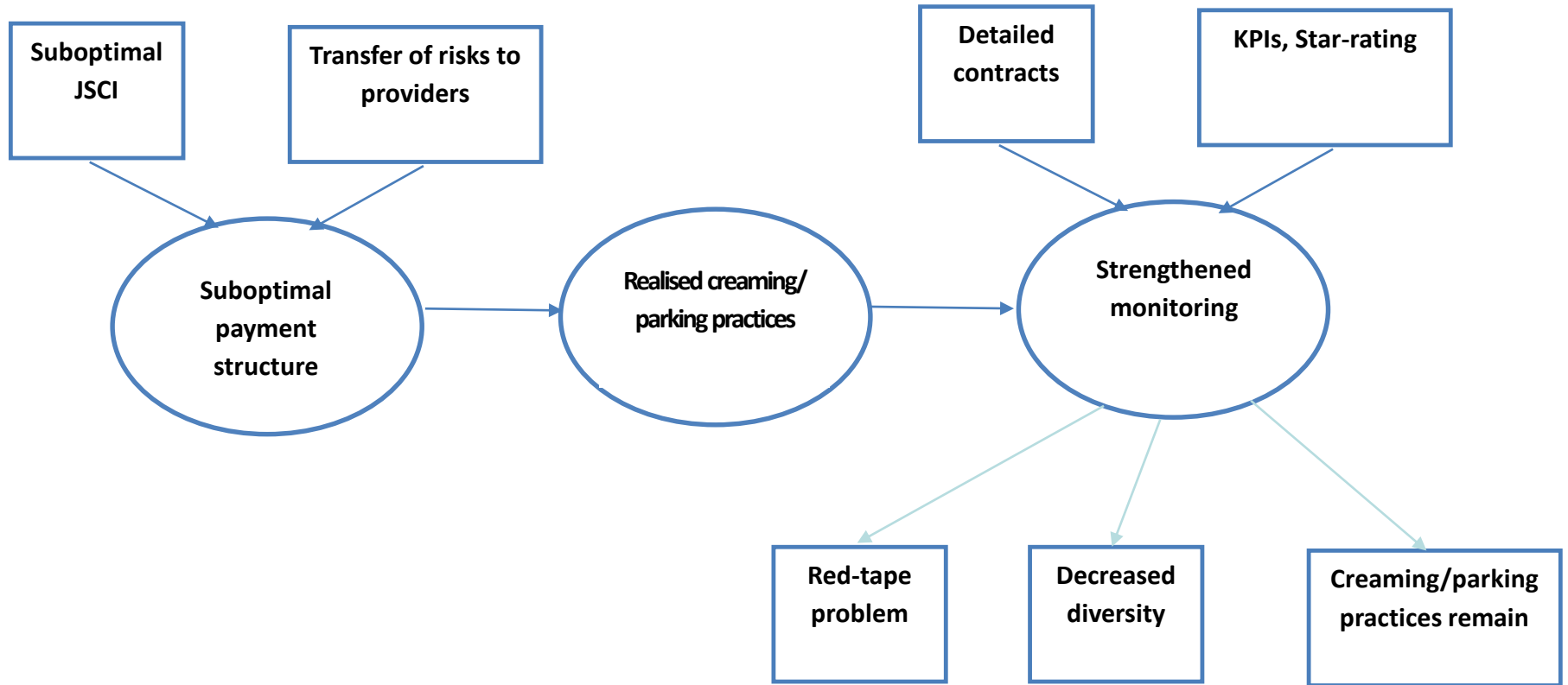


- How does this work in a quasi-market?





Findings: Provider Activation



- Commonwealth of Australia 2015: 68

Senator CAMERON: There are two issues here. One is that if the economy declines – . . . The pressure is on the job service providers?

Mr Hehir [DOE respondent] : That is correct.

Senator CAMERON: Just because of the main activities in the economy?

Mr Hehir: . . . yes.

