Evaluation of Skilling Queenslanders for Work

Department of Education, Training and Employment

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<tr>
<td>A2W</td>
<td>Advance to Work</td>
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<td>BAFW</td>
<td>Building Australia’s Future Workforce</td>
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<td>CBO</td>
<td>Community-based organisation</td>
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<td>CEIP</td>
<td>Community Employment and Infrastructure Program</td>
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<td>CGE</td>
<td>Computable General Equilibrium</td>
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<td>CJPC</td>
<td>Community Jobs Priorities Committee</td>
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<td>CLP</td>
<td>Community Literacy Program</td>
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<tr>
<td>COAG</td>
<td>Council of Australian Governments</td>
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<td>DEEDI</td>
<td>Department of Employment, Economic Development and Innovation</td>
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<td>DEEWR</td>
<td>Department of Education, Employment and Workplace Relations</td>
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<td>DES</td>
<td>Disability Employment Services</td>
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<td>DETE</td>
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<td>FS</td>
<td>First Start</td>
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<td>GSFW</td>
<td>Get Set for Work</td>
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<td>IEP</td>
<td>Indigenous Employment Program</td>
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<td>IETSO</td>
<td>Indigenous Employment and Training Support Officer</td>
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<td>JSA</td>
<td>Job Services Australia</td>
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<td>JSCI</td>
<td>Job Seeker Classification Instrument</td>
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<td>LLNP</td>
<td>Language, Literacy and Numeracy Program</td>
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<td>NASWD</td>
<td>National Agreement for Skills and Workforce Development</td>
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<td>NP</td>
<td>National Partnership</td>
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<td>OESR</td>
<td>Office for Economic and Statistical Research</td>
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<td>PiP</td>
<td>Participate in Prosperity</td>
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<td>PPP</td>
<td>Productivity Places Program</td>
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<td>SPP</td>
<td>Specific Purpose Payment</td>
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<td>SQW</td>
<td>Skilling Queenslanders for Work</td>
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<tr>
<td>VET</td>
<td>Vocational education and training</td>
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<td>YTI</td>
<td>Youth Training Incentives</td>
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Executive Summary

Skilling Queenslanders for Work (SQW) was implemented by the Queensland Government in 2007, with the purpose of enhancing Queensland’s labour supply by reducing unemployment and under-employment and increasing workforce participation among disadvantaged groups, including those marginally attached to or disengaged from the labour market.

It comprises a suite of targeted grants-based labour market programs, delivered through local providers (typically community-based organisations and local government). The programs encompass the delivery of job preparation assistance, work placements, traineeships/apprenticeships, accredited training and mentoring and post participation support, depending on the nature of the individual program. The programs are funded to provide a flexible and integrated approach to the delivery of employment and training services, tailored to suit individuals’ needs and local circumstances.

Significantly, SQW has been at the forefront in the design and delivery of labour market programs targeted towards the disadvantaged.

Recent policy announcements by the Commonwealth, including various programs under the Building Australia’s Future Workforce package, indicate they are partially moving towards a SQW-type approach to the delivery of labour market assistance for the disadvantaged, for example by incorporating a more localised focus. However, these Commonwealth programs have limited coverage in Queensland compared to SQW programs and there are other clear differences in terms of service delivery and potential effectiveness.

Evaluating Skilling Queenslanders for Work

Deloitte Access Economics was engaged by the Department of Education, Training and Employment to evaluate the impact and effectiveness of SQW in meeting its program objectives, over the period 2007-08 to 2009-10 (three years in total).

The ultimate purpose of the evaluation was to determine whether SQW constitutes good public policy, by examining its effectiveness and efficiency in improving the labour market outcomes of disadvantaged Queensland job seekers.

A broader impacts component of the evaluation considered the nature and extent of additional value generated by the program, beyond the primary labour market objectives. Finally, in considering its future directions, scope for refining the program was examined, in light of evidence about where the greatest returns are generated and the broader role of government in this space.

The evidence base for the evaluation was derived from several sources, including: conditional probability modelling using SQW participant outcomes data and Commonwealth Labour Market Assistance Outcomes data; general equilibrium and budget impact modelling; consultations with a range of stakeholders (including SQW providers, Community Jobs Priorities Committees, key agencies and regional DEEDI staff); and an online survey of SQW providers.
Labour market outcomes

This analysis considers a number of indicators of the effectiveness and efficiency of the investment in SQW for the 2007-08 to 2009-10 reference periods.

In terms of direct effectiveness, that is in terms of the direct effect on employment in the State attributable solely to SQW:

- Of the 57,000 persons who gain employment through SQW, 8,500 of these persons would not otherwise have gained employment had it not been for SQW.
- Approximately $375 million in earnings (real wages) will be generated by these 8,500 persons in 2012-13. This increase in earnings translates (in present value terms) $1.1 billion over 5 years.

Netting-off the costs from these benefit figures, the net present value of the direct benefits over 5, 10 and 40 years is $740 million, $2.2 billion and $9.6 billion respectively. This translates to (direct) benefit to cost ratios (BCRs) of 3.2, 7.6 and 29.9 respectively.

An analysis of the direct employment outcomes by cohort reveals that under SQW:

- Aboriginal and Torres Strait Islanders comprise more than half the incremental employment gain.
- People from Non English Speaking Backgrounds comprise a more than proportionate share of the incremental employment gain.
- All of the incremental employment gain is comprised of those who were previously employed for less than 12 months.
- People aged more than 45 years comprise a more than proportionate share of the incremental employment gain.

So, while SQW generates employment outcomes for persons of various circumstances, compared to the control group SQW has had its greatest success among these cohorts.

Flowing from the direct effects, Computable General Equilibrium (CGE) and budgetary impact modelling indicate the total effects are (as a result of the investment made between 2007-08 and 2009-10):

- An additional $6.5 billion in Gross State Product and Gross Domestic Product to 2020.
- An additional $1.8 billion in Consumption in Queensland and Australia to 2020.
- An additional $1.2 billion in state tax receipts to Queensland to 2020.

Significantly, the annual outlay by Queensland on SQW is returned to the State within a year of program completion, in terms of both increased earnings and value-added. Therefore, for each additional year a SQW participant remains in employment after the first year (to the degree this is attributable to SQW) the return compounds and the BCR extends beyond ‘1’.

Furthermore, these net benefits are before accounting for the savings in government outlays (at various levels) and before placing a value on the social benefits.
Broader impacts

As a program generally targeted towards disadvantaged groups, SQW’s role in developing human and social capital more broadly provides significant social benefits for the Queensland community.

Although often difficult to quantify, these broader impacts are nevertheless of value. Importantly, they complement the labour market outcomes achieved by SQW and demonstrate that its value extends beyond conventional economic measures.

Key social benefits associated with participation in SQW, strongly reaffirmed by results from the provider survey, are outlined below.

- **Health and wellbeing** – by equipping individuals with the skills they require to successfully participate in the labour force, coupled with the provision of wrap-around support, SQW participants often feel empowered. This can translate into improved self-esteem, self-confidence, improved health and increased life satisfaction, underpinned by enhanced life skills.
  - Headline survey findings: 100% of responses believe that SQW leads to improved life skills; 98% believe that it leads to improved mental wellbeing; 96% believe that it leads to improved life satisfaction for participants.

- **Social and support networks** – SQW programs are commonly delivered in a group setting, which enables participants to expand their social and support networks within the community. This benefits not only the SQW participant, but also builds social capital within the broader community.
  - Headline survey findings: 96% believe that it leads to improved support networks; 92% believe that it leads to better relationships between different social groups.

- **Community participation and engagement** – SQW contributes to the overall health of communities by (1) promoting partnerships and cooperation between different groups within the community, (2) improving community infrastructure and (3) increasing participants’ awareness of available services and employment/social opportunities.
  - Headline survey findings: 96% believe that it leads to improved co-operation between local groups; 90% believe that it leads to improved community infrastructure.

- **Social cohesion** – the social benefits described above ultimately create a strong sense of belonging and inclusion for participants in their local community, which often translates to greater social cohesion (by minimising marginalisation within the community and reducing the incidence of social problems such as crime).
  - Headline survey findings: 90% believe that it leads to reduced marginalisation; 85% believe that it leads to reduced social problems such as crime, violence, mental illness and poverty.

- **Community resilience** – by up-skilling community members and encouraging local employment – and therefore retaining members of the community – SQW plays a role in equipping communities with the human and social capital required to help withstand external change.
  - Headline survey findings: 89% believe that it leads to greater community resilience and ability to cope with social, economic or environmental change.
Furthermore, these social benefits are generally recognised to translate into wider economic benefits that represent significant savings for government over the longer term (although they cannot readily be quantified). These wider economic benefits include: (1) reduced health costs e.g. through improved mental health; (2) reduced social service costs e.g. through reduced unemployment benefits; and (3) justice system savings e.g. through reduced re-offending.

**Future directions**

To ensure that SQW’s demonstrated success is increased – or at the very least maintained – over time, it is important to consider potential refinements to the program.

This was undertaken by: (1) canvassing further evidence (in relation to key drivers of success to date, the overarching policy environment and areas for improvement identified by stakeholders); (2) establishing a broad rationale for SQW based on labour market theory and the role of government; and (3) considering four key policy dimensions through which the program can be refined, drawing on the breadth of evaluation findings (particularly the evidence about where the greatest returns are being achieved).

**Building the evidence base...**

To further guide and inform the development of options for refining the program, the following areas were analysed:

**Key drivers of SQW’s success to date**

Evidence gathered throughout the evaluation indicates that SQW has several key drivers of success – overarching program flexibility; innovative funding approach; strong regional/community focus; commitment to participant needs; and transparency and accountability. In considering SQW’s future course, these factors should be strengthened or, at a minimum, maintained.

**Policy environment**

SQW contributes to the achievement of three major and interwoven government policy objectives: (1) skills development/training; (2) workforce participation; and (3) addressing local labour market needs. Following from this, an integrated policy approach that addresses supply-side and demand-side labour market constraints is likely to be optimal, from an effectiveness and efficiency perspective. This suggests that SQW should continue to build on its current approach to improving employment outcomes, and opportunities for co-investment with the Commonwealth could be pursued.

**Areas for improvement identified by stakeholders**

Based on key themes to emerge from the consultations and survey, potential areas for improvement include: clarifying/refining participant eligibility criteria; further incentivising JSA providers to contribute fees; greater involvement with for-profit businesses (where deemed appropriate); more transparent indexation arrangements; establishing the appropriate balance between delivery of employability skills and accredited training; greater communication with providers about the potential to be placed on long term contracts; more regular reviews of the memberships and composition of CJPCs; reducing administrative burden by updating and streamlining administrative tools; and ensuring greater administrative consistency across regions without compromising the local focus.
**A broad rationale for SQW...**

Based on this analysis and labour market theory, a broad rationale for SQW can be established – namely, there is a role for government intervention in the labour market outcomes of disadvantaged job seekers.

However, intervention should only occur where the costs of intervention are outweighed by the benefits. Significantly, the evaluation findings demonstrate that the annual outlay by Queensland on SQW is returned within 12 months, with compounding returns for each additional year a SQW participant remains in employment thereafter.

A further consideration relates to the most appropriate level at which the intervention should occur i.e. at the State or Commonwealth level. In principle, this should be the level at which the risk of policy failure is minimised and therefore the effectiveness and efficiency of the intervention is maximised.

At a practical level, the historical lines of policy demarcation for different types of government intervention also affect this decision. Figure i below summarises the allocation of policy responsibilities – traditionally, the Commonwealth has been responsible for labour force participation, whereas the State has been responsible for skills development and regional development. The diagram shows that the objectives SQW is seeking to achieve, and the manner by which it seeks to achieve these, overlap both State and Commonwealth domains (with mentoring and post participation support almost uniquely provided by SQW).

*Figure i: Relationship between SQW and State/Commonwealth responsibilities*

Where an intervention overlaps different policy objectives and utilises the most appropriate mechanisms to address these, the effective achievement of all objectives is more likely. That is, through simultaneously removing all barriers an individual may face to successfully participating in the labour market, the likelihood of successful intervention is improved.
In this regard, SQW has two features that support its effectiveness:

- Matching labour demand with supply, as occurs under SQW, is typically more successful when conducted at a more localised level (provided that sufficient information is available in terms of demand, which generally has a more macro dimension, particularly future demand).
- SQW is demonstrated at an aggregate and cohort specific level to be incrementally more effective than the counterfactual scenario these individuals would otherwise face, which to a varying degree includes alternative Job Services Australia (JSA) pathways. For example, the evaluation findings show that an additional 8,500 persons are employed as at 2012-13, compared to the base case.

A more targeted intervention...

SQW’s future direction should fundamentally be guided by refinements that will lead to the most effective and efficient intervention – in other words, a more targeted intervention as informed by evidence on where the return on investment is greatest (noting that (1) an optimal balance should be found between the degree of targeting and flexibility and (2) the level of targeting should move with the business cycle).

There are four key policy dimensions through which the program can be further targeted (and should be subject to further deliberation by policy makers):

1. What should the program objectives be?

   This question relates largely to whether SQW’s primary focus should be employability or accredited training. The notion that underpins the current investment and program design is that there is a gap in the delivery of employability skills, more so than formal (accredited) training. SQW therefore aims to address the immediate barriers an individual will face in the labour market through a short-term intervention. On achievement of this first step, a role potentially exists for the training sector or indeed employers to continue the career development trajectory.

2. Should the target cohorts be refined?

   Generally, about 30-40% of participants do not have a relationship with a JSA. Inevitably, therefore the majority of persons participating in SQW do receive some level of Commonwealth assistance, although for the majority of these persons the level of assistance provided is minimal. Enhanced targeting, in terms of eligibility, could be achieved through: (1) reducing the current overlap with JSA; and/or (2) continuing to include all cohorts that are currently participating in the program, but prioritising the various cohorts in relation to the level of funding they receive.

   The evaluation findings show that SQW is most successful in generating employment outcomes for ATSI, people from NESB, the mature aged and those who have been unemployed for less than 12 months (notably, this latter group is more likely to only be receiving minimal Commonwealth assistance).

3. Should particular skills be targeted?

   The key consideration is not that SQW should target aggregate skills shortages across Queensland (noting that future skills needs in particular have a macro dimension), rather that it should simply better match labour demand with supply at a local level. Better matching of labour demand with supply should ultimately help ease labour
capacity constraints across the board (and thereby enhance Queensland’s competitiveness in the short run), while also setting individuals on a career path (which will enhance Queensland’s competitiveness in the long run).

4. **How should funding be allocated?**

Funding should be allocated in order to best incentivise effectiveness and efficiency. The introduction of more formal incentives – such as the awarding of longer term contracts for high levels of performance (as currently occurs on a more informal basis) could maintain funding contestability while preserving and, potentially, enhancing the quality of the outcomes. At the very least, the policy objectives need to be clear, so that providers can work towards achieving these outcomes.

A concept for further research is whether encouraging more providers – for instance for-profit providers or employers themselves – to enter the market will increase contestability and therefore drive the price even closer to an efficient level (whilst maintaining quality of service provision).

**Conclusions**

SQW is a highly successful labour market program that has raised overall employment (reducing frictional and structural unemployment) in a cost-beneficial manner.

It has directly led to the employment of an additional 8,500 people who would not otherwise have gained employment (in a world without SQW) – the increased earnings generated by this employment ultimately contribute an additional $6.5 billion to Queensland GSP to 2020. Moreover, the annual outlay by the State Government on SQW is returned to the Queensland economy within 12 months.

SQW directly works towards the achievement of key government policy objectives, including increased labour force participation and skills development. Given the State Government’s 4% unemployment target, SQW’s outcomes are particularly relevant.

To further enhance SQW’s return on investment, consideration could be given to greater targeting of the program. This could be achieved by concentrating on areas where SQW has been demonstrated to be particularly successful in terms of generating employment outcomes (for example, those who have been unemployed less than 12 months).

Given that: (1) SQW has been a successful program over the period under evaluation; (2) SQW investment has been directed towards both State and Commonwealth Government policy objectives that are inter-linked and cannot be efficiently achieved in isolation; (3) returns accrue to both Queensland and Australia; (4) the recent shift in Commonwealth policy for disadvantaged job seekers towards SQW-type measures; consideration could be given to State and Commonwealth co-investment in SQW over coming years.

**Deloitte Access Economics**
1 Introduction

*Skilling Queenslanders for Work* (SQW) is an initiative managed by Employment Initiatives within the Department of Education, Training and Employment (DETE)\(^1\). The initiative was introduced on 1 July 2007 with the objective of enhancing Queensland’s labour supply, by reducing unemployment and under-employment and improving labour force participation amongst disadvantaged groups, including those marginally attached to or disengaged from the labour market.

SQW is comprised of a suite of targeted prevention and early intervention grants-based labour market programs, each funded to provide a flexible and integrated approach to the delivery of employment and training services tailored to suit individual needs and local circumstances. These programs can also be tailored to address emerging economic, industry and environmental needs (following the global financial crisis, for example, recently displaced workers were targeted for assistance).

These programs have a strong focus on building skills to meet labour demand at the local level. Furthermore the services provided as part of the programs will tend to be complementary, including measures such as tailored support and wrap-around services, foundational literacy and numeracy skills, on-the-job training opportunities and subsidised work placements and job preparation.

The Queensland Government has invested around $90 million per year through this program to assist over 26,000 disadvantaged jobseekers and low skilled workers annually.

Purpose

Deloitte Access Economics (DAE) has been engaged by DETE to undertake an evaluation of the impact and effectiveness of SQW in meeting its program objectives, over the period 2007-08 to 2009-10 (three years in total). The evaluation considers the program’s labour market outcomes and broader social impacts, in light of the investments made. The evaluation also provides an opportunity to consider the future direction of the program, based on evidence to emerge throughout the evaluation.

An analytical framework was developed in the early stages of the study, to ensure the program evaluation was conducted in a systematic and focused manner and allow for a common understanding of the process and expected outcomes of the evaluation. The analytical framework outlined program objectives, program logic, evaluation questions (which provide the foundation of the analysis), data sources and methods, data collection, data analysis tools and timing.

The evidence base for the evaluation was developed through quantitative modelling of labour market outcomes, a literature review of social benefits, a broad range of consultations with key stakeholders and an online survey of SQW provider organisations.

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\(^1\) Prior to the 2012 Queensland state election, Employment and Indigenous Initiatives was located within the Department of Employment, Economic Development and Innovation.
The framework underpinning the evaluation and our methodological approach are described in further detail in Section 3.

**Report structure**

The report is structured as follows:

- **Section 2** provides background and context for the evaluation. It includes an overview of the Queensland labour market, the national and state policy context and the SQW initiative itself.
- **Section 3** defines the evaluation framework developed for this study and outlines the methodological approach to the evaluation.
- **Section 4** presents labour market outcomes for SQW, including the direct labour supply impact, flow-on impacts for the Queensland economy and cost effectiveness and cost benefit results.
- **Section 5** discusses the broader impacts of SQW that have been identified through the evaluation, in terms of social benefits generated for individual participants and communities.
- **Section 6** presents options for refining SQW’s future directions. It considers key drivers of success to date, the emerging policy environment and areas for improvement derived through the consultation process, prior to outlining potential areas for refinement or redirection of the program.
- **Appendix A** lists the consultation participants.
- **Appendix B** provides further technical detail on the modelling methodology employed for the study.
- **Appendix C** includes a literature review of social benefits associated with SQW.
- **Appendix D** provides detail on the online survey that was distributed to provider organisations.
2 Background and context

As context for the program evaluation, this section provides an overview of the Queensland labour market and the broader policy environment (at both the national and state level) over the period of interest and beyond. The SQW initiative is then outlined in further detail, including the program logic, program objectives and program design and delivery.

2.1 Queensland labour market

Over the last five years the performance of the Queensland labour market has been among the strongest in Australia. This strength is indicated by measures such as Queensland’s high employment growth which, at 0.7% for 2011, was the highest of all States and Territories. A further indication of this labour market strength is the high rate of labour force participation in Queensland, a measure which has been consistently higher than the average for Australia, as presented in Chart 2.1 below.

![Chart 2.1: Labour force participation rate (%), Queensland and Australia](chart.png)

Source: ABS (2012), Table 12

However, the relative strength of Queensland’s labour market has contributed to skills shortages in certain areas. While these shortages have eased over the last few years, areas of constrained capacity persist, with more than half of all measured professional and trade vacancies found to be in shortage. These shortages relate to professions including engineering, child care work and teaching, along with a number of trades such as mechanics and plumbing.

Despite evidently strong labour demand, a number of measures indicate some weakness in aspects of the Queensland labour market. For example, at May 2012 there were around

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136,300 unemployed persons in Queensland, corresponding to a trend unemployment rate of 5.5%. As reflected in the chart below, the unemployment rate in Queensland is presently higher than the rate which prevailed in Queensland over 2007 and 2008 and has been higher than the national average since 2010. Of further concern, among the unemployed population, 26,000 had been unemployed for 52 week or longer, representing a significant portion of the work force in long-term unemployment.

**Chart 2.2: Unemployment rate (trend), Queensland and Australia**

Further to those who are unemployed, a significant number of Queenslanders are ‘underemployed’ – that is, they are in work but would prefer to have more. In February 2012 of those Queenslanders in employment, 8.1% or 201,900 people were underemployed, a rate somewhat higher than the national average of 7.6%. As reflected in Chart 2.3 below, Queensland’s underemployment has been slightly above the national average over the last two years, though over the last five years it has broadly been in line with national figures.

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5 More precisely the ABS defines underemployed workers as part-time workers who want, and are available for more hours of work than they currently have, and full-time workers who worked part-time hours during the reference week for economic reasons (such as being stood down or insufficient work being available).

6 ABS (2012), Table 23
The areas of weakness in the Queensland labour market identified here have particular relevance for the labour market experiences of a number of disadvantaged groups in Queensland. For instance, Indigenous Australians experience particularly poor labour market outcomes, being less likely to participate in the labour market and more likely to be unemployed. The latest ABS data showed that the Indigenous unemployment rate was 19.6% in 2010, compared to 5.3% for non-Indigenous Queenslanders.  

Likewise, people who reported a disability had markedly worse employment outcomes than the general population across Queensland. For instance, in 2009 only 48% of working age people in Queensland with a reported disability were employed, compared to 80% among those who did not report a disability.  

Finally, the labour market experiences of Queenslanders also vary with age. Young people in particular have poor employment outcomes, as reflected in Chart 2.4. According to the latest Labour Force data from the ABS, Queenslanders aged 15 to 19 years (who are not in full-time education) had an unemployment rate of 16.5% (in year-average terms at May 2012). For 20 to 24 year olds, the year-average unemployment rate was 8.4%. By comparison, the year average unemployment rate for prime age workers (25 to 44 years) was 4.6%.

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7 ABS Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians 2010 (6287.0). The estimates are based on persons aged 15 to 64 years. Indigenous estimates are subject to a relatively high degree of variability due to the small size of the Indigenous population and its wide dispersion.

The combination of relatively high labour force participation and unemployment, with areas of skills shortages, is indicative of a situation in which total employment is constrained by a lack of skills or a mismatch between those available and those required by the market. These figures also perhaps reflect the particular challenges in the labour market experiences of disadvantaged groups in Queensland, including Indigenous Australians, people with disabilities and youth.

It is this environment in which the labour market policy initiatives of the Commonwealth and Queensland Governments operate, as explored in the following section.

2.2 Policy context

SQW exists within a national and state policy framework shaped by initiatives driven by the Commonwealth Government, often through the auspices of the Council of Australian Governments (COAG), and the Queensland Government. This section reviews this policy context, initially exploring the key national policy frameworks and types of labour market assistance provided by the Commonwealth, before considering Queensland Government policies.

2.2.1 Commonwealth Government/COAG

The key policy framework for increasing labour market productivity and increasing labour market access in Australia is the National Agreement for Skills and Workforce Development (NASWD). Signed by all Australian governments, it sets out key long term objectives, outcomes to be achieved and performance indicators to track governments’ progress against these measures. Established in 2009, it was renegotiated in April 2012, with the reaffirmation of its key targets:
• To halve the proportion of Australians without qualifications at Certificate III level or above by 2020.
• To double the number of higher level (diploma and advanced diploma) qualification completions by 2020.9

The Commonwealth Government provides Specific Purpose Payments (SPPs) to the states and territories to support their implementation of relevant policies under the NASWD, including TAFE courses and local labour market programs. Over the period 2011-2016, SPPs will comprise $7.08 billion of total Commonwealth funding to the states and territories for skills and workforce development.10

To implement the policies necessary to achieve the targets identified in the NASWD, several National Partnerships (NPs) with specific objectives have also been developed, as outlined below. Only two of these NPs have been in place during the period under evaluation – the NP for Productivity Places Program and the NP for Youth Attainment and Transitions. Notably, under the NPs for Productivity Places Program and Training Places for Single and Teenage Parents, funding was directly allocated to SQW, with services delivered through the SQW model.

• National Partnership for Productivity Places Program (PPP) – established in 2007 to support existing workers gain or upgrade their skills and to assist job seekers enter the workforce.11 To this end, training places were provided by contracted registered training operators (RTOs), with a target of delivering 711,000 qualifications from 2007 to 2012. Of these qualifications, 70% were to be provided by state and territory governments, with the remainder to be filled by the Australian Government. Funding for PPP has not been extended beyond 30 June 2012.

• National Partnership for Youth Attainment and Transitions – established in 2008 to support the target of a national year 12 attainment rate of 90% by 2015. The Partnership was funded for five years in the 2009-10 Budget to deliver initiatives which improve young people’s rate of year 12 attainment and transitions to further education, training and employment.12 Each state and territory has individual implementation plans with reward payments offered by the Australian Government, which also funded specific youth engagement initiatives.13

• National Partnership on Training Places for Single and Teenage Parents – introduced in 2012 to provide funding for training places at the Certificate II level or above for single and teenage parents in receipt of Parenting Payment, to increase their workforce participation.14 Funding has been allocated for this program until 2014-15.

• National Partnership for Skills Reform – established in 2012 with the aim of reforming the VET sector to enhance its equity, transparency, quality and efficiency.15 It includes a target to deliver 375,000 qualifications over the five year life of the agreement. Of particular relevance, this includes a commitment to introduce and strengthen a national entitlement to a government subsidised training place to a minimum of the first Certificate III. This training place would:

9 http://www.coagreformcouncil.gov.au/reports/skills.cfm
be accessible through any RTO which meets the state-based criteria for access to the national training entitlement;
• be available to all working age Australians without a Certificate III or higher qualification; and
• include foundation skills or lower qualifications contained within the Certificate III qualification.\(^{16}\)

The National Partnership sets other goals, including provisions for enhancing the delivery of language, literacy and numeracy skills for job seekers and a specific focus on delivering higher rates of commencements and completions for Indigenous Australians.\(^{17}\)

The **National Agreement for Closing the Gap** was signed by all Australian governments in 2008 to improve the lives of Indigenous Australians. It has targets covering areas including improved health, education and economic participation. Of specific relevance is the commitment to halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade. This target is supported by COAG’s **National Partnership on Indigenous Economic Participation**, agreed in 2008, which is aimed at creating sustainable Indigenous employment opportunities.

Specific forms of federal labour market assistance – including Job Services Australia and Disability Employment Services – are described below.

### Job Services Australia

Designed to assist job seekers find employment, **Job Services Australia** (JSA) was introduced in 2009, replacing the pre-existing Job Network Australia. Eligible organisations are contracted by the Department of Education, Employment and Workplace Relations (DEEWR) to deliver JSA services.

These organisations are paid for assisting job seekers while they are unemployed and for the successful placement of job seekers into sustainable employment. The level of these payments varies depending on the need of the job seeker as assessed through the Job Seeker Classification Instrument (JSCI). In this process, points are allocated for measures associated with disadvantage, such as, age, time since last period of employment, area of residence, education level, disability status and ethnic background.\(^{18}\)

Based on the JSCI assessment, job seekers are then placed into a stream. Stream 1 job seekers are considered to be ‘work ready’ and in 2009 comprised 53% of new JSA registered job seekers. Stream 2, 3 and 4 job seekers are classed as ‘disadvantaged job seekers’, with Stream 4 considered to be most disadvantaged, and respectively made up 22%, 10% and 15% of new job seekers in 2009.\(^{19}\)

Support for job seekers varies with their level of assessed need and may include one or a combination of the following:


• Gathering information on job vacancies from employers and matching the skills and experience of job seekers to job vacancies.
• Support applying for jobs and the provision of resumes.
• Access to prevocational and vocational training programs.
• Work experience activities, including Work for the Dole, Green Corps, part-time study, voluntary or paid work.

Figure 2.1 below outlines the level of support provided to job seekers, based on their JSA stream. Under this sliding scale of assistance, higher funds and fees – and therefore levels of assistance – are allocated to JSA providers as the job seeker’s level of disadvantage increases.

**Figure 2.1: Job Services Australia assistance by stream**

<table>
<thead>
<tr>
<th>Work ready</th>
<th>Disadvantaged job seekers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stream 1</strong></td>
<td><strong>Stream 2</strong></td>
</tr>
<tr>
<td>• $11 in the EPF</td>
<td>• $550 in the EPF</td>
</tr>
<tr>
<td>• $385-$440 in Job Placement fees</td>
<td>• $385-$2,600 in Outcome and Job Placement fees</td>
</tr>
<tr>
<td>• Up to $781 in service fees</td>
<td>• Up to $885 in service fees</td>
</tr>
<tr>
<td>• Skills assessment before end of 30th week</td>
<td>• Face-to-face contact, min once per month</td>
</tr>
<tr>
<td>• Regular face-to-face contact from 30th week</td>
<td>• Develop and review EPP</td>
</tr>
<tr>
<td>• Develop and review EPP</td>
<td>• Use EPF for vocational or non-vocational assistance</td>
</tr>
</tbody>
</table>

All participants are supported with CV development; job search facilities; list of jobs; an EPP; an EPF; $500 in the EPF for work experience (supported by up to $722 in services fees depending on stream need).

Level of assistance and funding increases with need

Note: EPF = Employment Pathway Fund (a flexible pool of funds used to purchase a broad range of assistance for individuals, including training courses). A 1.7 multiplier applies to EPF and service fees for designated remote areas.

Source: DEEWR

A number of reforms to the JSA framework are ongoing or proposed. In particular, as part of the **Building Australia’s Future Workforce** (BAFW) package announced in the 2011-12 Federal Budget, the Government announced funding for a number of JSA Demonstration Pilots. These pilots are designed to test options for enhancing support for Stream 4 job seekers to achieve improved education and employment outcomes. The program is targeted at job seekers in communities with high rates of entrenched disadvantage and unemployment, with pilots in 20 locations in four states across Australia. Further information on BAFW is provided in the box below.

A number of Commonwealth Government policies to promote productivity growth and workforce participation come under the broad policy framework of **Building Australia's Future Workforce (BAFW)**, which was a key element of the 2011-12 Federal Budget and has received continued funding in the 2012-13 Federal Budget.\(^{21}\)

- **Local Employment Coordinators** – funded by the Commonwealth until 30 June 2013 in 20 areas identified as vulnerable to labour market disadvantage, with the majority located in regional Australia. The Coordinators work with relevant government agencies and the local community to support the development of local policy responses to local employment challenges.

- **Regional Education Skills and Jobs Coordinators** – in a similar initiative, the Government is providing funding until 30 June 2014 for 24 Regional Education Skills and Jobs Coordinators to work in regional communities across the country. These Coordinators are expected to work to maximise the impact of Government initiatives in these areas and find methods to solve local problems in education, skills and jobs development.

- **Wage subsidy for long term unemployed** – as of January 2012, the Government has also introduced a wage subsidy to support the employment placements of the very long-term unemployed. The wage subsidy is the equivalent of basic unemployment benefits and can be used by employers and providers of JSA services and the DES to support employment placements for highly disadvantaged, long term unemployed job-seekers.\(^{22}\)

More recently, the 2012-13 Federal Budget announced a number of further JSA reforms. For instance, from July 2012 there will be a reduction in the basic servicing arrangements for the least disadvantaged job seekers (Stream 1), with an associated reduction in fees for services providers.\(^{23}\) These changes reflect the fact that Stream 1 individuals have been found to require relatively limited employment support, and the Government has determined that resources would be better allocated to higher needs job seekers.

Further, JSA providers will be immediately eligible to receive a Job Placement Fee once the job seeker has registered with them and the provider places them into a position. This arrangement differs from previous policy whereby the Job Placement Fee was only available after three months of servicing. This change is designed to enhance the incentives for JSA providers to work intensively with job ready job seekers at the beginning of their period of unemployment.\(^{24}\)

A JSA pilot scheme to support Indigenous job seekers through the use of dedicated mentoring has also been introduced (in areas with high Indigenous populations and high employer demand). This measure will be evaluated in 2013 and 2014 as a basis for future policy in this area. Additional support is also being delivered through JSA for workers made redundant because of specific area industry changes e.g. workers affected by the Kembla Plant closure in NSW.\(^{25}\)

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Disability Employment Services

The National Disability Agreement commits Australian governments to supporting people with disability to achieve improved life outcomes, including increased employment. The provision of employment related services for people with disability is specifically demarcated as the responsibility of the Commonwealth Government which has responded with the establishment of the Disability Employment Services (DES) in 2010.

The DES was initially funded for three years from 2010, which was extended for a further four years in the 2012-13 Federal Budget. It provides support for skills development and other job seeker activities designed to assist people with injuries, health conditions or disabilities to secure and maintain sustainable employment. The DES includes different streams depending on whether the individuals require temporary or long-term support. The DES will be subject to competitive tender in 2012 for contracts from 2013-18.

Other forms of assistance

The Language, Literacy and Numeracy Program (LLNP) is the Commonwealth Government’s primary program for improving the foundation skills of unemployed people, as a bridge to further training, education and employment. The program provides up to 800 hours of free accredited training for eligible job seekers whose skills are below that necessary for sustainable employment or further education. Participants are referred to LLNP providers by JSA and DES operators. Further funding for LLNP was allocated in the 2011-12 Budget to deliver additional places under this program, targeted towards those who live in regional areas and priority employment areas, with a particular focus on young people and mature aged Australians.

Mobility assistance for unemployed job seekers who relocate for ongoing work or apprenticeships is provided through the Connecting People with Jobs initiative. The program was initiated in January 2011 but will be closed to new participants from 31 December 2012. To be eligible, all individuals are required to have been unemployed for at least three months and registered with either a JSA or DES provider. Further, unless they are moving to a flood affected area in Queensland, they must be moving from an area of above average unemployment.

Under the Indigenous Employment Program (IEP), key activities include encouraging employers to provide sustainable employment for Indigenous people and encouraging Indigenous people to take up employment opportunities and develop their skills through training opportunities.

Finally, in the 2012-13 Federal Budget, the Commonwealth Government announced the introduction of the Remote Jobs and Communities Program, to be implemented from July 2013. The program will operate in remote areas and replace JSA, Community Development Employment Projects, DES and the IEP. Under this program, Participation Accounts will provide funds to address vocational and non-vocational barriers currently limiting the ability of individuals to work and contribute to their communities.

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26 http://www.budget.gov.au/2012-13/content/ministerial_statements/rural_and_regional/html/rural_and_regional-08.htm
27 http://www.deewr.gov.au/Skills/Programs/LitandNum/LLNP/Pages/default.aspx
2.2.2 Queensland Government

During SQW’s period of operation, labour market and training policies of the Queensland Government have been shaped by several initiatives – in particular, the Queensland Skills Plan, the establishment of Skills Queensland and Toward Q2: Tomorrow’s Queensland.

The Queensland Skills Plan was announced in 2006 and developed to respond to a strongly growing economy, pressing skills demands and a tightening labour market. The Plan was specifically targeted to improve the VET system’s responsiveness to the market, the success of VET students and the industry leadership of VET.²⁹

In 2008, the Plan was updated to reflect continued strong growth and skills shortages. It focused on:

- developing the skills of existing workers and apprentices;
- engaging unemployed and under-employed people;
- improving youth transitions to enhance education, training and employment outcomes;
- building the capacity of the Queensland VET sector; and
- building bridges to the professions.³⁰

Both iterations of the Plan were evaluated in 2011, to inform the development of the Queensland Government’s five year plan for the tertiary education and training sector (due to be released in 2012).³¹ Among its conclusions, the evaluation established that the TAFE system is moving towards a modernised system in line with objectives set out in the Queensland Skills Plan.

Skills Queensland, an industry-led statutory body established in 2010, is also responsible for leading skills development strategies across the Queensland labour market. Essentially, it acts as an intermediary between industry and government on training and workforce development issues, as part of the transition towards a demand-led training system. An independent review of Queensland’s VET and higher education systems was also undertaken in 2010, to help guide their future directions (the Noonan Review). The review outlined several recommendations to (1) improve participation in VET and higher education and (2) strengthen partnerships between training/education providers and industry to build workforce skills.

Toward Q2: Tomorrow’s Queensland (referred to as Q2) was the Queensland Government’s community statement between late 2008 and March 2012. Q2 set out four ambitions which were a strong economy, green environment, healthy Queenslanders and a fair Queensland. DEEDI had responsibility for a target under the FAIR ambition which sought to halve the proportion of Queensland children living in jobless households. Most of these children living in jobless household live with sole parents, particularly mothers. This target was focused on increasing social and economic participation of disadvantaged Queenslanders, with a particular focus on breaking the cycle of inter-generational unemployment. The Skilling Queenslanders for Work initiative, particularly the Participate

in Prosperity program, was the government’s main contribution to the effort to achieve of this target.

Under **Q2**, the Department of Education and Training had responsibility for the ‘SMART ambition’ to deliver improved education and training outcomes. Of particular relevance, this program included the target of increasing the share of qualifications across the population, such that three out of four Queenslanders would hold trade, training or tertiary qualifications. The SMART agenda was also expected to contribute to a strong economy, green environment, healthy Queenslanders and fair communities. More broadly, the next stage of reform in Queensland’s VET and higher education systems will focus on key challenges including:

- Low levels of literacy and numeracy, particularly among older workers where workforce participation rates have been increasing.
- Declining participation rates in post-secondary education and training, including significant variations between regions and between different population cohorts such as Indigenous people, people with a disability and young people.

These outcomes are to be achieved through commitments made by the Queensland Government in 2011 to boost industry ownership and investment in skills and workforce development, widen access to VET and higher education and improve pathways to qualifications.

While these policy initiatives remain the formal commitment of the Queensland Government, it is likely they will be subject to some change as a result of the recent change in government. This may be driven by a number of commitments made by the new LNP Government in relation to skills and training (further details are yet to be announced).

**Key State Government commitments include:**

- **Reducing Queensland’s unemployment rate to 4.0% within six years.**
- **Delivering an additional 10,000 apprenticeships.**

DETE also advocates for a ‘strong and healthy’ labour market, with an emphasis on increasing labour force participation and reducing under-employment.

The incoming Government also pledged to establish a Skills and Training Taskforce, which would reform skills and training by:

- focusing on improving job outcomes for both individuals and industry, by matching training needs and preferences;
- reforming the current trade training pathway to increase completion rates;
- transforming VET investment to support demand driven training; and
- establishing the right governance structure of the VET system to ensure accountability, value for money, and increased completion rates.

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2.3 Skilling Queenslanders for Work initiative

The SQW initiative – managed by the Employment and Indigenous Initiatives division within the Department of Employment, Economic Development and Innovation throughout the period under evaluation – was fully implemented from 1 July 2007, replacing the Breaking the Unemployment Cycle initiative (briefly overviewed in the box below).

Box 2: Breaking the Unemployment Cycle

Breaking the Unemployment Cycle was introduced by the Queensland Government in 1998 to achieve three key objectives:

- provide long term unemployed and disadvantaged job seekers with work experience and other assistance through a range of employment programs where they would be unlikely to gain employment through other means;
- help young people, particularly those at risk of experiencing long term unemployment, to gain work experience and training, leading to qualifications; and
- directly address some emerging skills shortages by providing subsidies for private sector apprenticeships and traineeships in identified high skill shortage areas.

Review of Breaking the Unemployment Cycle

The initiative was formally evaluated in 2002. It found that job placement activity has exceeded target levels in each year of the program’s operation, with more than 43,000 opportunities provided by June 2002.

The key measure used to evaluate the success of this program was the proportion of participants who gained unsubsidised employment or went on to further education or training after being assisted by a program. It found that 78% of participants in the Public Sector Employment Program gained ongoing employment, compared to 71% for the Worker Assistance Program, 60% for the Community Employment Assistance Program, 56% for the Community Jobs Plan and 47% for Get Set for Work.

The evaluation noted these outcomes compared favourably to Commonwealth labour market programs – for example, it stated that employment outcomes from the Community Jobs Plan were more than twice as high as the Work for the Dole Scheme.

Finally, the evaluation considered the net employment effect of the Community Jobs Plan and the Community Employment Assistance Program. This analysis was conducted using outcomes data (provided by DEEWR) for a control group of job seekers who did not participate in either program, but had the same characteristics as those who did participate. On this basis, it determined that over 4,000 long-term unemployed or disadvantaged job seekers were assisted into employment that would not have occurred without the existence of Breaking the Unemployment Cycle, for $309 million of investment over the period October 1998 to June 2002.


Developed as part of the broader reforms of the Queensland Skills Plan, a key focus for SQW is to respond to prevailing skills shortages and enhance Queensland’s productivity by increasing the level of labour market participation amongst highly disadvantaged groups, including those marginally attached or disengaged from the labour market.
Program objectives and program design and delivery under SQW (including eligibility criteria and current funding arrangements) are outlined below. The program logic map depicted in Figure 2.1 below illustrates, at a high level, the links between program objectives, program design and delivery and the subsequent program outputs and outcomes. The program evaluation assesses these outputs and outcomes, including their efficiency (cost of delivering program outputs) and effectiveness (extent to which the program has achieved its outcomes).
Figure 2.2: SQW program logic map

Program Objectives:
- Increases and enhances Queensland’s labour supply in order to take advantage of employment and economic opportunities
- Enable efficient and effective use of the available labour resources (including the unemployed and underemployed)
- Increase the competitiveness and participation rate of at-risk job seekers (including the long term unemployed)
- Increase labour market participation of those able to work but outside the labour force (that is, increasing the labour force participation rate).

Inputs:
- Approximately $90m per year
- Allocated by region and program*
- Other in-kind support and leveraged investment

Activities:
- Local delivery of:
  - Paid work placements
  - Job preparation assistance
  - Accredited and non-accredited vocational education and training
  - Traineeships
  - Language, literacy and numeracy training
  - Post participation support
  - Mentoring
  - Transport and childcare costs
  - Multicultural employment workshops

Outputs:
- Program participation (x people participated — by equity group, region, age etc)
- Increased collaboration between SQW providers and other employment services/human services providers
- Improved community infrastructure

Short term outcomes:
- Employment (x people employed following program)
- Training (x people entered into training following program)
- Improved social connectedness for participants
- Improved collaboration between State and Federal Governments in delivery of employment and training services

Long term outcomes:
- Labour force participation and productivity benefits
- Improved human capital
- Improved social capital
- Community resilience
- Reduced health costs
- Reduced social service costs
- Justice system savings

External factors:
Includes:
- An individual’s demographic and socio-economic characteristics
  - For example: age, gender, CALD background, Indigenous background, or, employment history
- Local labour market conditions
  - For example: demand for labour at the local level
- Federal Government policy levers
  - For example: IR, welfare, job matching services, taxation
- State Government policy levers (apart from SQW)
  - For example: payroll tax, stamp duty

*Varies per year

Source: Deloitte Access Economics
2.3.1 Program objectives

SQW has four key program objectives:

1. Increase and enhance Queensland’s labour supply in order to take advantage of employment and economic opportunities.
   - This is an overarching objective for the program, and thereby relies on the achievement of the other three objectives below.

2. Enable efficient and effective use of the available labour resources (including the unemployed and underemployed).
   - This objective thereby focuses on people who are under-utilised/under-employed.

3. Increase the competitiveness and participation rate of at-risk job seekers (including the long term unemployed).
   - This objective thereby focuses on people who are perennially unemployed.

4. Increase labour market participation of those able to work but outside the labour force (that is, increasing the labour force participation rate).
   - This objective thereby focuses on people who are marginally attached to or outside the labour force.

More broadly, SQW objectives are also guided by emerging economic, industry and environmental needs (e.g. in the aftermath of the 2011 natural disasters in Queensland, certain SQW programs were re-focused in order to help the recovery at the community level, while at the same time continuing to address employment needs for individuals).

2.3.2 Program design and delivery

SQW comprises a suite of targeted grants-based labour market programs, delivered through local providers (typically community-based organisations and local government). SQW providers’ community focus and not-for-profit status means that the services they provide are generally distinct from other employment services providers. A key difference is that SQW programs are delivered flexibly in a community setting (e.g. program hours can be tailored to suit participant needs, such as part-time delivery during school hours, etc).

The various programs that have been in place during the period under evaluation (2007-08 to 2009-10) are outlined in Table 2.1 below.

The participant base for each individual program varies depending on the nature of the program. In general terms, however, there are two broad groups that participate in SQW:
- A highly disadvantaged cohort.
- A broader unemployed/under-employed cohort.