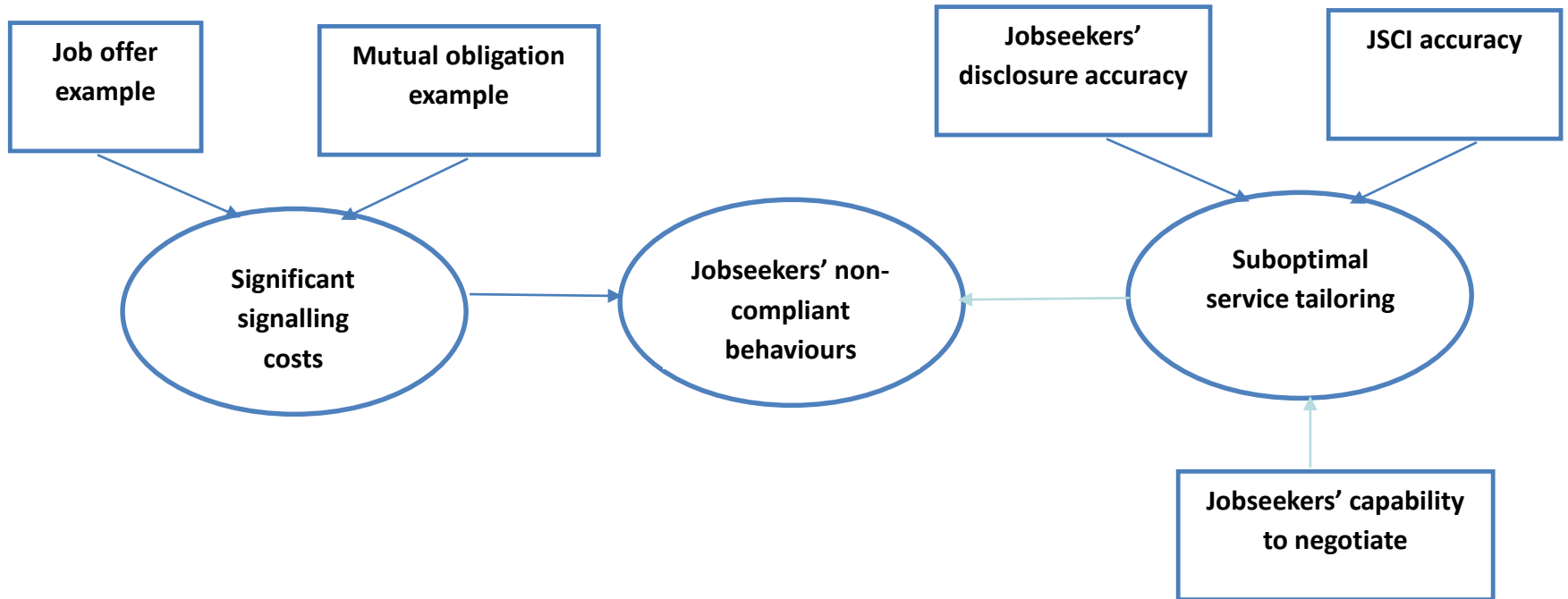
Senator CAMERON: Have any of the providers raised with you the sustainability of this type of payment structure?

Mr Hehir: No. They have been aware of it. . .

- *‘JSA ‘operates on 3,000 A4 pages of rules/ guidelines and 146 different types of outcomes’.*
- *‘I have been in industry a long time and never have I seen so much government red tape The government . . . state they are trying to reduce the red tape . . ., but they actually do the reverse. . . .’*



Findings: Jobseeker Activation



- Jobseekers' signalling costs:

- Job offer:

- Benefits = Wage – (unemployment benefit + concessions on services + family time, etc...)

- Mutual obligations:

- Benefits = Benefits withheld – (time + cost to comply)

- Jobseekers' disclosure:

*Jobseekers, especially the highly disadvantaged with complex barriers, 'commonly find it very overwhelming and challenging to disclose personal information to the Department'.
(Queensland Council of Social Service, 2013: 9)*

- Jobseekers' actual capability to negotiate:

We are talking about people that are 18. Some ...would have just left school .. are going to be negotiating with ... provider ... They are going to be expected to be able to negotiate that? (Commonwealth of Australia 2015, 97)



- Imperfect provider payment mechanism - the payments for providers are aggregated by categories that do not reflect actual costs at the individual jobseeker level
- The current framework does not fully account for the costs to be incurred with more demanding cases – problematic jobseeker activation
- Service tailoring is compromised due to technical and regulatory changes; some are, and some are not under the control of the Department



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