For those participants who are also JSA clients, people classified as Streams 3 and 4 would fall within the former group and Streams 1 and 2 within the latter group (noting that not all SQW participants are eligible for JSA assistance – indeed, the primary target group for SQW is those who do not receive Commonwealth assistance, as discussed below).
Various programs may be accessed by both groups, although some programs are more clearly targeted towards the highly disadvantaged e.g. Participate in Prosperity.

Through these programs, as highlighted in the table below, SQW delivers five main types of assistance:

1. Job preparation assistance.
2. Work placements.
3. Traineeships/apprenticeships.
4. Accredited training.
5. Mentoring and post participation support.

**Table 2.1: SQW program descriptions**

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Community Employment and Infrastructure Program (CEIP)** | Funding is provided to deliver a mix of customised job preparation assistance, accredited training (mainly critical competencies or ‘skills sets’) and paid work placements to meet the individual needs of job seekers and demands of the labour market. Assistance can include a mix of:  
- Paid work placements on community, public works and environmental projects for 3 to 6 months.  
- Job preparation assistance.  
- Accredited vocational education and training.  
- Access to childcare and transport costs.  
- Access to free interpreter service.  
- Multicultural employment workshops.  
- Post participation support for up to 6 months.  
*This program has operated from 2007-08.*                                                                                   |
| **Queensland’s Green Army**                  | Funding is provided to create new jobs that will enhance the state’s natural assets, strengthen tourism and promote increased environmental awareness through paid work placements and green traineeships.  
Following Tropical Cyclone Yasi and the flooding across Queensland, Green Army jobs were redirected towards natural disaster recovery projects under the 2011 Queensland Natural Disasters Jobs and Skills Package.  
*This program has operated from 2009-10 to 2011-12.*                                                                         |
| **Productivity Places Program (PPP)**        | A joint initiative between the Commonwealth Government and the Queensland Government, this program funds community based organisations and registered training organisations to deliver accredited training to jobseekers at full Certificate II and III levels in identified priority occupations. Around one-third of additional training places for Queensland job-seekers under the PPP were delivered through SQW.  
*This program has operated from 2009-10 to 2011-12.*                                                                         |
| **Community Literacy Program (CLP)**         | Funds community based organisations to flexibly deliver language, literacy and numeracy skills training in an informal and supportive community-based environment, with an emphasis on skills for the workplace. The program assists people with low levels of literacy and numeracy who cannot effectively participate in the labour market.  
*This program has operated from 2007-08.*                                                                                  |
<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Get Set for Work (GSFW)**                 | Funding is provided to locally based organisations to deliver intensive employment and training assistance to 15-19 year olds who are either early school leavers or at risk of disengaging from education. The program aims to create a transition pathway towards getting a job, returning to school or continuing with other education or training.  
*This program has operated from 2007-08.* |
| **Participant base:** At-risk youth          |                                                                                                                                                                      |
| **Main types of assistance:**                |                                                                                                                                                                      |
| — Job preparation                            |                                                                                                                                                                      |
| — Accredited training                        |                                                                                                                                                                      |
| — Mentoring and post participation support   |                                                                                                                                                                      |
| **Participate in Prosperity (PiP)**          | The program funds organisations to deliver intensive case management services to enable highly vulnerable Queenslanders to more easily navigate and access services they may need to overcome personal and social barriers, develop life skills and ultimately enter the workforce.  
*This program has operated from 2008-09.* |
| **Participant base:** Disadvantaged people outside the labour force |                                                                                                                                                                      |
| **Main types of assistance:**                |                                                                                                                                                                      |
| — Job preparation                            |                                                                                                                                                                      |
| — Mentoring and post participation support   |                                                                                                                                                                      |
| **Advance to Work**                          | Funds are provided to Queensland Corrective Services to manage and deliver the program that assists offenders prior to and following release to become work ready and gain sustainable employment.  
*This program has operated from 2007-08.* |
| **Participant base:** Offenders              |                                                                                                                                                                      |
| **Main types of assistance:**                |                                                                                                                                                                      |
| — Job preparation                            |                                                                                                                                                                      |
| — Accredited training                        |                                                                                                                                                                      |
| **First Start Program**                      | The program aims to provide young people and other disadvantaged job seekers with opportunities to gain a nationally recognised qualification and paid work experience through subsidised apprenticeships and traineeships in the public and community sectors.  
*This program has operated from 2007-08.* |
| **Participant base:** Youth and other disadvantaged people |                                                                                                                                                                      |
| **Main types of assistance:**                |                                                                                                                                                                      |
| — Trainee/apprenticeships                     |                                                                                                                                                                      |
| — Mentoring and post participation support   |                                                                                                                                                                      |
| **Youth Training Incentives**                | A subsidy is available to private sector employers, Indigenous Councils and Local Government Authorities for employing eligible school-based apprentices and trainees. The program has a specific focus on employment in trade areas with identified skills shortages; and employment of Indigenous school-based apprentices/trainees.  
*This program has operated from 2007-08.* |
| **Participant base:** Youth                  |                                                                                                                                                                      |
| **Main types of assistance:**                |                                                                                                                                                                      |
| — Trainee/apprenticeships                     |                                                                                                                                                                      |
| **Indigenous Employment and Training Support Officers (IETSOs)** | IETSOs offer culturally appropriate, one-to-one mentoring and support to Indigenous apprentices, trainees and vocational students. They also support Indigenous jobseekers, particularly in remote areas where there is limited Jobs Services Australia or SQW assistance. The primary role of IETSOs is to support Indigenous apprentices and trainees to complete their training.  
*This program has operated from 2007-08.* |
| **Participant base:** Indigenous              |                                                                                                                                                                      |
| **Main types of assistance:**                |                                                                                                                                                                      |
| — Mentoring and post participation support   |                                                                                                                                                                      |

Participation in these programs is both voluntary and free (for participants).
Each program focuses on direct employment outcomes to a greater or lesser extent – for example, First Start is geared towards achieving immediate employment outcomes, whereas PIP and CLP are aimed at enhancing social participation in preparation for employment.

**Participant eligibility criteria**

Generally, there is broad eligibility for SQW programs, as shown in Table 2.2 below. These rules are also applied flexibly. For example, Departmental Regional Directors have the discretion to approve the inclusion of participants that are disadvantaged in the labour market but do not otherwise meet the stipulated eligibility criteria.

**Table 2.2: Participant eligibility conditions**

<table>
<thead>
<tr>
<th>Condition 1</th>
<th>Living in Queensland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condition 2</td>
<td>Australian citizen OR Temporary protection visa holder OR Permanent resident of Australia^</td>
</tr>
<tr>
<td>Condition 3</td>
<td>Unemployed/disengaged/underemployed in the labour market as follows:</td>
</tr>
<tr>
<td></td>
<td>• ATSI peoples</td>
</tr>
<tr>
<td></td>
<td>• Australian South Sea Islanders</td>
</tr>
<tr>
<td></td>
<td>• Long Term Unemployed (12 months or longer)</td>
</tr>
<tr>
<td></td>
<td>• Older job seekers (aged 45 years and older)</td>
</tr>
<tr>
<td></td>
<td>• Parent and/or Carer – at least one dependent child and either continuously unemployed for 12 months or longer or underemployed (working less than 25 hours per week) and currently actively seeking work</td>
</tr>
<tr>
<td></td>
<td>• People from culturally and linguistically diverse communities, including recently arrived migrants, refugees and humanitarian entrants</td>
</tr>
<tr>
<td></td>
<td>• People with disabilities</td>
</tr>
<tr>
<td></td>
<td>• People living in rural and remote areas</td>
</tr>
<tr>
<td></td>
<td>• People with low levels of literacy and numeracy which is impeding their ability to undertake skills development/training and to gain or retain employment</td>
</tr>
<tr>
<td></td>
<td>• Recently released offenders or ex-offenders</td>
</tr>
<tr>
<td></td>
<td>• Underemployed – people who are employed 25 hours per week or less (averaged over a 1 month period) and who are unable to secure a full-time job because they lack the necessary skills, excluding:</td>
</tr>
<tr>
<td></td>
<td>• people working less than 25 hours per week as a lifestyle choice</td>
</tr>
<tr>
<td></td>
<td>• people on temporary work visas or their spouses, partners or dependents.</td>
</tr>
<tr>
<td></td>
<td>• people studying full time at TAFE or University</td>
</tr>
<tr>
<td></td>
<td>• people with a qualification at Cert III or above in the vocational area they are seeking work in</td>
</tr>
<tr>
<td></td>
<td>• Young people aged 15 to 24 years</td>
</tr>
<tr>
<td></td>
<td>• Low skilled workers (working more than 25 hours per week) who are vulnerable in the workforce due to technological change or industry restructure (this group is only eligible to receive accredited training assistance)</td>
</tr>
<tr>
<td></td>
<td>• Recently retrenched workers who have low level skills and are unlikely to easily find alternative employment as evidenced by having been out of work for three months or more</td>
</tr>
<tr>
<td></td>
<td>• Out-of-trade apprentices who are likely to leave the trade if their existing skills are not utilised</td>
</tr>
</tbody>
</table>

^Spouse visa holders and New Zealand passport holders without permanent residency (including Pacific Islanders) whose intention is to stay in Australia indefinitely are also eligible.

Source: Memorandum of Agreement, Part C
**JSA clients**

The primary target group for SQW is stated as:

...people who are eligible participants who are not receiving financial assistance from Centrelink and are ineligible to access assistance from Australian Government funded service providers.\(^{37}\)

However, people receiving employment services from a Commonwealth Government-funded provider (generally Job Services Australia or Disability Employment Services) are eligible to participate in SQW programs, subject to several conditions that have been instituted to help ensure people receiving relatively less Commonwealth assistance are prioritised under SQW.

- **Stream 1 clients** are eligible if they are considered at risk of long term unemployment. There is no requirement for SQW providers to collect fees from JSA providers for referral of Stream 1 clients into a SQW program (as Stream 1 clients are only allocated $11 to their EPF).

- **Streams 2-4 clients** are eligible only if the JSA provider supports their participation and pays a $550 (including GST) fee to the SQW provider. This arrangement applies for job preparation or accredited training services under CEIP.
  - JSA providers can withdraw this fee from the job-seeker’s Employment Pathway Fund (a flexible pool of funds used to purchase a broad range of assistance for individuals, including training courses).
  - However, fees do not need to be collected where Stream 2-4 clients have been referred to work placements or CLP, PiP, GSFW and PPP programs.
  - SQW providers can also seek fee exemptions from the Department where the JSA provider indicates an inability to pay the fee and the SQW provider is satisfied this is genuinely the case.

JSA and DES providers are also required to continue providing services to any clients that are participating in SQW programs.

Notably, in September 2010, a policy decision was made that placement in SQW programs, where the client undertakes a work placement, would be recognised as an outcome for JSA providers (to increase the incentive for them to refer clients to SQW).

\(^{37}\) SQW Memorandum of Agreement, Part E
Box 3: Key differences between SQW and JSA

Although JSA clients are able to participate in SQW programs, it is important to note that approximately 30-40% of SQW participants do not have a relationship with JSA. There are several other points of difference between SQW and JSA:

- The availability of paid work placements under SQW (which are not available under JSA). During consultations, it was strongly emphasised that paid work placements are thought to generate the strongest outcomes for individuals (due to the payment of a wage, which can lead to an improved sense of self-worth, amongst other benefits).

- SQW enables providers to build connections with industry and respond to the local labour market, whereas the federal system is generally not this flexible.

- Under SQW, accredited training is delivered in a supportive community-based environment with wrap-around support available, whereas private or public RTOs contracted by JSA to deliver courses/qualifications are not required to offer any additional personal support mechanisms.

- JSA services tend to be one-on-one, whereas some SQW programs have more of a group focus (noting this is combined with individual support), which leads to a number of social benefits such as enhanced social connections.

Funding

Funding is predominantly provided by the Queensland Government, although some funding – for the Productivity Places Program in particular – is provided in conjunction with the Commonwealth Government. Total actual expenditure under the SQW program for the period under evaluation is outlined in Table 2.3 below.

Table 2.3: Actual expenditure by program ($m)

<table>
<thead>
<tr>
<th>Program</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Employment and Infrastructure Program (CEIP)</td>
<td>45.18</td>
<td>44.53</td>
<td>23.10</td>
</tr>
<tr>
<td>Queensland’s Green Army</td>
<td>-</td>
<td>-</td>
<td>22.30</td>
</tr>
<tr>
<td>Productivity Places Program (PPP)</td>
<td>-</td>
<td>-</td>
<td>7.98</td>
</tr>
<tr>
<td>Community Literacy Program (CLP)</td>
<td>1.90</td>
<td>1.98</td>
<td>1.87</td>
</tr>
<tr>
<td>Get Set for Work Program (GSFW)</td>
<td>10.63</td>
<td>11.49</td>
<td>12.52</td>
</tr>
<tr>
<td>Participate in Prosperity (PiP)</td>
<td>3.19</td>
<td>4.75</td>
<td>7.44</td>
</tr>
<tr>
<td>Advance to Work</td>
<td>1.94</td>
<td>1.94</td>
<td>1.94</td>
</tr>
<tr>
<td>First Start Program</td>
<td>4.48</td>
<td>5.63</td>
<td>8.09</td>
</tr>
<tr>
<td>Youth Training Incentives</td>
<td>6.88</td>
<td>3.74</td>
<td>1.47</td>
</tr>
<tr>
<td>Residual programs, redirected funds and other programs*</td>
<td>4.29</td>
<td>5.06</td>
<td>0.38</td>
</tr>
<tr>
<td>EII operational costs**</td>
<td>18.91</td>
<td>19.53</td>
<td>20.80</td>
</tr>
<tr>
<td>**TOTAL</td>
<td>97.39</td>
<td>98.64</td>
<td>107.88</td>
</tr>
</tbody>
</table>

* Residual programs refers to carry over funding from programs under Breaking the Unemployment Cycle (BUC); redirected funds refers to SQW funding sequestered to special projects; other programs refers to minor SQW programs.
** EII refers to Employment and Indigenous Initiatives (Department division). EII operational costs include all running costs to deliver programs, such as staff salaries, administration, accommodation, travel and staff training costs.

Note: Queensland’s Green Army and PPP were introduced in 2009. IETSOs fall under operational costs.

Source: DEEDI
To be eligible to receive funding, organisations must either be not-for-profit organisations, local government or registered training organisations – generally described as ‘community-based organisations’ (CBOs).

Funding is allocated to providers under a contestable model, with funding rounds held twice a year. Funding applications are developed in consultation with a state-wide network of regional employment staff and evaluated by a network of 13 locally based Community Jobs Priorities Committees (CJPCs), comprising representatives from community, industry, unions, employer bodies and government.

Each region has a limited budget and Committee recommendations about funding allocations must be based on a number of factors: (1) regional and local priorities; (2) the regional unemployment rate; (3) the need to focus on particular target groups; (4) the geographic spread of proposed projects in the area; (5) skills and labour supply shortages and the potential for sustainable employment.
KEY POINTS: Background and context

- Queensland’s labour market is characterised by relatively high labour force participation, combined with relatively high unemployment and under-employment and areas of skills shortages.
  - This indicates that total employment is constrained by a lack of skills or mismatch between those available and those required by the market.

- The national policy framework comprises numerous agreements aimed at increasing labour force participation and productivity, including the National Agreement for Skills and Workforce Development and a series of other National Partnerships.
  - The Commonwealth also provides labour market assistance through Job Services Australia and Disability Employment Services. Other Commonwealth labour market programs include the Language, Literacy and Numeracy Program, the Indigenous Employment Programs and the Remote Jobs and Communities Program.
  - Under Building Australia’s Future Workforce, the Commonwealth has recently implemented a number of policies that focus on disadvantaged groups and/or local labour market issues, such as a wage subsidy for the long term unemployed and Local Employment Coordinators.

- Over recent years, the Queensland Government’s labour market and training policies have been shaped by initiatives including the Queensland Skills Plan, establishment of Skills Queensland and Toward Q2: Tomorrow’s Queensland.
  - Notably, the new State Government has made a commitment to reduce Queensland’s unemployment rate to 4% within six years. DETE also advocates for a ‘strong and healthy’ labour market.

- Skilling Queenslanders for Work was implemented by the Queensland Government in 2007, with the purpose of enhancing Queensland’s labour supply, by reducing unemployment and under-employment and increasing workforce participation amongst disadvantaged groups, including those marginally attached to or disengaged from the labour market.
  - SQW comprises a suite of targeted grants-based labour market programs, delivered through local providers (typically community-based organisations and local government).
  - Five main types of assistance are delivered through SQW: (1) job preparation assistance; (2) work placements; (3) traineeships/apprenticeships; (4) accredited training; and (5) mentoring and post-participation support.
  - Overall, the participant eligibility criteria are relatively broad.
    - The primary target group is stated to be those who are not receiving Commonwealth assistance. However, JSA and DES clients are able to participate in SQW programs under certain conditions.
  - Funding is allocated under a contestable model, with funding applications evaluated by a network of 13 locally based Community Jobs Priorities Committees.
3 Evaluation framework

This section outlines the evaluation framework that was developed for this study and the methodological approach to the evaluation. Accordingly the following sections of the report are structured around the three key components of the evaluation framework – labour market outcomes, broader impacts and future directions.

3.1 Purpose and aims of the framework

The evaluation framework provides a robust and structured foundation for the analysis, ensuring that the evaluation is undertaken in a systematic and focused manner. It was developed during the initial phase of the study, with reference to both the program logic and methodology.

In turn, the framework has guided subsequent components of the analysis – for example, it informed the parameters of the modelling and provided a reference point for the consultation phase of the study, in terms of the focus of the consultations. This has enabled the collation of an evidence base that is directly relevant to evaluating the performance of SQW over its period of operation.

The framework comprises a series of evaluation questions, which have been divided into three categories:

- **Labour market outcomes** – to determine whether the key objectives of the program have been met.
- **Broader impacts** – to determine the nature and extent of additional value generated by the program (i.e. beyond the primary labour market objectives).
- **Future directions** – to determine the scope for refinement of the program going forward.

The questions for each component of the evaluation are outlined below.

3.2 Evaluation scope

SQW comprises a suite of labour market programs with varying objectives and target groups, as outlined in Section 2.3. The following programs are within scope for this evaluation, as outlined by DEEDI at the commencement of the study:

- Community Employment and Infrastructure Program
- Queensland’s Green Army
- Productivity Places Program
- Get Set for Work
- Participate in Prosperity
- Community Literacy Program
- Advance 2 Work
• First Start
• Youth Training Incentives.
• Indigenous Employment and Training Officers and Managers.

Three years of the program’s operation are under evaluation – 2007-08, 2008-09 and 2009-10.

3.3 Evaluation questions

The primary questions considered in determining effectiveness and efficiency of SQW over the reference period, and in considering its potential to maintain or indeed enhance that effectiveness and efficiency in future years, are outlined below, along with whether or not the level of empirical evidence available allowed these considerations to be directly addressed. Where empirical evidence was lacking, these considerations were to a greater or lesser extent considered on an in-principle basis.

Labour market outcomes evaluation

In order to address the following key questions of intervention effectiveness and ultimately efficiency, as they align with the SQW program objectives, a conditional probability modelling approach was pursued (outlined further at 3.4 below).

In this approach the probability of progressing along particular employment pathways is calculated for both a SQW ‘treatment’ group and a corresponding ‘baseline’ group. The sophistication of the approach, in terms of its ability to control for the multitude of factors that determine the likelihood of progressing along a particular employment pathway, is inherently limited by the degree to which both the ‘treatment’ and ‘baseline’ data allow for the simultaneous control of those factors.

In light of this, set out below are the key considerations and the degree to which the available data enabled their direct empirical consideration.

*Has SQW increased and/or enhanced Queensland’s labour supply?*

• Has SQW reduced the under-employment of otherwise marginal/disadvantaged Queensland workers?
• Has SQW reduced the unemployment of otherwise marginal/disadvantaged Queenslander labour force participants?
• Has SQW increased the labour force participation rate of otherwise marginal/disadvantaged Queenslanders?

In simple terms the conditional probability modelling compares the likelihood of gaining employment for persons of similar characteristics, where the condition upon which that likelihood could differ is whether or not that person has participated in SQW.

However, neither the ‘treatment’ data available through the Queensland Office for Economic and Statistical Research (OESR), nor the ‘control’ data available from the Department of Education, Employment and Workplace Relations (DEEWR), allows for the identification of an individual’s previous labour force status.
Accordingly, and in line with the eligibility requirements of SQW and those persons captured in the control data, the underlying assumption is that the persons were simply not in employment immediately prior to the period of interest. So, while this approach does address the broad question of ‘has SQW increased and/or enhanced Queensland’s labour supply?’ it does not allow the separate identification of how those who were previously under-employed, unemployed or marginally attached to the labour force, have fared.

**Has SQW increased and/or enhanced Queensland’s labour supply in a manner that takes advantage of employment and economic opportunities?**

- Has SQW improved the alignment of labour demand and labour supply at the regional level throughout regions of Queensland?
- Has SQW increased and/or enhanced the labour market prospects of otherwise marginal/disadvantaged Queenslanders (e.g. long term unemployed, Indigenous, those with a disability, those from non-English speaking backgrounds)?
- Has SQW improved the alignment of labour demand and labour supply at the industry and/or occupational level across Queensland?
- Has SQW improved levels of educational attainment in a manner that takes advantage of employment and economic opportunities?

At a more strategic level, the question of how well does the increase in labour supply as a result of SQW align with State priorities includes such dimensions as: (1) regional effectiveness; (2) effectiveness for traditionally disadvantaged cohorts; (3) effectiveness at the industry or occupational level; (4) effectiveness in terms of enhancing educational attainment.

The demographic and outcome detail available in both the treatment and control data, and the statistical significance and representation of this data, does for the most part allow the separate consideration of the improvements in outcomes in accordance with each of these factors. The exception is outcomes by industry and occupation, for which the detail was not available in the control data.

**Has SQW increased and/or enhanced Queensland’s labour supply in a cost-effective and/or cost-beneficial manner?**

- In relative terms, are the outputs (participants, transitions to employment and transitions to further study) per dollar invested cost-effective?
- In absolute terms, are the outcomes (employment by cohort, employment by program) per dollar invested cost-beneficial?
- How do these improvements in labour market outcomes across Queensland translate into economic gains at the State and Commonwealth levels?

In terms of translating effectiveness, at both aggregated and disaggregated levels, into (financial) cost-effectiveness and (economic) cost-benefit, the direct costs to the State and the direct payoffs to the individuals of interest, are applied to each of the pathways considered in the modelling. Aligning the direct cost with the direct benefit (in terms of an employment outcome and/or a level of income) reveals the relative and/or absolute returns to the State’s investment in SQW (at various levels).
The direct effects (in absolute terms) are then input into a general equilibrium model of the economy to determine the flow-on implications for Queensland and Australia, in headline economic terms such as value-added, consumption and tax receipts.

It should be noted that short term outcomes can be attributed to the program with a greater degree of certainty than longer term outcomes. This is partially due to the reduced timeframe, which minimises the opportunity for other (external) variables to influence the outcomes. Short term outcomes also tend to be revealed (for example, through post-participation surveys) rather than forecast.

**Broader impacts evaluation**

In order to assess the broader effectiveness of SQW, beyond the immediate program objectives, a literature review, consultations and a SQW service provider survey were conducted (outlined further at 3.4 below). In light of this, set out below are the key considerations and the degree to which the available evidence enabled their inclusion in this analysis.

**What broader benefits (beyond the purely economic benefits) have been promoted by SQW?**

- What type of social benefits, at the individual and community level, can be attributed to SQW and what is the extent of these benefits?
- Has SQW been a catalyst for change, development or additional investment at the community, regional and/or state level?
- Has SQW promoted innovation in the delivery of vocational education and training and/or social services?

Key social benefit themes were derived from a literature review of the broader benefits that flow from skills development and employment. These themes were tested in initial consultations and then incorporated into the provider survey and discussed in further consultations. The evidence obtained through the survey is necessarily high level, although respondents were able to provide more detailed comments and these are incorporated throughout Section 5.

It should be noted that consultations with participants were not undertaken. However, providers were able to provide substantial information about the impacts of the program for individual participants and communities.

Case studies provide some evidence of SQW’s role in fostering change and development at the local (community) level, for example through improvements to community infrastructure.

In terms of SQW’s role in promoting innovation in the delivery of VET or social services, it should be noted that SQW mostly focuses on employability, rather than formal skills training, so it is difficult to draw parallels between the delivery of SQW programs and VET. However, recent policy announcements by the Commonwealth suggest that SQW has been
at the forefront in the design and delivery of labour market programs targeted towards the disadvantaged.

That is, the Commonwealth appears to be partially moving towards a SQW-type approach to employment services delivery, for example by adopting a more localised focus (e.g. Local Employment Coordinators) and addressing both vocational and non-vocational barriers to employment (e.g. Remote Jobs and Communities Program). Nevertheless, compared to SQW, these Commonwealth initiatives have limited coverage across Queensland (other differences between SQW and Commonwealth employment initiatives are outlined in Section 6.4.1).

**Future directions**

In order to guide the future direction of SQW, the findings from the employment and broader effectiveness and efficiency evaluations are combined with the current State and Federal policy contexts to reveal areas of alignment and possible areas for adjustment. The structure of these considerations is set out below.

**How can SQW be recalibrated to optimise its effectiveness and efficiency into the future?**

- What are the key drivers of success for SQW?
  - To what extent do these drivers of success align with optimal attributes of skills development programs for disengaged and disadvantaged participants?
  - Does this analysis reveal any areas where SQW can be refined or strengthened?

- What are the emerging policy priorities for government, particularly at the state level but also at the federal level?
  - What are the typical roles played by various levels of government and how do these interact?
  - What does this infer for the future direction of SQW?

- What areas for improvement – at either the overarching policy level or day-to-day administrative level – can be identified by stakeholders?

- Drawing on the entire evidence base developed throughout the evaluation, what are the potential areas for refinement or redirection of SQW?
  - What is the broad rationale for SQW and what does this imply for its future operation?
  - What dimensions of the program should be considered and refined to ensure the most effective and efficient labour market intervention?

Assessment of SQW’s key drivers of success was largely informed by evidence obtained through the consultation process and SQW provider survey. Initial consultations provided an indication of potential drivers of success, which were then tested in further consultations with key stakeholders and through the survey.

The key drivers of success were then compared to a framework of optimal attributes of skills development programs for disadvantaged participants (developed by Davies et al, 2011) to reveal potential areas for adjustment. More significantly, however, this helps provide a basis for confirming the main success factors that should be taken into account when considering SQW’s future directions.
Other areas that can help inform SQW’s future direction include the policy environment (and the role for government) and areas for improvement identified in consultations and the survey. Combined with the broader evaluation findings, analysis of the entire evidence base – underpinned by an understanding of labour market theory – reveals several areas for further deliberation and, potentially, further research in relation to SQW’s future course.

### 3.4 Methodological approach

The approach to undertaking the evaluation of SQW has comprised five main components. Collectively, the evidence gathered through these components has informed the evaluation of SQW’s labour market outcomes, broader impacts and potential future directions.

#### Literature review

At the commencement of the evaluation, a literature review of the social benefits that can be derived from skills development and employment was undertaken, to identify broader benefits themes that could be tested for attribution to SQW.

While the focus of the literature was purely social benefits attributable to interventions such as SQW, the close relationship with direct economic benefits including higher salaries and savings, improved working conditions and professional mobility was noted.

Drawing on these findings, a social benefits framework was developed to guide the broader impacts component of the evaluation. The literature review is presented in Appendix C and the social benefits framework is outlined in Section 5.

#### Consultations

During the course of the evaluation, DAE has undertaken an extensive consultation process. This has included meetings with the SQW Evaluation Steering Committee, a workshop with regional DEEDI staff, one-on-one consultations with key stakeholder agencies, a workshop with a representative group of SQW providers and phone consultations with a cross-section of SQW providers and representatives from Community Jobs Priorities Committees.

Further details on the consultation participants are provided at Appendix A.

#### Online survey

Supplementing the literature review and consultations, an online survey of SQW providers was developed and deployed to obtain information on the broader impacts of SQW, its success factors, areas for improvement and the overall satisfaction of providers with the program.

The survey achieved a response rate of around 63% (202 providers) and respondents were representative of the population of providers, in terms of regions, programs and provider size. Further information on the survey, including the distribution of responses and survey questions, is included at Appendix D.
Conditional probability modelling

In order to reveal the incremental change in labour market outcomes for SQW participants who enrolled during the period of interest (2007/08 to 2009/10), over what they would otherwise have been expected to achieve had they not participated in SQW, a conditional probability modelling framework was defined and constructed in Excel.

Under this approach, the probability of progressing along particular employment pathways is calculated for both the SQW ‘treatment’ group and a corresponding ‘control’ group (those receiving Commonwealth labour market assistance). The sophistication of the approach, in terms of its ability to control for the multitude of factors that determine the likelihood of progressing along a particular employment pathway, was inherently limited by the degree to which both the ‘treatment’ and ‘control’ data allows for the simultaneous control of those factors on outcomes.

Therefore, in simple terms the conditional probability modelling compares the likelihood of gaining employment in a particular period, for persons of similar circumstances, where the condition upon which that likelihood could differ is whether or not that person has participated in SQW.

Refer to Appendix B for further detail on the conditional probability methodology.

General equilibrium and budget impact modelling

Given the nature of SQW and its focus on generating more productive and more employable individuals, the key economic measure to be quantified here is productivity gained. Having established the counterfactual scenarios in the conditional probability analysis, the incremental (direct) gains in employment and earnings under various SQW cohorts, programs and years are revealed.

DAE’s Computable General Equilibrium (CGE) model of the economy is then used to translate these gains in participation and productivity among SQW participants to headline economic metrics such as ‘Value-Added’ and ‘Consumption’ (that is, the flow-on economic benefits of SQW). These headline metrics are produced at the level of the State and Commonwealth, and over various time periods that the effect of SQW might be attributed.

The CGE model is a dynamic economic model and, when used effectively, therefore also takes account of the counterfactual scenario, and factors such as labour leakages, displacement, and multiplier effects, to reveal the net impact of the policy/investment.

The ‘Value-Added’ outputs from the CGE model are then input into a purpose-built Queensland Budget model – recently built for DEEDI in modelling the budgetary impact of other major policy change – capturing the change in tax receipts from increased production through payroll tax and other state-based stamp duties. This framework therefore allows an estimation of the return to the Queensland Budget over time from a given upfront Government investment.

Refer to Appendix B for further detail on the flow-on impact methodology.
**KEY POINTS: Evaluation framework**

- An evaluation framework has been developed to provide a robust and structured foundation for the analysis. It has guided all components of the evaluation and enabled the collation of an evidence base that is directly relevant to evaluating SQW’s performance over the period 2007-08 to 2009-10.

- The evaluation framework developed for this study comprises three components. Evaluation questions were formulated for each component:
  - Labour market outcomes (to determine whether the key objectives have been met).
  - Broader impacts (to determine the nature and extent of additional value generated by the program i.e. beyond the primary labour market objectives).
  - Future directions (to determine the scope for refinement of the program going forward).

- Evidence to support the evaluation has been gathered through five main avenues:
  - Literature review of social benefits that can be derived from skills development and employment.
  - Consultations with a range of stakeholders, including SQW providers, Community Jobs Priorities Committees, key agencies and regional DEEDI staff.
  - An online survey of SQW providers, to obtain information on broader impacts, key drivers of success and areas for improvement.
  - Conditional probability modelling, using ‘treatment’ data from Queensland OESR and ‘control’ data from DEEWR, to compare the likelihood of gaining employment in a particular period due to participation in SQW.
  - General equilibrium and budget impact modelling, to estimate the flow-on economic benefits of SQW and the return to the Queensland Budget over time from a given upfront investment.
4 Labour market outcomes

In this section, the key inputs, assumptions and outputs from the conditional probability modelling, general equilibrium modelling and budgetary impact modelling are outlined, as the basis on which the effectiveness and the efficiency of SQW is determined. This section is supported by more detailed outputs at Appendix B.

4.1 Key inputs and assumptions

Table 4.1 below overviews the key modelling assumptions that underpin the conditional probability framework; the value, how it is applied and the source are indicated.

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Parameter</th>
<th>Application</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.5% (real)</td>
<td>Applied to net present benefits</td>
<td>DAE</td>
</tr>
<tr>
<td>Growth in real wages</td>
<td>3.5%</td>
<td>Applied to wages after 2007/08</td>
<td>DAE</td>
</tr>
<tr>
<td>Growth in prices</td>
<td>2.5% (CPI)</td>
<td>Applied to SQW and training cost</td>
<td>DAE</td>
</tr>
<tr>
<td>Cost of further training (to the State)</td>
<td>$5000 (real)</td>
<td>Applied per person training per annum for all additional years of training</td>
<td>DAE</td>
</tr>
<tr>
<td>Duration of further training*</td>
<td>2 years</td>
<td>Applied as the post-SQW lag in finding employment and/or moving to the higher wage for those who go into training</td>
<td>DAE</td>
</tr>
<tr>
<td>Wage rates*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without further training~</td>
<td>$30,000 (real)</td>
<td>Applied to all those who enter employment without post-SQW training</td>
<td>ABS</td>
</tr>
<tr>
<td>With further training~</td>
<td>$37,500 (real)</td>
<td>Applied to all those who have trained post-SQW, once training is completed</td>
<td>ABS</td>
</tr>
<tr>
<td>Employability after further training*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed after training</td>
<td>100%</td>
<td>Applied to all persons who were employed and undertook further training</td>
<td>DAE</td>
</tr>
<tr>
<td>Unemployed after training</td>
<td>70%</td>
<td>Applied to all persons who were unemployed and undertook further training</td>
<td>ABS</td>
</tr>
<tr>
<td>Employability factor^</td>
<td>1.18</td>
<td>Applied to the employability of all persons who were unemployed and undertook further training (and had participated in SQW)</td>
<td>DAE</td>
</tr>
</tbody>
</table>

*Denotes that this assumption applies equally to the control group and the treatment group.

^This represents the ratio of the likelihood of finding employment at the end of SQW as compared to finding employment after 1 year in the baseline (i.e. 61.5%/52%). The assumption here is that this applies equally to the first-round employment effect (immediately after completing SQW) as the second-round employment effect (immediately after completing further training).
*Reflects that approximately 70% of persons are employed on a full-time basis and approximately 30% are employed on a part-time basis.

4.2 Employment pathways modelled

The effect of SQW on labour market outcomes, relative to what an individual might otherwise be expected to achieve, is estimated at the following levels of detail.

**Figure 4.1: Levels of outcome analysis**

- **Level 1**: Overall Average effect of all SQW programs from 2007-10
- **Level 2**: Per year Average effect of all SQW programs per year
- **Level 3**: Per program Average effect of programs (CEIP, GSFW, FSP, YTI, PIP, CLP)
- **Level 4**: Program per region Average effect of programs in each region (NQ, CQ, SQ, SEQ) Program per cohort Average effect of programs by demographic group

*The Level 1 findings are inevitably more valid than the Level 4 findings, given the statistical significance of the data the analysis is drawing from reduces as the level of disaggregation increases.

That is, at each level depicted in Figure 4.1 above, the likelihood of each of the following pathways is estimated depending upon whether an individual of similar circumstances participates in SQW or not:

**Figure 4.2: Employment pathways analysed at each level**

With each of these ultimate employment pathway probabilities calculated such that for any one person/cohort the probabilities across the alternative pathways sum to 100%, the respective payoffs of each pathway (earnings) are then applied over various time periods to illustrate the incremental change in earnings an individual faces.
At the same time, the respective SQW program cost/investment is attached, as well as the cost to the State of further training as a result of SQW (or indeed in the baseline) for the average duration of that training.

Refer Appendix B for detailed SQW (treatment) cost and outcomes, control outcomes and the difference between the treatment and the control to highlight the increments that drive the results.

4.3 Direct increase in employment

Determining the direct increase in employment as a result of SQW is the incremental difference in the respective employment pathway probabilities of comparable cohorts of persons who did and did not participate in SQW (for each time period), applied to the number of persons within those respective cohorts.

The application of this framework at the highest level reveals that the on-going incremental gain in employment as a result of SQW is approximately 8,500 persons, of a total 57,000 persons who gained employment through SQW over the reference period.

This reflects the fact that the average employment rate for persons who have participated in SQW is 61.5% as compared to the average employment rate for comparable persons who have not participated in SQW of 52.0%. It also reflects the fact that the average training rate for persons who have participated in SQW is 24% as compared to the average training rate for comparable persons who have not participated in SQW of 17%.

By way of illustration, Table 4.2 below depicts how this incremental increase in employment is distributed across particular years, programs, regions and cohorts, such that the relative success of SQW in particular priorities can be considered. From the figures presented in Table 4.2 it can be seen that:

- ATSI comprise more than half the incremental employment gain (52%), despite being only 26% of all participation in SQW.
- Disability comprises nil share of the incremental employment gain (0%).
- NESB comprise a more than proportionate share of the employment gain; that is they represent 25% of the incremental employment off only 18% of participation.
- All of the incremental employment gain is comprised by those who were previously employed for less than 12 months (100%).
- Northern Queensland comprises a more than proportionate share of the incremental employment gain; that is 24% off only 16% of participants in SQW.
- More than 45 years comprise a more than proportionate share of the incremental employment gain (26% off 19% of participants); while less than 20 years comprise a less than proportionate share (25% off 34% of participants).

38 Additional employment ramps-up to approximately 8,500 persons from 2008/09 to 2012/13 and then holds at that rate, reflecting the fact that some persons go into training after SQW (and in the baseline) before finding employment two years later.

39 Also, that a proportion of those who go into further training gain employment, and that this proportion is higher for those in the treatment group as compared to the control group (82.8% as compared to 70%).
It is important to note that these figures represent shares of the gain in employment over what persons of particular characteristics are otherwise expected to achieve without SQW. Accordingly where the employment share is greater than 0% it implies SQW enables that particular cohort to perform better in the labour market than they otherwise would, and where a cohort’s share of the incremental gain is greater than their share of participation it suggests that of the cohorts SQW improves outcomes for (relative to the control group), it is relatively more successful for that cohort(s).

So, while SQW generates employment outcomes for persons of each of these circumstances, compared to a control group who on balance achieve an employment outcome 52% of the time, SQW is relatively more successful for those who are ATSI, NESB, of any age, who were previously unemployed for less than 12 months, and who are from any region of Queensland. Furthermore, of those cohorts where SQW has had success, its greatest success has been with ATSI, NESB, those who were previously employed less than 12 months, Northern Queensland and those 45 years and over.

Table 4.2: Incremental employment gains by cohort and SQW year*

<table>
<thead>
<tr>
<th>Cohort</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
<th>Pooled</th>
<th>Enrolment Share</th>
<th>Employ. Share*</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATSI</td>
<td>1,463</td>
<td>1,358</td>
<td>1,581</td>
<td>4,401</td>
<td>26%</td>
<td>52%</td>
</tr>
<tr>
<td>Disability</td>
<td>184</td>
<td>(89)</td>
<td>(94)</td>
<td>1</td>
<td>11%</td>
<td>0%</td>
</tr>
<tr>
<td>NESB</td>
<td>657</td>
<td>628</td>
<td>873</td>
<td>2,158</td>
<td>18%</td>
<td>25%</td>
</tr>
<tr>
<td>Less than 20 years</td>
<td>809</td>
<td>238</td>
<td>514</td>
<td>1,561</td>
<td>34%</td>
<td>25%</td>
</tr>
<tr>
<td>20 to 45 years</td>
<td>827</td>
<td>919</td>
<td>1,295</td>
<td>3,041</td>
<td>47%</td>
<td>49%</td>
</tr>
<tr>
<td>More than 45 years</td>
<td>414</td>
<td>559</td>
<td>608</td>
<td>1,581</td>
<td>19%</td>
<td>26%</td>
</tr>
<tr>
<td>Less than 12 months</td>
<td>670</td>
<td>1,115</td>
<td>1,095</td>
<td>2,879</td>
<td>51%</td>
<td>100%</td>
</tr>
<tr>
<td>More than 12 months</td>
<td>(3)</td>
<td>(297)</td>
<td>228</td>
<td>(73)</td>
<td>49%</td>
<td>0%</td>
</tr>
<tr>
<td>SEQ</td>
<td>1,702</td>
<td>1,368</td>
<td>1,727</td>
<td>4,797</td>
<td>59%</td>
<td>56%</td>
</tr>
<tr>
<td>SQ</td>
<td>460</td>
<td>267</td>
<td>280</td>
<td>1,007</td>
<td>16%</td>
<td>12%</td>
</tr>
<tr>
<td>NQ</td>
<td>753</td>
<td>572</td>
<td>746</td>
<td>2,071</td>
<td>16%</td>
<td>24%</td>
</tr>
<tr>
<td>CQ</td>
<td>298</td>
<td>248</td>
<td>147</td>
<td>694</td>
<td>10%</td>
<td>8%</td>
</tr>
</tbody>
</table>

*Enrolment share is the respective cohort’s share of total SQW participants – for example 21,211/82,333 = 26% ATSI. Employment share is the respective cohort’s share of total incremental employment attributable to SQW – for example 4,401/8,500 = 52%. Given these characteristics overlap, the proportions are calculated relative to the alternative cohort i.e. ATSI = 52% of the incremental employment attributable to SQW, while non-ATSI = 48%.

Applying the real wage rates outlined at Table 4.1 to the respective increases in employment at different time intervals, the cumulative increase in individual earnings as a result of SQW (over a rolling 5-year period for each SQW program year 2007/08-2009/10) is in present value terms in the order of $1.1 billion.
This increase in earnings reflects both the increased number of persons working who would otherwise have been out-of-work and on top of this the number of persons who have undertaken further study such that their implied productivity has increased. That is, those persons who have undertaken further study are attracting a higher wage then those who have not (on-balance).

Beyond the direct economic gains of increased employment and earnings are the indirect (flow-on) economic benefits such as increased value-added and consumption in the economy (outlined at Section 4.4 below) and the social benefits and reduced government outlays attributable to these types of interventions (see Section 5).

### 4.4 Flow-on economic impacts

By the very nature of a direct increase in employment and earnings (i.e. productivity), a corresponding increase in value-added (otherwise known as GSP or GDP) household consumption in the economy can also be expected.

A CGE model is a widely-accepted economic framework for estimating the flow-on (and total) change in these headline measures of state and national welfare, through a direct change in a parameter such as employment. Accordingly the direct increase in productivity in Queensland over this reference period has been inputted into DAE’s CGE model to reveal the likely flow-on effects.

The flow-on effects are then added to the direct effects to reveal the total change in the economic welfare of Queensland and Australia over time. Furthermore the total change in value-added in Queensland is utilised to estimate the corresponding impact to the Queensland Budget over time (in a separate modelling framework again).

Table 4.3 presents the present value of the increases in GSP, GDP and household consumption to 2012, 2015 and 2020. To 2020 GSP and GDP are expected to have increases by $6.5 billion (implying only a minimal increase in production outside of Queensland is expected as a result of this increased employment), while household consumption is anticipated to increase by $1.8 billion (again implying only a minimal share of the additional consumption takes place outside the State).

<table>
<thead>
<tr>
<th>Parameter</th>
<th>PV to 2012</th>
<th>PV to 2015</th>
<th>PV to 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Queensland</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GSP</td>
<td>$1.6b</td>
<td>$3.4b</td>
<td>$6.5b</td>
</tr>
<tr>
<td>Consumption</td>
<td>$440m</td>
<td>$950m</td>
<td>$1.8b</td>
</tr>
<tr>
<td><strong>Australia</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td>$1.6b</td>
<td>$3.4b</td>
<td>$6.5b</td>
</tr>
<tr>
<td>Consumption</td>
<td>$440m</td>
<td>$950m</td>
<td>$1.8b</td>
</tr>
</tbody>
</table>

It is important to note that the economic impacts do become less certain over time due to:
1. The increasing likelihood that other interventions will be required to keep these persons in continued employment – or at least that other factors are influential in that sustained employment outcome.

2. Not all of these persons have a full 40-year working life ahead of them, as only 35% are less than 20.

This inherent uncertainty has limited the flow-on analysis to 2020, rather than aligning with the direct effect to 2050 (below).

This increase in economic activity in Queensland inevitably flows to increased tax receipts to the State, through such mechanisms as an increase in payroll tax and stamp duties. Chart 4.1 depicts the estimated annual increases in the State’s tax receipts (in real terms), which over the period to 2020 translate to a present value of $1.2 billion.

Chart 4.1: Increased state tax receipts (real)

Source: DAE

It is important to note that as ‘receipts’ these are gross figures, and therefore do not account for the increased government outlays associated with increased economic activity in the State, and are before accounting for the direct outlays on SQW and additional training in the State. However, based on these gross figures, government outlays on SQW and the associated training post-SQW are repaid through tax receipts by 2014.

4.5 Cost effectiveness and cost benefit

In order to translate the above outlined total returns to indications of the return on Government investment, two approaches are pursued to incorporating ‘cost’.

- The first approach considers the simple relative cost-effectiveness of each program under SQW, pooled over the period of interest (that is, the program cost per outcome). By its nature this is more a gauge of financial performance.
The second approach factors for the total outlays by Government in achieving that outcome (i.e. SQW and training costs), and the total return to the individual in achieving that outcome (i.e. earnings), such that cost-to-benefit ratios can be defined. By its nature this is more a gauge of economic performance.

While these alternative approaches are reporting the return on investment in slightly different manners, they are underpinned by the key same data and should broadly align (at least in terms of the relativities of the returns).

4.5.1 Cost-effectiveness

Table 4.4 presents the relative cost effectiveness of the programs delivered under SQW, considering only the first-round employment outcomes (that is, before accounting for those who go into employment after further training post SQW).

These figures would suggest that at face value First Start is the most expensive per employment outcome while the Community Literacy Program is the least expensive.

Furthermore, these figures would suggest that Get Set for Work and Participate in Prosperity would need to be targeting relatively more disadvantaged cohorts in order to justify the higher levels of investment required to ensure an employment outcome. Accordingly Community Literacy Program and Indigenous Employment Training and Support Officers would be intervening for those closer to employment.

Table 4.4: Program cost-effectiveness ($2011/12)

<table>
<thead>
<tr>
<th>Program</th>
<th>Participation</th>
<th>Employment Rate**</th>
<th>Average Cost ($)</th>
<th>Total Cost ($)</th>
<th>Total Employment</th>
<th>Cost per Employment ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLP</td>
<td>6,998</td>
<td>40%</td>
<td>880</td>
<td>6,158,508</td>
<td>2,809</td>
<td>2,192</td>
</tr>
<tr>
<td>FS</td>
<td>2,058</td>
<td>79%</td>
<td>10,800</td>
<td>22,229,910</td>
<td>1,619</td>
<td>13,735</td>
</tr>
<tr>
<td>GSFW</td>
<td>7,657</td>
<td>44%</td>
<td>4,900</td>
<td>37,519,148</td>
<td>3,379</td>
<td>11,105</td>
</tr>
<tr>
<td>IETSO</td>
<td>9,057</td>
<td>73%</td>
<td>1,700</td>
<td>15,396,271</td>
<td>6,625</td>
<td>2,324</td>
</tr>
<tr>
<td>PPP</td>
<td>4,199</td>
<td>61%</td>
<td>2,000</td>
<td>8,397,966</td>
<td>2,559</td>
<td>3,282</td>
</tr>
<tr>
<td>PIP</td>
<td>4,446</td>
<td>39%</td>
<td>3,700</td>
<td>16,450,133</td>
<td>1,714</td>
<td>9,596</td>
</tr>
<tr>
<td>CEIP</td>
<td>33,098</td>
<td>61%</td>
<td>3,800</td>
<td>125,771,891</td>
<td>20,085</td>
<td>6,262</td>
</tr>
<tr>
<td>YTI</td>
<td>4,281</td>
<td>84%</td>
<td>3,100</td>
<td>13,272,080</td>
<td>3,579</td>
<td>3,708</td>
</tr>
</tbody>
</table>

**Employment rate only includes those who go directly into employment after SQW rather than also including those who go into employment as a result of additional training post SQW.

Note: A2W is excluded from this analysis due to its small sample size.

Accordingly, it’s important to note that the figures above represent crude cost per employment outcomes, and do not adjust for the quality of that employment outcome nor the base off which particular individuals are achieving that outcome.

Participants are not randomly assigned to a program; instead they are allocated based on their characteristics (age, early school leaver, equity group, level of non-vocational barriers, career aspirations). For instance, young people who have high levels of disadvantage and are disconnected from learning or earning (drugs, alcohol, justice issues) need much more assistance to reach an employment or back to school outcome than a motivated mature-age mother who has been out of the workforce for over a decade.
So a more complete picture of program effectiveness is provided when these figures are considered alongside the qualitative descriptions of the programs themselves (see Table 2.1). For instance:

- First Start is costly – but is providing an immediate employment outcome therefore work history with a qualification for a period of 12 months.
- GSFW is also costly – but as a youth program, transition back to school or to VET are considered to be equal outcomes and indeed for many young people will be a better outcome providing higher wages possibilities over time.

Furthermore, both First Start and GSFW focus on young people and are therefore likely to provide a greater total return (i.e. over a working lifetime).

Supplementing this per program analysis, the outputs from the conditional probability (cost-benefit) model suggests that at the aggregate SQW level (in $2011/12):

- Total investment is equal to $285 million (SQW) + $205 million in additional training.
- An incremental investment of $285 million + $65 million in additional training.
  - This reflects the $140 million investment in additional training in the baseline.
- A first round employment effect of 51,000 persons into employment.
- A total employment effect of 57,000 persons into employment.
  - This reflects the 6,000 persons who gain employment after first going through additional training.
- The cost per employment outcome therefore ranges from $5,600 to $8,600.
  - The upper-bound figure should be considered in the context of the additional productivity/earnings it reflects (generated through further training and beyond the first-round employment effect).

It is important to note at this point that an incremental cost per employment cannot be calculated as the analysis cannot identify the cost to the State and/or Commonwealth of persons achieving the baseline rate of employment (52%).

**4.5.2 Cost-benefit**

Beyond direct cost-effectiveness, how cost-beneficial SQW is at various levels is also an important indicator of the return on investment.

Table 4.5 summarises the net present value of the direct benefits (increased earnings) attributable to SQW. Accordingly, SQW is estimated to generate approximately **$740 million** in net additional economic value over a 5 year period (rolling to account for the 3 years of the program).

Furthermore, when this direct increase in economic value in the State is compared to the total outlay by the Queensland Government on SQW and the associated post-SQW training, the benefit to cost ratio (BCR) over a 5 year period is in the order of **3.2**.
Table 4.5: Direct cost-benefit estimates

<table>
<thead>
<tr>
<th>Cohort</th>
<th>5 Year BCR</th>
<th>10 Year BCR</th>
<th>40 Year BCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATSI</td>
<td>5.6</td>
<td>13.1</td>
<td>51.1</td>
</tr>
<tr>
<td>Disability</td>
<td>-</td>
<td>0.4</td>
<td>2.8</td>
</tr>
<tr>
<td>NESB</td>
<td>4.8</td>
<td>10.8</td>
<td>41.6</td>
</tr>
<tr>
<td>Less than 20 years</td>
<td>2.3</td>
<td>4.9</td>
<td>18.2</td>
</tr>
<tr>
<td>20 to 45 years</td>
<td>2.6</td>
<td>6.1</td>
<td>24.0</td>
</tr>
<tr>
<td>45 years +</td>
<td>3.3</td>
<td>7.5</td>
<td>29.2</td>
</tr>
<tr>
<td>Less than 12 months</td>
<td>2.2</td>
<td>5.3</td>
<td>21.1</td>
</tr>
<tr>
<td>12 months +</td>
<td>-</td>
<td>0.2</td>
<td>2.0</td>
</tr>
<tr>
<td>SEQ</td>
<td>3.1</td>
<td>7.4</td>
<td>29.0</td>
</tr>
<tr>
<td>SQ</td>
<td>2.5</td>
<td>5.8</td>
<td>23.1</td>
</tr>
<tr>
<td>NQ</td>
<td>4.4</td>
<td>10.2</td>
<td>39.7</td>
</tr>
<tr>
<td>CQ</td>
<td>3.0</td>
<td>7.2</td>
<td>28.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.2</strong></td>
<td><strong>7.6</strong></td>
<td><strong>29.9</strong></td>
</tr>
</tbody>
</table>

To then incorporate the flow-on effects into this cost-benefit analysis such that the total return to the State for the given level of investment can be estimated:

- In terms of the ratio of total value-added to State outlays this is 4.8 over 5 years.
- In terms of the ratio of total consumption to State outlays this is 1.3 over 5 years.

So, the economic returns outlined in this section imply that the return to the State in direct (earnings) terms will equal the Government’s outlays on SQW and post-SQW training within a year of program completion (on balance), and in less than a year when measured in total value-added terms.

It is also important to note that as outlined earlier, these net benefits are inherently conservative in that they apply a program cost (i.e. the SQW investment) to the treatment group only, and assume that in the baseline the outcomes are achieved at no more than the ‘additional training’ cost.
**KEY POINTS: Labour market outcomes evaluation**

- In terms of the **direct effect** on employment in the State attributable solely to SQW:
  - Of the 57,000 persons who gain employment through SQW, 8,500 of these persons would not otherwise have gained employment had it not been for SQW.
  - Approximately $375 million in earnings (real wages) will be generated by these 8,500 persons in 2012-13 alone. This increase in earnings translates to (in present value terms) $1.1 billion over their first 5 years post-SQW.

- Netting-off the SQW costs from these benefit figures, the net present value of the direct benefits over 5, 10 and 40 years is $740 million, $2.2 billion and $9.6 billion respectively. This translates to (direct) benefit to cost ratios of 3.2, 7.6 and 29.9 respectively.

- An analysis of the direct employment outcomes by cohort reveals that under SQW:
  - ATSI comprise more than half the incremental employment gain.
  - NESB comprise a more than proportionate share.
  - Those who were previously employed for less than 12 months benefit.
  - People aged more than 45 years comprise a more than proportionate share.

So, while SQW generates employment outcomes for persons of various circumstances, compared to the control group SQW has had its greatest success among these cohorts.

- Flowing from the direct effects, CGE and budgetary impact modelling indicate the **total effects** are (as a result of the investment made between 2007-08 and 2009-10):
  - An additional $6.5 billion in Gross State Product and Gross Domestic Product to 2020.
  - An additional $1.8 billion in Consumption in Queensland and Australia to 2020.
  - An additional $1.2 billion in state tax receipts to Queensland to 2020.

- **Significantly, the annual outlay by Queensland on SQW is returned to the State within a year of program completion, in terms of both increased earnings and value-added.** Therefore, for each additional year a SQW participant remains in employment after the first year (to the degree this is attributable to SQW) the return compounds and the BCR extends beyond ‘1’.
  - Furthermore, these net benefits are before accounting for the savings in government outlays (at various levels) and before placing a value on the social benefits.
5 Broader impacts evaluation

While labour market outcomes are the focus in evaluating SQW’s success in achieving its primary objectives, the impact of SQW on individuals, the Queensland community and the nation more broadly, is not restricted to labour market outcomes.

Indeed as a program generally targeted towards disadvantaged groups, SQW’s role in developing human and social capital more broadly provides significant social benefits for the Queensland community. These broader impacts – which are often difficult to quantify but are nevertheless of value – complement the labour market outcomes achieved by SQW and demonstrate that its value extends beyond conventional economic measures.

5.1 Key social benefit themes

Several key social benefits – for individuals and communities – can be attributed to SQW, as outlined in Table 5.1 below. The social benefits have been divided into two categories: those that contribute to human capital (benefits for individuals); and those that contribute to social capital (benefits for communities). However, the benefits are often interdependent e.g. improvements in human capital translate to enhanced social capital.

Table 5.1: Key social benefits

<table>
<thead>
<tr>
<th>HUMAN CAPITAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and wellbeing</td>
<td>• Improved physical and mental health</td>
</tr>
<tr>
<td></td>
<td>• Improved self-esteem</td>
</tr>
<tr>
<td></td>
<td>• Improved life skills (e.g. problem-solving, communication)</td>
</tr>
<tr>
<td></td>
<td>• Improved life satisfaction</td>
</tr>
<tr>
<td></td>
<td>• Intergenerational benefits (for participant’s children)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SOCIAL CAPITAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Social and support networks</td>
<td>• Improved support networks</td>
</tr>
<tr>
<td></td>
<td>• Better relationships between different social groups</td>
</tr>
<tr>
<td>Community participation and engagement</td>
<td>• Improved co-operation between local groups (e.g. local government, community-based organisations, employers)</td>
</tr>
<tr>
<td></td>
<td>• Improved community infrastructure</td>
</tr>
</tbody>
</table>

40 Human capital refers to the knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal wellbeing. Social capital refers to networks, together with shared norms, values and understanding that facilitate cooperation within and between groups. It can be described as the ‘social fabric or glue’ that ties members of a community to one another and its physical location (ABS 2004, McIntosh et al 2008).
Social cohesion
- Reduced marginalisation
- Reduced social problems such as crime, violence, suicide, physical and mental illness, poverty and racism

Community resilience
- Greater resilience and ability to cope with social, economic or environmental change

Also, it should be noted these social benefits will tend to have a relationship with direct economic benefits such as higher income, higher savings and improved mobility within the workforce (for example, they generally foster improved health and wellbeing).

That is, social benefits can also translate into wider economic benefits, which cannot be readily quantified but nevertheless represent significant savings for government over the longer term, and include:
- Reduced health costs (e.g. through improved mental health).
- Reduced social service costs (e.g. through reduced unemployment benefits).
- Justice system savings (e.g. through reduced recidivism).

As a broad and purely indicative illustration of the extent of these type of savings, Mangan and Stephen (2007) estimated that about $562 million per annum in social security savings would be generated should current levels of social exclusion within Queensland be reduced (with around 6% of the Queensland population estimated to be socially excluded). It was also estimated that approximately $798 million per annum in Queensland Public Health costs could be avoided.

Particular SQW programs are likely to generate greater savings in Government outlays than others – for example, Participate in Prosperity is aimed at disadvantaged people who are outside the labour force and therefore assists people who generally face significant barriers to employment. Similarly, Get Set for Work provides intensive assistance for disengaged young people.

A supporting literature review, in the context of social benefits associated with skill development and employment, is provided at Appendix C.

5.2 Supporting evidence by theme

Major findings from the consultations and online survey of providers are presented below, to demonstrate the extent of the social benefits generated by SQW.

5.2.1 Health and wellbeing

One of the most significant social benefits attributed to SQW is the impact on participants’ health and wellbeing. SQW’s focus on equipping individuals with the skills they require to successfully participate in the labour force, coupled with the provision of wrap-around support, leads participants to feel empowered. This often translates into improved self-esteem, self-confidence, improved health and increased life satisfaction, underpinned by enhanced life skills.
During the consultations, key themes to emerge are that SQW strongly promotes self-confidence and increased self-esteem for participants, who then become more proactive and responsible in all facets of their lives. The program was also noted as generating enthusiasm about wanting to learn and progress to further study or training – therefore, the program helps people to overcome internal barriers to developing their skills and moving along employment pathways. In families with entrenched generational unemployment, SQW participants also become positive role models. In addition, it was noted that by developing improved life skills, participants are able to manage their children more effectively, further contributing to the program’s inter-generational benefits.

Provider survey responses overwhelmingly demonstrate that participation in SQW leads to health and wellbeing benefits for individuals. Significantly, 100% of responses either agree or strongly agree that SQW leads to improved life skills, with 65% strongly agreeing. The survey findings also reveal:

- 98% agree or strongly agree that participation in SQW leads to improved mental wellbeing (58% strongly agree);
- 96% agree or strongly agree that participation in SQW leads to improved life satisfaction;
- 80% agree or strongly agree that participation in SQW leads to improved physical health (15% don’t know); and
- 86% agree or strongly agree that participation in SQW leads to improved circumstances for participant’s children (12% don’t know).

Some comments provided by survey respondents in relation to health and wellbeing benefits are outlined in the box below. Improved self-esteem and self-confidence was consistently emphasised by respondents as a major benefit of the program. Generational impacts were also noted by respondents.

### Comments from providers: Health and wellbeing

- **These projects improve self-esteem, self-worth and give the participants the routine for future employment.**
- **Many participants indicate the positive impact on family through increased self-confidence and motivation to achieve not only employment goals but more broadly set life goals.**
- **Motivation, confidence, belief in themselves, friendships, ability to network, a love of learning, hope.**
- **For individuals to realise that they are not alone and not the only ones facing the challenges they face.**
- **Indigenous programs are seeing breaks in unemployment cycles that have been generational as well as people achieving drivers licence and cars that are the first in their family history. Access to mainstream services with the new found self-esteem and social skills is increasing access to medical and other vital supports.**

In summary, the health and wellbeing benefits that flow from participation in SQW are captured in the below case studies of two individuals who participated in Get Set for Work and Participate in Prosperity.
Box 4: Case study – Helping individuals overcome barriers

Get Set for Work

Rebecca, aged 17 years, appeared to be outgoing and confident but was becoming increasingly dismayed after being unable to find employment. She began drinking heavily and her motivation to find work declined. After being accepted into a Get Set for Work program, a case worker assessed her situation and identified a plan to move forward. To help her improve her presentation and confidence, Rebecca participated in a range of Cert I training modules including personal presentation, job searching and mock interviews. She also completed First Aid, Construction White Card Safety Induction and Responsible Service of Alcohol (RSA) certificates. Intensive job search assistance resulted in an interview with a major retail outlet where she obtained casual employment, and over time was rewarded with increased hours. Rebecca comes from a home that has generational unemployment issues, yet she remains employed and committed and is a contributing member of her local community.

Participate in Prosperity

Michael experienced significant and multiple barriers to workforce participation as an Indigenous Australian that left school in Year 9. He also had mental health issues and a history of offending, abused drugs and alcohol and had not worked for more than two years. Michael was accepted into a Participate in Prosperity program, after referral by his JSA provider, and began working intensively with a case worker. He completed a six week ‘life skills’ workshop tailored to help him overcome anxiety, depression, lack of self-esteem, motivation and self-worth. During the workshop, Michael created a resume, developed his communication skills and coping resilience, and learnt how to apply for jobs and undertake job interviews. Once Michael was ready to “taste” the workforce he participated in a work placement. On-the-job mentoring provided by program staff and a supportive employer has seen Michael move to casual employment and then build to full time employment. He has saved up for a car and is working towards obtaining a forklift license. Michael has become a valuable member of his work team and is happy to no longer be dependent on Centrelink benefits. On-going post placement support continues to be provided by the PIP provider.

5.2.2 Social and support networks

SQW programs are often delivered in a group setting, which enables participants to expand their social and support networks within the community. This benefits not only the SQW participant, but also builds social capital within the broader community.

It was stated in consultations that social networks developed through participation in SQW are particularly important for the long term unemployed (one of the main cohorts targeted by SQW), as they have often lost their social connections and become isolated. These social networks also provide a supportive and welcoming environment for participants, further enhancing their sense of belonging.

Responses from the provider survey highlight the strong link between SQW and increased social interaction. For example, 96% agree or strongly agree that SQW programs lead to improved support networks and 92% agree or strongly agree that they lead to better relationships between different social groups. Some comments provided by survey respondents are outlined below. It was noted that the social skills developed through the program also lead to improved interactions with work colleagues, which also improves an individual’s employability.
5.2.3 Community participation and engagement

SQW makes an important contribution to the overall health of communities – in terms of increased community participation and engagement – through several avenues:

- It promotes partnerships and co-operation between different groups within the community, as providers are encouraged to develop and build on their community-based relationships to deliver the program.
- Some programs, such as Community Employment and Infrastructure Program and Green Army, directly lead to improved community infrastructure (through the renovation of buildings and construction of community facilities such as playgrounds, etc). This also creates a sense of pride in the community, particularly for the beneficiaries of the improved infrastructure.
- Participants become more connected to their community through increased awareness of available services and employment and social opportunities (with these connections generally facilitated by the program provider).

These findings are reiterated by responses to the provider survey. In particular, 96% agree or strongly agree that SQW leads to improved co-operation between local groups such as local government, CBOs and employers (with no responses disagreeing) and 90% agree or strongly agree that it leads to improved community infrastructure. Some comments from providers with regard to community participation and engagement are detailed below.

Comments from providers: Social and support networks

- Making friends and establishing peer networks, thus improving their social wellbeing.
- The social networks also develop very well and the students keep in contact to discuss job applications they are submitting and providing support to each other whilst looking for employment.
- Socialisation, improved self-esteem, sense of belonging, long term friendships and support networks have been established within student groups over past courses.
- The ability to develop social skills as a group which in turn can then be transferred to mixing well with colleagues in the workplace. Communication is such a large part of maintaining employment and it is programs such as this that enhances these skills.
Comments from providers: Community participation and engagement

- SQW fosters partnerships in a number of ways which can often result in longer term relationships between organisations which can continue to benefit the community beyond the completion of a single project. SQW programs also foster development and continuous improvement within organisations as organisations develop new and innovative ways of assisting disadvantaged job seekers.

- We also experience greater partnerships with other Not for Profit organisations, as we partner together to deliver SQW programs over the 16 weeks.

- Through training we have provided job preparation training to the students which also had included guest speakers from Employers and councils etc. - this has given the students more networking opportunities as well as understanding the 'hidden' job market and given them more confidence to use this as an advantage.

- Focus on community rather than themselves, joining other community activities like the community garden scheme, sewing group to provide other income choices, community organisations to enhance wellbeing like yoga, dance, Zumba, choir, etc.

- [Our] program meets a specific need focused upon introducing job seekers to Australian systems, customs and workplace culture... For refugees in particular we focus upon rebuilding trust, personal status and family security for the new arrivals from war torn and conflict areas.

- Enhanced awareness and understanding of the kinds of wellbeing, financial, social, housing, lifestyle, parenting, etc services and options available in the community. Enhanced awareness of employment and education options, and understanding of the potential paths to reach these...

The below case study demonstrates the role of SQW in promoting community participation and engagement in the city of Logan, including through strong community partnerships and improved community infrastructure.
Box 5: Case study – Fostering community outcomes in Logan

Logan is one of the most disadvantaged areas in Queensland, with many people experiencing multiple disadvantage, high rates of unemployment and therefore at risk of, or already living in, poverty.

Since the implementation of SQW in 2007, just over $36 million has been provided to organisations in Logan for the delivery of innovative employment assistance services, which have assisted over 10,000 people. An additional $3.6 million has been invested for 474 apprenticeships and traineeships through the First Start, Youth Training Incentives and Green Army programs in the Logan area.

SQW has resulted in numerous success stories and real improvements in the lives of Logan community members, including through effective community-based relationships between service providers. Under the Participate in Prosperity Program (PIP), providers coordinate a range of government and non-government support to individually case manage each person and develop and deliver services that are tailored to the needs of their clients. A Logan Local Agency Panel (LAP) has been established to consider cases that require assistance from multiple government agencies such as Communities; Education and Training; Health and Centrelink to ensure a coordinated approach in dealing with a range of issues that are complex and difficult to address.

Work placement projects offered through the Community Employment and Infrastructure Program (CEIP) and Queensland’s Green Army also provide significant community benefit, not only by providing individuals with paid work placements but through improvements in local community infrastructure.

A range of CEIP projects have resulted in improvements in community facilities such as local community organisations, sporting venues and athletics clubs, and schools. Work placement project participants undertake basic landscaping and construction to improve these facilities for local residents. In addition, project participants are provided with assistance to develop their life skills and accredited training to improve their employment opportunities.

5.2.4 Social cohesion

The social benefits of SQW described above – such as increased self-esteem and improved community engagement – ultimately create a strong sense of belonging and inclusion for participants in their local community. This often translates to greater social cohesion, by minimising marginalisation within the community and reducing the incidence of social problems such as crime.

For example, research recently undertaken by BoysTown, a key provider of SQW programs throughout Queensland, and Griffith University indicates that upon exiting SQW programs, participants reported a notable decrease in offending and antisocial behaviour (such as involvement in physical altercations), compared to reported rates on entry. Participants also reported a reduction in illicit drug use and an improvement in anger management skills.41

A 2006 evaluation of the Post Release Employment Assistance Program (PREAP) – the predecessor of Advance to Work – also found that prisoners who participated in the program were less likely to re-offend, compared to prisoners that did not participate (after

41 BoysTown and Griffith University Australian Research Council (ARC) Linkage Project – ‘Reconnecting Disaffected Youth through Successful Transition to Work’.
controlling for all other variables). Specifically, enrolment in the program was associated with a decrease of 6.9 percentage points in the rate of return to the corrective system (Callan and Gardner, 2006).

Provider survey responses also support the view that SQW programs lead to improved social cohesion – 90% agree or strongly agree that SQW leads to reduced marginalisation and 85% agree or strongly agree that it leads to reduced social problems such as crime, violence, mental illness and poverty (13% don’t know). Comments from providers on the role of SQW in promoting social cohesion are outlined below.

**Comments from providers: Social cohesion**

- In our program a proportion of participants were from multicultural backgrounds. The program facilitated an interaction that would not have occurred otherwise and engendered a greater sense of understanding and tolerance.
- ... Local Government has acknowledged that there has been a reduction in public nuisance offences such as vandalism and improved community ownership and sense of belonging as a result of reduced marginalisation among participants in SQW programs. The presence of young people in SQW projects working in the community improves the community perception of these young people.
- Participants positions in the community is elevated, having an income means be able to put money back into your community. Many of the participants were indigenous and/or long term unemployed. This program provided the opportunity for the wider community to see indigenous locals employed in meaningful work.

### 5.2.5 Community resilience

A more intangible social benefit linked to SQW is community resilience. This refers to the extent to which a community is able to cope with internal or external stresses and disturbances (such as economic change or environmental disasters), and respond positively to take advantage of opportunities. By up-skilling community members and encouraging local employment, and therefore retaining members of the community (including young people who may otherwise move away to seek employment), SQW plays a role in equipping communities with the human and social capital required to help withstand external change.

In the provider survey, 89% of responses agree or strongly agree that SQW leads to greater resilience and ability to cope with social, economic or environmental change.

The below case study provides an example of how SQW helps promote community resilience, in the context of the natural disasters experienced by Queensland in late 2010 and early 2011.
Box 6: Case study – Flood recovery in Gympie and Kingaroy

The Queensland Natural Disasters Jobs and Skills Package was developed by Skills Queensland in partnership with DEEDI, DET and the Commonwealth Government. It includes a suite of skills and employment strategies to mitigate skills and job losses, support community retention and address emergent skills shortages resulting from the natural disasters experienced in Queensland in early January 2011.

South Burnett CTC Inc. received funding through the Queensland Natural Disasters Jobs and Skills Package to employ 45 local job seekers for up to 20 weeks on flood recovery Green Army projects in Gympie and Kingaroy. The work placement participants worked alongside Gympie Regional Council and South Burnett Regional Council contractors.

Recovery work included: weed clearing and restoration work on the banks of Mary River, Deep Creek, Queen’s Park Drive, Lake Alford (including building new playground), Commissioner’s Gully and Kandanga in the Gympie Regional Council area; and repairs to walking tracks, reconstruction of damaged footpaths and landscaping repairs at Mt Wooroolin, Kingaroy, Nanango, Murgon and Wondai in the South Burnett Regional Council area. Extensive flooding occurred in these areas in December 2010/January 2011.

The Regional Councils worked closely with South Burnett CTC to identify flood recovery needs, with over $100,000 in material and equipment costs provided by both Regional Councils (in addition to the grant funding). This partnership is well established and has proven to be effective in meeting both the employment and community needs of the region.

The participants learnt new skills and gained valuable experience on a variety of landscaping, horticultural and maintenance tasks, improving their future employment options, while they restored and rejuvenated parks and other public spaces for the whole community to enjoy.
KEY POINTS: Broader impacts evaluation

- As a program generally targeted towards disadvantaged groups, SQW’s role in developing human and social capital more broadly provides significant social benefits for the Queensland community.

- Key social benefits are outlined below.
  - Health and wellbeing – by equipping individuals with the skills they require to successfully participate in the labour force, coupled with the provision of wrap-around support, SQW participants often feel empowered. This can translate into improved self-esteem, self-confidence, improved health and increased life satisfaction, underpinned by enhanced life skills.
    - Survey findings strongly support this conclusion e.g. 100% of responses believe that SQW leads to improved life skills, 98% believe that it leads to improved mental wellbeing and 96% believe that it leads to improved life satisfaction for participants.
  - Social and support networks – SQW programs are often delivered in a group setting, which enables participants to expand their social and support networks within the community. This benefits not only the SQW participant, but also builds social capital within the broader community.
    - Survey responses highlight the strong link between SQW and increased social interaction e.g. 96% believe that SQW programs lead to improved support networks and 92% believe that they lead to better relationships between different social groups.
  - Community participation and engagement – SQW contributes to the overall health of communities by (1) promoting partnerships and cooperation between different groups within the community, (2) improving community infrastructure and (3) increasing participants’ awareness of available services and employment/social opportunities.
    - The survey found that 96% believe that SQW leads to improved co-operation between local groups and 90% believe that it leads to improved community infrastructure.
  - Social cohesion – the social benefits described above ultimately create a strong sense of belonging and inclusion for participants in their local community, which often translates to greater social cohesion (by minimising marginalisation within the community and reducing the incidence of social problems such as crime).
    - Survey results support this view, with 90% believing that SQW leads to reduced marginalisation and 85% believing that it leads to reduced social problems such as crime, violence, mental illness and poverty.
  - Community resilience – by up-skilling community members and encouraging local employment, and therefore retaining members of the community, SQW plays a role in equipping communities with the human and social capital required to help withstand external change.
    - 89% of survey responses believe that SQW leads to greater community resilience and ability to cope with social, economic or environmental change.

- These social benefits can translate into wider economic benefits, which cannot be readily quantified but nevertheless represent significant savings for government over the longer term. These include: (1) reduced health costs; (2) reduced social service costs; and (3) justice system savings.
6 Future directions

This evaluation of SQW’s labour market outcomes and broader impacts demonstrates that SQW is an effective labour market program, in the context of its key objective of enhancing Queensland’s labour supply, including amongst disadvantaged groups. Evidently, SQW achieves significant positive benefits not only for program participants but also for the broader Queensland and Australian communities.

To ensure that SQW’s success is at least maintained into the future, if not increased, this section considers potential refinements to the program. To guide and inform the development of these options, the following areas are examined:

- key drivers of SQW’s success to date, including their alignment with optimal attributes of skills development programs for disadvantaged participants;
- the overarching policy environment; and
- areas for improvement identified through consultations and the provider survey.

Based on the implications emerging from this analysis, and the evaluation findings outlined in earlier sections of the report, a broad rationale for SQW is established and potential areas for refinement and redirection of the program are considered, in the context of four broad areas: (1) program objectives; (2) target cohorts; (3) target skills; and (4) funding allocations.

6.1 Key drivers of success to date

Evidence garnered throughout the evaluation, particularly in relation to labour market outcomes, indicates that SQW is generally regarded as a highly successful program.

Furthermore, the vast majority of providers strongly support the view that SQW is a successful labour market program for disadvantaged Queenslanders. For example, 99% of responses to the provider survey believe that, overall, SQW is a successful program (77% strongly agree and 22% agree with this statement).42

During consultations, most providers also stated that a significant proportion of referrals into their programs are through word of mouth, indicating the success of SQW programs from the perspective of participants. This is reiterated by findings from the annual survey of participants undertaken by Queensland Treasury’s Office of Economic and Statistical Research. For example, 91% of participants in CEIP during 2009-10 stated they would recommend this program to others. Similarly, 94% of GSFW participants, 90% of CLP participants, 87% of PiP participants and 92% of PPP participants would recommend these programs to others.

42 On a regional basis, responses from the South East and Southern regions were more likely to strongly agree with this statement (83% and 81% respectively), compared to the Central Queensland and North Queensland regions (60% and 66% respectively).
This high positive response rate is consistent over time, as shown in Table 6.1 below. The table also demonstrates that participant satisfaction is relatively consistent regardless of the participant’s employment status (at the time of the survey).  

**Table 6.1: SQW participant satisfaction by employment status**

<table>
<thead>
<tr>
<th>Participant employment status</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>93%</td>
<td>94%</td>
<td>93%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>91%</td>
<td>92%</td>
<td>92%</td>
</tr>
</tbody>
</table>

Source: OESR data

In considering the future direction of the program, it is important to understand the factors that have contributed to its success to date. Five key drivers of SQW’s success have been identified:

- Overarching program flexibility.
- Innovative funding approach.
- Strong regional/community focus.
- Commitment to participant needs.
- Transparency and accountability.

These key drivers of success are explored below, drawing on evidence obtained through consultations and the survey of SQW providers. The alignment between these drivers of success and optimal attributes of programs for disengaged and disadvantaged participants is also considered, to reveal potential areas where SQW can be refined and strengthened.

### 6.1.2 Overarching program flexibility

At an overarching level, SQW has the ability to quickly respond and adapt to emerging economic, industry and environmental needs.

SQW’s predecessor, *Breaking the Unemployment Cycle*, was introduced in a climate of relatively high unemployment and was designed to reduce the unemployment rate in Queensland to below 5%. By 2007, the unemployment rate had fallen to around 4% and SQW was therefore designed to improve workforce participation amongst those who were further away from the labour force (such as the highly disadvantaged).

SQW retains this ability to adapt its focus in line with movements in the business cycle, for example by introducing individual programs with particular labour market objectives and concentrating on particular cohorts (i.e. those outside the labour market during peaks and the unemployed during troughs). Strongly related to this, SQW has been able to support whole-of-government strategic responses and emerging policy agendas.

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43 It should be noted that these results may differ for those participants who are not employed and not studying (i.e. it could be expected that participant satisfaction levels may be lower).
Examples include the redirection of Green Army jobs under the 2011 Queensland Natural Disasters Jobs and Skills Package and delivery of Commonwealth Government-initiated programs such as the PPP and now the Training Places for Single and Teenage Parents program. Notably, these examples illustrate how SQW provides the capacity for collaboration with other government agencies (such as Skills Queensland) in the development and delivery of projects.

SQW also has the ability to respond to industry demand. Key examples include engagement with the LNG industry in Wide Bay Burnett and efforts to direct Indigenous program participants into the tourism sector. Box 7 below provides two case studies that highlight how SQW programs are directed towards meeting local industry demand.
Box 7: Case study – Meeting local industry demand

Coal seam gas drilling

Through a joint partnership between BoysTown, Energy Skills Queensland (ESQ), private sector employers in the coal seam gas (CSG) drilling industry and the Queensland and Commonwealth Governments, a SQW project is currently assisting 180 jobseekers over two years to gain the skills they need to work in the CSG industry in the Surat Basin.

Funding contributions include: $587,860 from SQW; up to $300,000 from DEEWR; $434,700 from ESQ; and up to $30,000 from local JSAs. Projects are being delivered in Logan, Ipswich, Gympie, Hervey Bay, Bundaberg, Roma and Toowoomba.

At least 50% of the participants on the projects are Indigenous; all are long term unemployed or face considerable barriers to gaining a job. The project is delivered over 10 weeks and offers orientation and pre-employment training over the first four weeks. Participants undertake a Coal Board Medical; employability and life skills; workplace maths and literacy; and skills sets from the Certificate II Workplace Practices and the Certificate II in Drilling (Oil and Gas, Onshore). Participants undertake also regular visits to job sites to gain an insight into the daily running routine of the drilling rigs. Once training is completed and employment has commenced, participants also receive ongoing mentoring and post placement support.

During the first year of delivery in 2011, 70 out of the 92 participants (76%) secured employment, with the majority of these jobs with drilling companies such as Santos, QGC, Arrow and Origin. The project continues throughout 2012.

Community services

The Health and Community Services sector is the largest employing industry in Queensland, providing jobs for 272,600 people or 11.7% of the state’s workers. Employment demand in the Health and Community Services sector is forecast to grow strongly over the coming years driven by a growing and ageing population.

SQW is helping to meet health care and community services sector labour and skills needs by funding job preparation courses and accredited training. Since 1 July 2007, 234 projects delivering skills development/full qualifications in the community services sector (including Aged Care, Community Services Work, Children’s Services and Disability Work) have been undertaken, encompassing 11,445 job seekers.

Community Solutions Inc has delivered a number of projects across the state to help skill people for the aged care and community services industry. One example is the “Careers in Care – Central Queensland” project which is now in its second year, operating in Rockhampton and Gladstone. The project has delivered a Certificate III in Aged Care to 75 participants each year with vocational placements designed to connect participants with prospective employers. The first project saw 57% of participants secure work.

Participants and industry were not the only beneficiaries of this project. The residents of care facilities that offered vocational placements have also voiced their support for the project. Residents attended graduation ceremonies to express their gratitude not only to Community Solutions and the State Government, but made special mention of the quality care provided by program participants.

Results from the survey of SQW providers further confirm that overarching program flexibility contributes to SQW’s success, with 92% of responses strongly agreeing or agreeing with this statement.
6.1.3 Innovative funding approach

SQW’s innovative funding approach has four dimensions:

- **Devolved decision-making around funding allocations through locally based Community Jobs Priorities Committees (CJPC).**
  
  Local input into funding decisions helps ensure that funds are distributed in a manner that is responsive to local circumstances. Under SQW’s funding guidelines, some resources can also be reserved by committees to address local needs as they emerge. During consultations, CJPC members also stated that DEEDI provides information and guidance to make informed funding decisions (combined with their knowledge of local needs).

- **Predominant funding of not-for-profit community-based organisations (CBOs) to deliver programs.**
  
  CBOs will tend to provide a holistic approach to skills development for program participants. It was noted in provider consultations that CBOs often have extensive experience in, and understanding of, issues faced by participants. Significantly, some CBOs deliver other in-house services that can be utilised by participants to help overcome barriers to workforce participation e.g. financial counselling and housing assistance.
  
  CBO providers are often well established in the community and have pre-existing relationships with individuals (participants) and employers. This can help facilitate the identification of potential participants that are ready to progress to a SQW program and then link these individuals with supportive employers.

- **Cash flow/acquittal process is designed to deliver upfront funds to providers.**
  
  Generally, 70% of the grant is allocated to providers at project commencement. Front-loaded funding is generally considered necessary to effectively deliver programs for disadvantaged groups.

- **Ability to leverage funding allocations from other sources (which helps to maximise funding efficiency and minimise funding overlap).**
  
  A defining feature of SQW is that providers are expected to harness other resources to deliver their programs. Projects can be specifically linked to funding allocations from non-DEEDI sources or providers may simply rely on in-kind support to procure these resources (for example, the donation of equipment from local businesses). Importantly, by leveraging other resources, the potential for funding duplication is minimised and funding efficiency can be maximised.
  
  Data provided by DEEDI shows that an additional $65 million (including in-kind support and funding from non-DEEDI sources) has been leveraged by SQW providers from 2007-08 to 2009-10, as shown in the chart below. This equates to just over 20% of total actual expenditure under the program over the same period.
  
  In terms of funds that have been attributed to an individual source, in-kind support was the highest additional contributor, at just under $21 million, followed by local councils (about $6 million).
Responses to the provider survey indicate that, on average and across all programs, almost 70% of funding for the delivery of SQW programs during 2010-11 was sourced from DEEDI (noting this program year is not under evaluation). About 10% was sourced through in-kind support and 9% from the Federal Government, as shown in the chart below. This breakdown was also fairly consistent across regions.

**Chart 6.2: Average proportions of funding by source, 2010-11**

Overall, 76% of responses to the provider survey strongly agreed or agreed that an innovative funding approach contributes to SQW’s success. Selected comments from the survey that are typical of the responses provided – and illustrate some of the dimensions discussed above – are outlined below.
6.1.4 Strong regional/community focus

Under SQW, local needs and localised outcomes are paramount – that is, projects target local labour market needs. There is also an emphasis on community networks developed by regional DEEDI staff, which helps promote better engagement with industry at the regional level.

The regional focus flows through to the funding allocation process, with applications evaluated by a network of CJPCs that comprise local representatives from the community, industry, unions, employer bodies and government (with knowledge of local circumstances guiding the funding allocation decisions).

During consultations, providers noted that regional DEEDI staff share their knowledge of the local labour market (developed through these community connections). This enables providers to tailor their funding applications and subsequently deliver programs that are best suited to the needs of the local community e.g. concept development work is generally undertaken in regions prior to funding applications being submitted.

The SQW model is also designed to bring together multiple players and build on community-based existing relationships (e.g. with local councils and industry). For example, a provider stated during the consultations that ‘SQW has opened doors for partnerships between providers and industry’, leading to greater employment opportunities for disadvantaged groups. From a broader and longer term perspective, SQW also facilitates social cohesion and contributes towards community viability and resilience (as discussed in Section 5).

Overall, 95% of responses to the provider survey strongly agreed or agreed that a strong/regional community focus contributes to SQW’s success. Selected comments from the survey that are typical of the responses provided are outlined below.

Comments from providers: Innovative funding approach

- Provide a supported transition into employment with organisations that understand the barriers people can face in life.
- SQW is not successful on its own. Without the support and funds provided through other sources, the program would not have been able to be conducted...
- Based within organisations that provide other services to support the participant/client e.g. Housing support, education support, counselling, brokerage, activities.
6.1.5 Commitment to participant needs

A key feature of SQW’s design is a commitment to the needs of individual participants, encompassing four aspects:

- **Programs are matched to the needs of individual participants, facilitated by flexibility in program delivery.**
  
  For example, programs can be tailored to account for specific cultural needs and sensitivities – during consultations, one CJPC member pointed to a successful program in their region which sought to employ several members from one Indigenous family within the same activity, in recognition of the importance of working as a family unit within the Indigenous community.

- **Voluntary and free participation for individuals, which promotes engagement and higher levels of commitment to the program.**
  
  During consultations, it was noted that the voluntary nature of SQW programs helps ensure the success of the program (for example, this generally leads to a positive learning environment for all participants).

- **Tailored, wrap-around support for participants with persistent barriers to workforce participation.**
  
  This was consistently highlighted in consultations with providers as important to SQW’s success – for example, a provider that offers GSFW stated that individual case management is critical to the success of the program, given the barriers often faced by participants such as mental illness, substance abuse and homelessness.

- **Programs are geared towards providing longer term benefits for participants, rather than being solely focused on immediate outcomes.**
  
  The program generally aims to equip participants with job-ready skills that can be translated to any workplace, boosting their employability over the longer term. Employability skills include communication, self-management, problem solving and team work and these are woven into job preparation, work placements and accredited training modules.

This approach recognises there is no ‘instant fix’ for the disadvantaged. As noted by a GSFW provider during the consultations, the program could provide a young person with assistance to obtain their drivers licence by paying for initial learning, with the...
employer then helping the young person accumulate driving hours. This program outcome will be beneficial for the individual over their lifetime (and in other aspects of their life apart from employment).

Overall, 96% of responses to the provider survey strongly agreed or agreed that a commitment to participant needs contributes to SQW’s success. Selected comments from the provider survey that are typical of the responses provided are outlined below.

**Comments from providers: Commitment to participant needs**

- **SQW is an excellent opportunity for those people who have never worked before or who have been out of the labour market for a long time. It provides a stepping stone to mainstream employment… It also provides in depth support to acquire new skills and practice these skills and assists people in becoming more independent, social and improving life skills.**

- **Training and work experience is completed in "real life" work situations, which has led to participant confidence and job outcomes on completion of the program… SQW programs nurture participants with additional life skills, social skills and confidence enhancement training. SQW programs are not about training, they are about giving participants the knowledge and practical skills to achieve a job outcome.**

- ** Provision of a holistic approach from life skills, job readiness, provision of formal training (accredited Cert II), work experience, exposure to the industry, employment and post placement support.**

- **SQW offers flexible service support to meet individual and specific needs (i.e. a new migrant’s/refugee’s needs around Australian systems/workplace culture). It allows for practical support such as work experience which addresses a key barrier to employment for our cohort, which is local experience and local referees – necessary when applying for any job.**

**6.1.6 Transparency and accountability**

Finally, transparency and accountability are important components of SQW’s overall design.

For example, applications for funding are assessed by committees that are independent of the Minister, and accountability is emphasised at the provider level through ongoing reporting requirements (financial reporting and monthly participant and project reporting). Annual performance reviews are also conducted for providers that are funded under long term contracts (i.e. more than one year).

Another accountability mechanism is the monitoring of the delivery of approved project and financial expenditure by regional DEEDI staff. Notably, a strong theme to emerge from consultations and the survey is the good working relationship between providers and regional staff – generally, regional staff were noted to be highly engaged in the delivery of programs (e.g. by providing advice during the development of funding applications, visiting providers during the course of project delivery, attending participant graduations etc) and considered to be approachable and helpful.

Overall, 92% of responses to the provider survey strongly agreed or agreed that transparency and accountability contributes to SQW’s success. Selected comments from the provider survey that are typical of the responses provided are outlined below.
Alignment with optimal attributes of skills development programs for disengaged and disadvantaged participants

Several Australian studies have examined the practices and strategies that enhance the effectiveness of programs aimed at disengaged and disadvantaged participants, such as Davies et al (2011), Hargreaves (2011) and Kilpatrick (2003).

Drawing primarily on Davies et al (2011), the table below outlines the key characteristics that have been identified as contributing to successful outcomes for participants in these programs. They can be described as ‘optimal attributes’ of skills development programs for disengaged and disadvantaged participants. It should be noted that these attributes are inter-related and the boundaries between categories are not always clearly defined.

The table also outlines the extent to which SQW incorporates these attributes of effective skills development programs for disengaged and disadvantaged participants, as this may reveal potential areas where SQW can be refined and strengthened. As shown in the table, there is substantial alignment, suggesting that SQW could be considered ‘best practice’ in terms of the factors that help facilitate improved outcomes for disadvantaged groups.

Figure 6.1: Optimal attributes of skills development programs for disengaged/disadvantaged participants

<table>
<thead>
<tr>
<th>Category</th>
<th>Program elements</th>
<th>Alignment with SQW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outreach</td>
<td>• Providing easily accessible information</td>
<td>Substantial</td>
</tr>
<tr>
<td></td>
<td>• Bringing learning to the learner</td>
<td>• Initial up front assessment to determine personal and career aspirations which lead to the development of a customised package of assistance</td>
</tr>
<tr>
<td></td>
<td>• Targeting high needs groups</td>
<td>• Connect with participants in community settings</td>
</tr>
<tr>
<td></td>
<td>• Establishing lasting meaningful relationships</td>
<td>• Voluntary participation on SQW</td>
</tr>
</tbody>
</table>

Although Davies et al (2011) focused on training programs leading to attainment of a qualification, its findings can be translated to the SQW context (given the broader focus on skills development). The population considered in the study was 15- to 64-year-olds who had not attained initial qualifications (Year 12 or equivalent) and were unemployed, not in the labour force or in low-skill jobs.
**Learner wellbeing**  
*Identifying and addressing the welfare needs of disengaged people (including structural and situational obstacles)*

- Providing intensive support through guidance, counselling, monitoring and follow-up  
- Taking a client sensitive approach  
- Developing beneficial relationships within the community  
- Hubbing of services  
- Providing whole community or familial intervention

**Substantial**

- Meet gaps through the provision of support services such as childcare, referrals to services to address non-vocational barriers (mental health, housing etc)  
- Delivery mostly through CBOs which are already reaching marginalised jobseekers through the delivery of human services  
- Brokerage funds through PIP to purchase services or goods which address non-vocational barriers. CBOs often provide these services for other SQW projects from non-SQW funds  
- Professional staff trained to work with disadvantaged clients, often expertise with particular equity groups  
- Projects offer choice – some are open to all eligible jobseekers, some target particular equity groups  
- Culturally appropriate mentoring and support to help Indigenous apprentices and trainees complete their qualifications

**Pedagogy**  
*Using an approach to learning that takes account of negative previous experiences and avoidance of formal learning*

- Providing applied or hands-on learning  
- Providing flexible learning options  
- Addressing literacy and numeracy skill development needs  
- Offering programs that integrate technologies

**Substantial**

- Learning takes place in a community setting, rather than institutional setting such as TAFE  
- Customised package of assistance can include an integrated mix of job preparation, accredited training work experience and unpaid work placements  
- Incorporates combinations of work, study and social support  
- Combinations of on and off the job learning  
- Accredited training can include full qualifications or skills sets demanded by employers  
- Computer literacy built into projects  
- Specific LLN program offered, but LLN also built into paid work placements and job preparation
Evaluation of Skilling Queenslanders for Work

<table>
<thead>
<tr>
<th>Pathways</th>
<th>Substantial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating appealing pathways for learners that reach beyond the program and provide links to other study/work opportunities</td>
<td>Training linked to local skills and labour supply shortages. Letters of support from local employers or industry organisations included in applications for funding. Job opportunities offered to participants at end of the project</td>
</tr>
</tbody>
</table>

- Part time job preparation, accredited training and paid work placements offered to allow for family, social and community commitments
- Embedding pathways in the intervention program
- Establishing connections with community and other institutions
- Customising programs to local needs through collaboration, networks and partnerships
- Using intermediate labour market approaches
- Integrating work-based learning programs with other supports
- Training linked to local skills and labour supply shortages. Letters of support from local employers or industry organisations included in applications for funding. Job opportunities offered to participants at end of the project
- Work experience as part of a job preparation or accredited training provides industry and employer exposure, leading to job opportunities
- Up to 6 months post participation support after exiting a project. Instrumental in assisting participants achieve and sustain employment or further training
- SQW participants enjoy wrap-around support through human service delivery by the funded CBO or through referrals to other human services
- Case management integrated into most SQW projects
- SQW services providers have close, collaborative working relationships with providers of human and training services and in many cases with local industry and employers

6.2 Policy environment

The overarching policy environment, and the role of various levels of government, provides important context for the consideration of SQW’s future directions.

At the broadest level, SQW contributes to three *interwoven government policy objectives*:

1. **Skills development/training agenda**
   Responsibility for the education and training system has historically resided with state governments (although the Commonwealth exerts some influence over the general direction of the policy agenda, for example through the new National Partnership for Skills Reform). This encompasses the VET system and apprenticeships/traineeships. Under Skilling Solutions Queensland, the State Government also provides a free training and career information service.
   *This policy objective relates to labour supply and works towards up-skilling people within the Queensland community.*

2. **Workforce participation agenda**
   The Commonwealth Government has a strong focus on boosting workforce participation, as part of its overall Productivity Agenda (a broad approach that aims to lift national productivity and build social inclusion through reforms to early childhood, secondary and tertiary education, employment and workplace relations). In particular, the Commonwealth has sought to increase workforce participation amongst those groups traditionally underrepresented in the labour force (to some extent reducing structural unemployment), such as mothers with young children, single and teenage parents, Indigenous people, refugees and people with disability. This also overlaps with the welfare reform agenda (i.e. transitioning persons off the welfare system).
   *This policy objective relates to labour supply and targets those who are furthest from the labour force (often those in most need) by addressing personal circumstances.*

3. **Addressing local labour market needs (regional development)**
   As a driver of welfare in any region, employment is at the core of most local issues. With a more comprehensive understanding of local circumstances, state governments typically play a strong role in this area. Relevant Queensland Government policies include the 4% unemployment target and working towards a ‘strong and healthy’ labour market (i.e. higher participation, lower underemployment). The Queensland Skills Plan and Skills Queensland are also...
relevant, as they both aim to address prevailing skills shortages (for example, by linking the VET system to industry needs).

*This policy objective relates to labour demand and targets specific regions and industries to increase participation and productivity, through better matching at a more devolved level.*

Critically, all three policy objectives are interwoven and best progressed through simultaneous effort from all levels of government (i.e. positioning investment at all levels of government such that it reinforces and capitalises on these linkages and thereby compounds the returns).

That is, *concurrently addressing supply-side and demand-side labour force constraints optimises the likelihood of improving employment outcomes, as it helps minimise the risk of policy failure (e.g. reduces the opportunity for gaps to emerge). Moreover, an integrated policy approach is likely to not only be more effective, but also more efficient, as funds can be directed in a targeted and co-ordinated manner.*

Significantly, Queensland’s competitive advantage as a state – for instance, in attracting private investment – is enhanced where its labour force constraints are less binding. This is recognised by the State Government, through its commitment to reduce unemployment to 4% and foster a healthy and strong labour market. Essentially, more available labour implies investment in the state is more attractive. This is particularly relevant when the state is close to full employment whilst aggregate demand continues to rise.

**Key implications for future directions**

- SQW contributes to the achievement of three major – and interwoven – government policy objectives: (1) skills development/training; (2) workforce participation; and (3) addressing local labour market needs.
  - These policy objectives are traditionally pursued by both the State (skills development/training and addressing local labour market needs) and the Commonwealth (workforce participation).

- An integrated policy approach that addresses supply-side and demand-side labour market constraints is likely to be optimal, from an effectiveness and efficiency perspective.
  - This suggests that SQW should continue to build on its current approach to improving employment outcomes and opportunities for co-investment with the Commonwealth could be pursued.

- To the extent that SQW helps ease labour force constraints, it also provides Queensland with an enhanced competitive advantage.

**6.3 Areas for improvement from consultations and survey**

Several key themes on areas for improvement that emerged from the consultations and provider survey are outlined below. It should be noted that these areas for improvement purely reflect the views of stakeholders and are not necessarily endorsed by this analysis.
The views outlined below may also, to some degree, relate to misconceptions about SQW guidelines and the like. However, this in itself suggests that certain areas could be clarified into the future. Overall, these findings provide useful information on ways to refine and streamline SQW into the future.

**Participant eligibility**

During consultations, confusion regarding participant eligibility was evident amongst some providers, and not all providers are aware of where information about eligibility criteria can be accessed. Areas of confusion or concern mentioned by various providers included:

- A business case must be completed for New Zealand citizens and DEEDI is monitoring this more closely.
- Eligibility of Pacific Islanders.
- Eligibility of people with migrant spousal visas.
- Eligibility of people with disability or those in vocational rehabilitation schemes are excluded.
- The proportion of participants within a program that can be Stream 4 JSA clients.

In the provider survey, almost half of all responses (46%) believe that eligibility criteria for participants should be improved, although 50% do not agree with this statement.

**JSA and DES job seekers**

Concerns were raised about JSA providers not always paying the $550 fee where a job seeker is referred into a SQW program. It was also suggested that the $550 fee should be applied to work placements. Another comment was made that when a person with disability finishes a paid work placement through SQW, they lose their previous status under DES and must comply with stricter requirements.

**Program design and delivery**

It was suggested that host placements should also include for-profit hosts. One comment from the survey stated:

“Allow work placement programs that use the host model to work with government and/or profit-making hosts (to achieve best fit between placement and participants' backgrounds, as well as to enhance cultural diversity in a wider range of workplaces).”

**Funding**

Numerous providers mentioned funding as an area for improvement. Common areas of concern are outlined below.

- It was noted that funding is not subject to formalised indexation and has not increased in line with wage costs.
- Some providers stated they would like more funding for accredited training.
  - It was consistently noted that full qualifications are required for some jobs, particularly where there are current skills shortages e.g. in community services, where a Certificate III is generally the minimum requirement.
• It was consistently noted by providers that they would prefer a longer funding cycle e.g. 3 years.

• Some providers also stated that the timeframes between notification of success of their funding application and the start date for the program were sometimes too limited, with adverse impacts on planning and staffing.

  One comment from the survey stated:
  “The competitive process of annual applications can make it difficult for organisations to plan in terms of human resource requirements. The skills required to work with the target groups can be difficult to obtain in a trainer particularly when they are within industries which are already facing a skill shortage of qualified trainers (such as Transport and Logistics)...”.

• Some providers would like the 30% administration and management limit to be increased.

Several areas for improvement in relation to CJPCs were also noted:

• It was suggested there could be more feedback on program outcomes provided to committees to improve decision making (it was noted that currently feedback is only received for programs that are reapplying for funding).

• It was stated that committee membership could be updated to ensure a broad representation (as some members had left and not been replaced).

It was also noted that conflicts of interest in the CJPC process should be removed (i.e. funding recipients should not sit on CJPCs).

**Reporting**

It was stated by some providers that administrative requirements can be too onerous e.g. under the funding application process, new letters have to be obtained every year. It was also suggested that DEEDI could collect more demographic/social data about participants, such as their housing situation, as providers generally already record this type of information and it would provide a richer evidence base into the future.

A strong theme to emerge was that Departmental technology should be updated. It was also stated that the budgeting tool does not allow the same flexibility as tools used by other State Government departments and providers are unable to reflect the actual costs of running the program.

This was reiterated by the results from the provider survey, where automation of applications and reporting was identified by 71% of responses as an area for improvement, followed by the participant reporting tool (60%) and budget tool (59%).

**Administrative consistency**

Some providers that operate across more than one region have experienced administrative differences. They stated they would like greater consistency in terms of timelines and applications – currently they have to adapt content depending on the particular region, which increases their administrative burden.
It was also noted that some regions have comprehensive information sessions before the application process begins. Nevertheless, strong and effective working relationships with DEEDI regional staff/employment advisors were consistently noted (even where administrative consistency was experienced by providers).

In the provider survey, 44% of responses stated that administrative consistency across regions could be improved, with 27% of responses indicating that they ‘don’t know’ (to be expected given that not all providers operate across more than one region).

**Key implications for future directions**

At a high level, potential areas for refinement are outlined below. Some of these considerations are expanded upon in Section 6.4, particularly where they relate to headline policy questions.

- **Participant eligibility** – provider confusion suggests there may be a case for clarifying/updating/refining the eligibility criteria.
- **JSA and DES job seekers** – potentially, JSA providers could be further incentivised to pay the $550 fee (for example, DEEWR could conduct an ‘awareness initiative’ amongst JSA providers).
- **Program design and delivery** – consideration could be given to greater involvement with for-profit businesses (where this was deemed appropriate).
- **Funding** – more transparent indexation arrangements could be considered; the appropriate balance between delivery of employability skills and accredited training could be considered; greater communication with providers about the potential to be placed on long term contracts could be undertaken; more regular reviews of the memberships and composition of CJPCs could be conducted.
- **Reporting** – administrative burden could be reduced by updating and streamlining administrative tools.
- **Administrative consistency** – consideration could be given to ensuring greater consistency across regions for large providers without compromising the local/community focus.

**6.4 Areas for refinement or redirection**

Based on the implications emerging from this analysis, and the evaluation findings outlined in earlier sections of the report, a broad rationale for SQW is established below and potential areas for refinement and redirection of the program are considered, in the context of four broad policy areas.

**6.4.1 Broad rationale for SQW**

At the highest level, the primary argument for government intervention in labour market outcomes are the spillover benefits that accrue to society. Beyond this basic ‘market failure’ argument, the existence of equity objectives in current State and Commonwealth policy provides further motivation for government intervention.

There is then the question of what level of government should intervene given:

1. Where the benefits accrue.
2. Where the risk of policy failure is minimised.
These concepts are explored further below, with reference to labour market theory, the findings of this evaluation of SQW and emerging State and Commonwealth policy priorities.

Is there a market failure?

In theory, left to its own devices the private sector will tend to underinvest in improving labour market outcomes among disadvantaged job seekers, relative to what is socially optimal.

Indeed the socially optimal level of investment is that at which the marginal social cost equals the marginal social benefit, and this will typically be beyond the level of investment at which the marginal private cost equals the marginal private benefit, given:

- Firms making the decision about whether or not to invest in training a job seeker who is only partially suitable to a particular role may note the increasingly transferrable nature of these skills (as labour mobility improves in an economy at close to full-employment) and that this implies most of the benefits of training now reside largely with the individual (in terms of earnings and employability).
  - This in-turn implies a reduced willingness among firms to invest in training.
- Following from this logic, individuals are increasingly required to invest in their own training, which while being an economically efficient outcome, is not always feasible and/or equitable. Also, individuals making the decision about whether or not to participate in the labour force may not be fully aware of the flow-on implications of whether or not they choose to do so (otherwise known as ‘myopia’, which manifests itself in ‘free-riding’ i.e. the ‘unemployment trap’).
  - This in turn implies a reduced willingness (or at least ability) among disadvantaged job seekers to invest in training.
- Furthermore imperfect information exists in labour markets. From the employer’s perspective, an employee’s suitability to a particular function, or indeed intention to perform that function on an on-going basis, is rarely directly observable. From the employee’s perspective, the nature of employment is rarely directly observable.
  - This in turn implies a level of mismatch between labour demand and supply is inevitable, and particularly where the job seeker exhibits some level of disadvantage (e.g. the long term unemployed).

Each of these factors inhibits labour market productivity, and creates barriers to entry into employment for disadvantaged job seekers, manifesting itself in structural unemployment among the most disadvantaged, and frictional unemployment at the lesser end of the disadvantaged job-seeker spectrum (in other words persistent labour shortages). This ultimately diminishes the long-run growth and competitiveness of the economy, increases the demand on government transfers and social services, and widens inequality in society.

That is, unemployment and non-participation in the labour market has economic and social costs.

While at face value the existence of positive spillovers is a rationale for government to invest in the labour market outcomes of disadvantaged job seekers, it should also be the case that the costs of intervention are outweighed by the benefits (and to a greater degree than the alternative investments for public funds). So where the government can
successfully intervene to eliminate a market failure such that the cost of the intervention is less than the economic inefficiency that would otherwise be incurred, there exists a sufficient rationale to intervene.

SQW’s ability to generate a return on Government outlays is established in Section 4. For example, over five years, SQW generates a net present benefit to Queensland of $740 million. Moreover, the annual government outlay on SQW is returned to the Queensland economy within 12 months – in terms of both increased earnings (payments to labour) and increased value-added (profit) in the Queensland economy.

How is equity addressed?

Complementing the economic efficiency gains of intervention in this space is the ability to improve equity in the Queensland and Australian communities, and that public policy should reflect the values that society collectively demonstrates; that is, the way in which the public would choose to have their resources allocated.

As a society that, through a democratic process, shows that it values the broader inclusion of disadvantaged cohorts in the labour market and ultimately the community – recognising the additional barriers faced by these individuals in participating and the benefits that accrue to their participation – there are grounds for sustained public investment.

To improve vertical equity in the labour market, those that are least able to ensure their own access to employment should be given the greatest support.

Indeed there is a long history of widespread electoral support in Australia for universal access to sustainable employment – including as referenced in the current policy context in Section 2.2 – and the challenge for policy makers is to identify the most economically efficient ways to deliver on these equity objectives.

Inferences in regards to the effectiveness and efficiency of SQW in achieving equity objectives are set out in Sections 4 and 5, as well as the manner by which the risk of policy failure in labour market interventions can be minimised.

Who should intervene?

In principle, the level of government at which the intervention should be considered is the level at which the risk of policy failure is minimised and therefore the effectiveness and efficiency of the intervention is maximised. However, at a practical level, the historical lines of policy demarcation for different types of government intervention also affect this decision.

In the context of SQW, and in light of the policy mechanisms available and the objectives that are sought to be achieved, the following Figure 6.2 summarises the historical allocation of policy responsibilities in Australia. What is clear from this is that the objectives SQW is seeking to achieve, and the manner by which it seeks to achieve these, are neither strictly State nor Commonwealth domains. Interestingly, mentoring and post participation support is largely unique to SQW and not typically provided by either the Commonwealth or State in pursuit of their respective policy objectives.
The other aspect to determining the level of government that should intervene is where the benefits accrue to. In the context of improved labour market outcomes, this analysis demonstrates an economic and social dividend to the individual and employer in the first instance, but the State and the Commonwealth more broadly.

This analysis demonstrates two notions that are relevant to the question of which level of government should intervene:

1. Matching labour demand with supply is typically more successful when conducted at a more localised level – to better reflect the capacity the businesses themselves are seeking, and better reflect the career aspirations of the individuals available to fill those positions; and

2. SQW is demonstrated at an aggregate and cohort specific level to be incrementally more effective than the counterfactual scenario these individuals would otherwise face, which to a varying degree includes alternative Job Services Australia pathways. For example, the evaluation findings show that an additional 8,500 persons are employed as at 2012-13, compared to a counterfactual scenario where SQW did not exist.

At face value it would therefore seem that regardless of the legacy policy responsibilities in Australia, SQW, at least for the period of interest, is in theory and application more effective than perhaps a less devolved Commonwealth approach.

This might suggest that where this intervention overlaps different policy objectives and utilises the most appropriate mechanisms to address these, it is able to more effectively achieve all objectives. That is, through simultaneously removing all barriers an individual may face to successfully participating in the labour market, the likelihood of successful intervention is improved.

Following from this, recent BAFW Commonwealth policy commitments acknowledge these approaches more than in the recent past, and to a greater or lesser degree emulate a number of the characteristics that are said to define the success of SQW *(namely better tailoring to individual needs)*. Therefore, while the role and success of SQW for the period...
of this evaluation can be assured, its future role might reasonably be expected to diminish as Commonwealth policy increasingly adopts a best practice approach – or at the very least reiterates the increasing relevance of a co-invest model.

Nevertheless, some clear differences between SQW and BAFW remain. These include:

- SQW has broader coverage across Queensland, compared to Commonwealth programs such as BAFW. Under SQW, the entire budget is available to assist eligible Queensland jobseekers and coverage is state-wide. Under BAFW, however, most programs have limited coverage.
  - For example, the Indigenous Mentoring Program is being delivered as a pilot program and will only be available in five employment service areas (ESAs) in Queensland with a high Indigenous jobseeker population (with no remote ESAs included).
- Under SQW, there are 120 regional employment officers available state-wide to facilitate projects and engage with the community, industry and local employers. These officers have a project delivery role and direct access to funding with program budgets allocated across the regions.
  - In comparison, Local Employment Coordinators (LECs) under BAFW have a planning rather than delivery function. They develop ideas and support collaborative solutions but this is often achieved by leveraging off providers or other sources of funding (including SQW). LECs are able to apply for Commonwealth funding to support local skills and workforce initiatives but they do not have direct or immediate access to grant funds (as compared to regional employment officers under SQW).
  - Of the 20 LECs nation-wide, there are six in Queensland (covering the following priority employment areas: Bundaberg - Hervey Bay; Caboolture – Sunshine Coast; Cairns; Ipswich – Logan; Southern Wide Bay – Burnett; and Townsville).
  - Similarly, there are 10-12 Regional Education Skills and Jobs Coordinators in Queensland (out of 34 across Australia) and again, they primarily have a planning or coordination role rather than a delivery function.
- SQW funding decisions are made at the local level by locally-based Community Jobs Priorities Committees, whereas most decision making about funding under Commonwealth programs is made centrally (and therefore does not incorporate an on-the-ground perspective).

**Conclusion**

The overarching objective of SQW is to enhance Queensland’s labour supply in order to take advantage of employment and economic opportunities.

It achieves this by simultaneously seeking to:

- Reduce underemployment
- Reduce unemployment
- Increase labour force participation.
Accordingly, as noted earlier, there are two broad groups of persons accessing SQW (abstracting from whether they are eligible or ineligible for Commonwealth assistance):

- A highly disadvantaged cohort.
  - This implies maximising opportunities for those who are not active or only partially active in the labour market (minimising structural unemployment).
- A broader unemployed/under-employed cohort.
  - This implies more ‘work ready’ job seekers (minimising frictional unemployment).

This detail reiterates a broad spectrum of need is currently targeted by SQW.

SQW also has two seemingly incongruous aims – it is said to focus on the disadvantaged, yet also comprise a suite of prevention and early intervention programs. However, analysis of the participant base demonstrates that both aims are achieved to some degree, depending on the cohort assisted. That is, approximately half of all participants have been unemployed for more than 12 months, which indicates the program does assist the disadvantaged. For the remaining half of participants that have been unemployed for less than 12 months, this indicates the program also incorporates an element of prevention.

The conclusion is therefore that a role for government in intervening in the labour market outcomes of disadvantaged job seekers exists, and that the government can intervene such that the return to society is greater than the outlay required to ensure that return. Furthermore the returns are optimised where the intervention is conducted at a more localised level, such that the precision of the policy mechanism(s) is optimised.

_In summary, given the success of SQW over the reference period, the level at which the returns to SQW accrue, and the recent shift in Commonwealth policy for disadvantaged job seekers towards SQW-type measures, a co-investment model would seem the most prudent future policy/funding framework._

### 6.4.2 Framework for refining SQW’s future direction

A simple framework for refining the future direction of SQW is defined at Figure 6.3 below.

*Figure 6.3: Framework for refining SQW’s future direction*
At the highest level, the framework comprises three sequential questions.

1. **Who is currently eligible?** At present, SQW addresses a broad spectrum of need, with a wide range of participant eligibility (as outlined in Section 2.3).

2. **Who is assisted by the intervention?** Within the broad eligible group, there is a cohort that is actually participating in the program and being assisted through their participation.

3. **Who is benefiting the most?** Within the cohort being assisted, there is a narrower group for whom the gains are largest (and potentially the most cost-beneficial), compared to where they would otherwise be without the program. *The modelling results help illuminate the answer to this question.*

Fundamentally, the framework is geared towards achieving a **more targeted intervention** – that is, the **most effective and efficient** intervention.

A more precisely defined intervention will, by definition, generally be more effective and efficient. Conversely, where the intervention strives to be all-encompassing, the effectiveness and efficiency of the policy may be diminished.

Potentially, there may be a slight trade-off between effectiveness/efficiency and flexibility – however, effectiveness and efficiency are generally considered to be first order policy principles, with flexibility simply a means to support their achievement. Therefore, it is desirable for SQW to remain responsive to government priorities and individual needs, to the extent these are effectively and efficiently addressed through this policy mechanism.

Following from the framework set out above and the structure of SQW, there are four key policy dimensions through which the program can be further targeted:

1. **What should the program objectives be?**
2. **Should the target cohorts be refined?**
3. **Should particular skills be targeted?**
4. **How should funding be allocated?**

These four areas are explored below, drawing on the evidence base that has been developed throughout the evaluation as well as labour market theory. The overall objective is to achieve an optimal balance between the degree of targeting and flexibility for each of these policy dimensions. Ultimately, particular policy objectives should not undermine the primary (overarching) objective of SQW.

In addition, the level of targeting should move with the business cycle – that is, those further from the labour market should be targeted when close to full employment and those closer to the labour market should be targeted when unemployment is rising.

1. **What should the program objectives be?**

This question relates largely to whether SQW’s primary focus should be employability or accredited training.
Currently, the program is aimed at employability and helping the disadvantaged into the labour force as quickly as possible – whether that be through the delivery of foundation skills development, vocational skills development, work placements, etc. It should also be noted that SQW does incorporate some accredited training (e.g. through CEIP and particularly through PPP), although it is not the main focus (and PPP has now come to completion).

As canvassed in Section 6.2, the Commonwealth has traditionally been responsible for workforce participation (one component of which is employability) whereas the State has traditionally been responsible for delivery of accredited training through the VET system. However, there are strong policy linkages between these areas and earlier discussion reiterates the importance of a concurrent and coordinated approach to maximise effectiveness and efficiency.

The State Government’s broad policy targets are also informative – particularly its 4% unemployment target and desire to ensure a strong and healthy labour market. To achieve this low unemployment rate, those who are further from the labour force will need to be a focus, which suggests employability could continue to be prioritised.

The notion that underpins the current investment and program design is that there is a gap in the delivery of employability skills, more so than formal (accredited) training. Therefore, SQW is purposely targeted toward those who have never worked before or who have been out of the labour market for a long time, providing them a stepping stone to mainstream employment.

In other words, SQW aims to address the immediate barriers an individual will face in the labour market through a short-term intervention. On achievement of this first step, a role potentially exists for the training sector or indeed employers to continue the career development trajectory for the individual, to ensure employment translates to a career for the individual i.e. not just a short-term employment outcome.

2. **Should the target cohorts be refined?**

SQW guidelines (the Memorandum of Agreement) state that the primary target group is persons not receiving or eligible for Commonwealth assistance. Generally, about 30-40% of participants do not have a relationship with a JSA.

Inevitably, however, there is a level if overlap with JSA. Indeed, the majority of persons participating in SQW (between 60-70%) do receive some level of Commonwealth assistance, although for the majority of these persons the level of assistance provided is minimal (i.e. they tend to be Stream 1 or 2). Therefore, they would not typically attract large amounts of support or funding from the Commonwealth (noting that certain programs, such as Participate in Prosperity, are likely to have a higher proportion of Stream 3 and 4 participants due to the nature of the program).

This suggests there is an adequacy issue being addressed by SQW, providing a basis on which **SQW can be differentiated from JSA**. This is also confirmed by the outcomes rates from the modelling.
JSA is also inherently less flexible than SQW and therefore it would be expected that limits on the service they can provide would emerge. Moreover, JSA is in itself a contestable model, and therefore it would be more difficult to coordinate approaches across a region as broad as Queensland (whereas SQW is able to capitalise on local knowledge and its regional network to ensure a coordinated approach). Box 3 in Section 2.3 outlines other differences between SQW and JSA.

*It should be noted that establishing a point of difference between JSA and SQW is not to suggest that JSA does not have a role – rather, it demonstrates that SQW is unlikely to be undermining JSA’s specific policy goals, but rather complementing their achievement.*

**Enhanced targeting** in terms of eligibility could be achieved through two avenues:

- Reducing the current overlap with JSA; and/or
- Continuing to include all cohorts that are currently participating in the program, but prioritising the various cohorts in relation to the level of funding/intervention they receive (e.g. through tiers), particularly where resources are being rationed.

The evaluation findings show that SQW is most successful in generating employment outcomes for ATSI, people from NESB, the mature aged and those who have been unemployed for less than 12 months (notably, this latter group is more likely to only be receiving minimal Commonwealth assistance). Conversely, the program is less successful in generating employment outcomes for people with disability and those aged less than 20 years (even after allowing for study to be completed).

In conclusion, there is a need to balance the efficiency of the SQW investment by cohort with the equity of SQW investment by cohort. It is the role of policy makers to deliberate on the optimisation of this relationship (trade-off), in line with the business cycle. The evaluation findings potentially provide some guidance in terms of those cohorts for which the greatest returns on investment are generated.

### 3. Should particular skills be targeted?

The key consideration in this regard is not that SQW should target aggregate skills shortages across Queensland, rather that it should simply better match labour demand with supply at a local level. DETE acknowledges that SQW does not directly address aggregate skills shortages at present, but indirectly supports this by matching people to employment opportunities.

Better matching of labour demand with supply will ultimately ease labour capacity constraints across the board (and thereby enhance Queensland’s competitiveness in the short run), while also setting individuals on a career path (which will enhance Queensland’s competitiveness in the long run).

### 4. How should funding be allocated?

This policy dimension relates to the allocation of funding in order to best incentivise effectiveness and efficiency. As a starting point, it could be assumed that the market is currently working effectively and delivering service at an efficient price, given that SQW operates under a contestable funding model (large number of tenders and minimal rises in prices paid over time).
However, optimising the incentives at any point in time remains a key priority/objective for government funding of service provision. Therefore, the introduction of more formal incentives – such as the awarding of longer term contracts for high levels of performance – could maintain this contestability while preserving and, potentially, enhancing the quality of the outcomes. At the very least, the policy/program objectives need to be clear, so that providers can work towards achieving these outcomes.

A concept for further research is whether encouraging more providers – for instance for-profit providers or employers themselves – to enter the market will increase contestability and therefore drive the price even closer to an efficient level (whilst maintaining quality of service provision). The alternative hypothesis is whether provider consolidation would encourage economies of scale and scope i.e. larger providers that are able to deliver a range of programs to a range of participants.

Currently, providers tend to specialise in the delivery of a type of program. A focus on larger providers could potentially compromise overarching flexibility.

Co-investment by the State and Commonwealth is another option that could be pursued. Both levels of government have overlapping roles in this area of policy, as outlined in Section 6.2. Based on this categorisation, it appears that a percentage of SQW investment is directed towards Commonwealth objectives and a percentage to State objectives. Given that (1) these objectives are inter-linked, at a broad level, and cannot be efficiently achieved in isolation and (2) returns accrue to both Queensland and Australia, co-investment appears to be a prudent future policy/funding option.

**KEY POINTS: Future directions**

- SQW has raised overall employment (i.e. reducing frictional and structural unemployment) and has done this in a cost-beneficial manner (in terms of Queensland and Australian welfare).
  - It has directly led to the employment of an additional 8,500 people who would not otherwise have gained employment (in a world without SQW) – the increased earnings generated by this employment ultimately contribute an additional $6.5 billion to Queensland GSP to 2020. Moreover, the annual outlay by the State Government on SQW is returned to the Queensland economy within 12 months.
- Significantly, SQW directly works towards the achievement of key government policy objectives, including increased labour force participation and skills development. In light of the State Government’s 4% unemployment target, SQW’s outcomes – in terms of increased employment – are particularly relevant.
- To further enhance SQW’s return on investment, consideration could be given to greater targeting of the program. This could be achieved by concentrating on areas where SQW has been demonstrated to be particularly successful in terms of generating employment outcomes (for example, those who have been unemployed less than 12 months).
- Both the Commonwealth and Queensland Governments have a role and interest in reaching these outcomes, and given the emerging direction of Commonwealth disadvantaged job seeker policy, a co-investment model appears to be the prudent future policy/funding option.
References


Hargreaves J 2011, *Vocational training and social inclusion: At a glance*, NCVER.

Kilpatrick S 2003, The role of VET in building social capital for rural community development in Australia, Centre for Research and Learning in Regional Australia Discussion Paper.


Appendix A: Consultation participants

Deloitte Access Economics would like to acknowledge the contribution and input provided by a range of stakeholders throughout the course of the project. The insights obtained through these consultations encompassed a range of perspectives and helped inform our understanding of the contribution of SQW.

- **Department of Employment, Economic Development and Innovation regional staff** – a workshop with regional staff in Brisbane in late January 2012.
- **Department of Education, Employment and Workplace Relations** – one-on-one consultation in Brisbane in March 2012.
- **Department of Education and Training, Queensland** – one-on-one consultation in Brisbane in March 2012.
- **Local Government Association of Queensland** – one-on-one consultation in Brisbane in March 2012.
- **Queensland Treasury and the Office of Economic and Statistical Research** – consultation in Brisbane in March 2012.
- **Skills Queensland** – one-on-one consultation in Brisbane in March 2012.
- **SQW provider organisations** – in March 2012, a workshop was held in Brisbane with nine providers. One-on-one phone consultations were also conducted throughout April 2012 with a cross-section of eight other providers, across the four DEEDI regions.
- **Community Jobs Priorities Committees** – phone consultations were conducted throughout April 2012 with 11 representatives from CJPCs, representing 12 of the 13 Committees (one representative sits on two committees).
Appendix B: Modelling methodology

Conditional probability modelling approach

The focus of the effectiveness analysis is to draw on the significant program data and robust analytical/economic techniques to assess the impact of SQW on labour market outcomes at the level of the individual, the community and the state. The starting point is the impact of SQW on individuals who participate in the programs.

A positive outcome occurs when a participant is either employed or involved in further training one year after having finished a SQW program; and the basic question is whether participants in SQW are achieving outcomes at a higher rate than would have occurred in the absence of the SQW programs.

Of course, a participant cannot both be in and not in an SQW program, so we aim to compare participants with a similar group of individuals – the SQW participants are the ‘treatment’ group and we aim to compare their outcomes with an appropriately defined ‘control’ group of individuals that have not participated in SQW.

Labour market outcomes depend on more than just participation in SQW. Success in the labour market also depends on the characteristics of the participants and local labour market conditions.

In a controlled experiment, individuals are randomly assigned to either the treatment group or the control group, and that random assignment typically means that the characteristics of the individuals and local labour market conditions are similar for the two groups. As a result, assessing the labour market program is simply a matter of comparing outcomes between the groups.

However, SQW is not a controlled experiment. The effects of the characteristics of the participants and local labour market conditions must therefore be taken into account in the analysis. That means applying the appropriate techniques to control for the characteristics of the participants and local labour market conditions. Our approach is to use other sources of data to identify a control group (which might be better referred to as a comparison group).

The strength of the analysis may depend on factors such as:

- The number of observations available and,
- The ‘fit’ between the treatment group and the comparison group, in terms of their characteristics and the local labour market conditions.
**Data and level of detail**

The data for the study are collected in annual surveys of SQW program participants. For example, there were 28,988 SQW program participants in 2009-10. Only 15,617 of those were deemed to be in-scope (according to a flag in the data provided), and 7,489 responses were actually collected.

While 7,489 observations may be sufficient to undertake an analysis of the overall effect of the SQW programs, it may limit the level of detail in the analysis – across programs and demographic cohorts. Consequently we propose to undertake our analysis according to the breakdown shown in Figure 6.1 below, where the validity of the findings will be greater at Level 1 then Level 4.

**Choice of the comparison group**

The ‘fit’ between the treatment and comparison groups refers to the level of similarity in their observed characteristics.

Based on the variables in the OESR survey data and DEEWR control data, these characteristics include:

- Region;
- Aboriginal or Torres Strait Islander (ATSI) status;
- Disability;
- Non-English Speaking background (NESB);
- Age; and
- Length of unemployment prior to participating in SQW program.
It is noted that despite the policy aims of SQW, data limitations meant it was not possible to distinguish the analysis between those who were previously underemployed, unemployed or out of the labour force.

Ultimately, the effectiveness of the SQW program derived using the treatment/comparison methodology can be simplified to the following equation:

$$\text{Effectiveness}(emp|X) = P_t(emp|X) - P_c(emp|X)$$

where:

$$\text{Effectiveness}(emp|X) = \text{Added probability of a participant with given demographic and geographic characteristics, represented by the symbol X, finding work (or training) within a year of completing a SQW program}$$

$$P_t(emp|X) = \text{Probability of a participant with given demographic and geographic characteristics finding work (or training) within a year of completing a SQW program}$$

$$P_c(emp|X) = \text{Probability of an individual not participating in a SQW program but with very similar demographic and geographic characteristics finding work (or training) within a year.}$$

**Conditional probability modelling inputs**

As outlined above, there were two primary streams of input data required for the conditional probability modelling: (1) the employment pathways of the treatment group; (2) the employment pathways of the control group.

The details on the employment pathways of the treatment group come from the OESR survey of SQW participants, conducted 12 to 18 months after the completion of their involvement with SQW. The survey captures the individual’s basic demographic characteristics and some basic details on their employment and study participation at that point in time. This analysis incorporates surveys undertaken between June 2008 and December 2011, in line with the 2007/08-2009/10 SQW cohort analysis period.

The details of the employment pathways of the control group come from the DEEWR Labour Market Assistance Outcomes (LMAO) reports, conducted 3 months after participation in Commonwealth employment assistance. Again the survey captures basic demographic characteristics and some basic details on their employment and study participation at that point in time. This analysis incorporates surveys undertaken in June 2010 and June 2011 to align with the SQW cohort analysis period.

While not perfectly aligned in terms of the period between participation and outcome measurement, any bias in the data could be argued to skew the results either in favour of SQW or against SQW. Also, given the LMAO data involves self-assessed measurement of similar circumstances to the OESR survey, it represents the most comprehensive data source available to define a suitable control group in the context of this study.

Where the LMAO data lacked regional and periodic detail, this was introduced using the relativities available from the Job Network/Job Services Australia unit record data from the analysis period.
### Table 6.2: Employment pathway probabilities (pooled 2007/08-2009/10)

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Cohort</th>
<th>Treatment Group (SQW)</th>
<th>Control Group (LMAO)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Studying</td>
<td>Not Studying</td>
<td>Total</td>
<td>Studying</td>
</tr>
<tr>
<td>Employed</td>
<td>ATSI</td>
<td>20.5%</td>
<td>38.8%</td>
<td>59.3%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>ATSI</td>
<td>11.4%</td>
<td>29.4%</td>
<td>40.7%</td>
</tr>
<tr>
<td>Total</td>
<td>ATSI</td>
<td>31.8%</td>
<td>68.2%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Employed</td>
<td>Disability</td>
<td>6.9%</td>
<td>32.2%</td>
<td>39.1%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>Disability</td>
<td>10.3%</td>
<td>50.6%</td>
<td>60.9%</td>
</tr>
<tr>
<td>Total</td>
<td>Disability</td>
<td>17.2%</td>
<td>82.8%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Employed</td>
<td>NESB</td>
<td>12.8%</td>
<td>45.9%</td>
<td>58.6%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>NESB</td>
<td>14.0%</td>
<td>27.4%</td>
<td>41.4%</td>
</tr>
<tr>
<td>Total</td>
<td>NESB</td>
<td>26.8%</td>
<td>73.2%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Employed</td>
<td>Less than 20</td>
<td>18.1%</td>
<td>38.3%</td>
<td>56.4%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>Less than 20</td>
<td>14.8%</td>
<td>28.8%</td>
<td>43.6%</td>
</tr>
<tr>
<td>Total</td>
<td>Less than 20</td>
<td>32.8%</td>
<td>67.2%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Employed</td>
<td>20 to 45 years</td>
<td>13.6%</td>
<td>48.1%</td>
<td>61.7%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>20 to 45 years</td>
<td>9.8%</td>
<td>28.5%</td>
<td>38.3%</td>
</tr>
<tr>
<td>Total</td>
<td>20 to 45 years</td>
<td>23.4%</td>
<td>76.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Employed</td>
<td>More than 45</td>
<td>8.2%</td>
<td>48.2%</td>
<td>56.3%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>More than 45</td>
<td>6.0%</td>
<td>37.7%</td>
<td>43.7%</td>
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<tr>
<td>Total</td>
<td>More than 45</td>
<td>14.2%</td>
<td>85.8%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Employed</td>
<td>Less than 12 months</td>
<td>11.2%</td>
<td>48.1%</td>
<td>59.4%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>Less than 12 months</td>
<td>10.6%</td>
<td>30.0%</td>
<td>40.6%</td>
</tr>
<tr>
<td></td>
<td>Less than 12 months</td>
<td>12+ months</td>
<td>Less than 12 months</td>
<td>12+ months</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------------</td>
<td>------------</td>
<td>---------------------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21.8%</td>
<td>78.2%</td>
<td>100.0%</td>
<td>18.5%</td>
</tr>
<tr>
<td><strong>Employed</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than 12 months</td>
<td>8.0%</td>
<td>35.4%</td>
<td>43.4%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Unemployed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than 12 months</td>
<td>11.0%</td>
<td>45.6%</td>
<td>56.6%</td>
<td>10.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>19.0%</td>
<td>81.0%</td>
<td>100.0%</td>
<td>16.3%</td>
</tr>
<tr>
<td><strong>Employed</strong></td>
<td>South East Queensland</td>
<td>13.2%</td>
<td>46.6%</td>
<td>58.8%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>South East Queensland</td>
<td>10.0%</td>
<td>31.2%</td>
<td>41.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>South East Queensland</td>
<td>23.1%</td>
<td>76.9%</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Employed</strong></td>
<td>Southern Queensland</td>
<td>15.8%</td>
<td>46.0%</td>
<td>61.8%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>Southern Queensland</td>
<td>8.1%</td>
<td>30.1%</td>
<td>38.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>Southern Queensland</td>
<td>23.9%</td>
<td>76.1%</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Employed</strong></td>
<td>Northern Queensland</td>
<td>20.3%</td>
<td>47.0%</td>
<td>67.3%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>Northern Queensland</td>
<td>9.2%</td>
<td>23.6%</td>
<td>32.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>Northern Queensland</td>
<td>29.5%</td>
<td>70.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Employed</strong></td>
<td>Central Queensland</td>
<td>19.4%</td>
<td>46.5%</td>
<td>66.0%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>Central Queensland</td>
<td>7.9%</td>
<td>26.1%</td>
<td>34.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>Central Queensland</td>
<td>27.3%</td>
<td>72.7%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: DAE based on OESR and DEEWR LMAO data

It is also important to note the LMAO outcomes data was weighted according to the SQW composition of Job Services Australia (JSA) Streams and Disability Employment Network (DEN) involvement. That is, over the period of interest, of the 60-70% of SQW participants with a relationship with Commonwealth Labour Market Assistance, some 70% where in JSA Streams 1-2, 19% where in JSA Streams 3-4 and 11% where involved with the DEN (after redistributing a small proportion of participants who fell into other labour market assistance categories).
General equilibrium modelling

The primary interface between the conditional probability modelling and the general equilibrium (GE) modelling is through the labour market, with movements in the Queensland labour market in the GE model being driven in total by the outputs of the probability modelling. The labour market in the remainder of Australia is subject only to the standard general equilibrium market clearing assumptions.

At an implementation level, there is no explicit migration in our model, each labour market is partitioned off and the participation rate varies to bid people in and out of the labour market in response to wage movements. Furthermore, in this context it doesn’t intuitively seem like there should be a strong migration story – rather this is more likely to apply to higher paid employment for instance in relation to a large mining investment or similar.

The Deloitte Access Economics – Regional General Equilibrium Model (DAE-RGEM) is a large scale, dynamic, multi-region, multi-commodity computable general equilibrium model of the world economy. The model allows policy analysis in a single, robust, integrated economic framework. This model projects changes in macroeconomic aggregates such as GDP, employment, export volumes, investment and private consumption. At the sectoral level, detailed results such as output, exports, imports and employment are also produced.

The model is based upon a set of key underlying relationships between the various components of the model, each which represent a different group of agents in the economy, with these relationships are solved simultaneously.

Figure B.1 shows the key components of the model for an individual region. The components include a representative household, producers, investors and international (or linkages with the other regions in the model, including other Australian States and foreign regions). Below is a description of each component of the model and key linkages between components. Some additional, somewhat technical, detail is also provided.

Figure B.1: Key components of DAE-RGEM
DAE-RGEM is based on a substantial body of accepted microeconomic theory. Key assumptions underpinning the model are:

- The model contains a ‘regional consumer’ that receives all income from factor payments (labour, capital, land and natural resources), taxes and net foreign income from borrowing (lending).

- Income is allocated across household consumption, Government consumption and savings so as to maximise a Cobb-Douglas (C-D) utility function.

- Household consumption for composite goods is determined by minimising expenditure via a CDE (Constant Differences of Elasticities) expenditure function. For most regions, households can source consumption goods only from domestic and imported sources. In the Australian regions, households can also source goods from interstate. In all cases, the choice of commodities by source is determined by a CRESH (Constant Ratios of Elasticities Substitution, Homothetic) utility function.

- Government consumption for composite goods, and goods from different sources (domestic, imported and interstate), is determined by maximising utility via a C-D utility function.

- All savings generated in each region are used to purchase bonds whose price movements reflect movements in the price of creating capital.

- Producers supply goods by combining aggregate intermediate inputs and primary factors in fixed proportions (the Leontief assumption). Composite intermediate inputs are also combined in fixed proportions, whereas individual primary factors are combined using a CES production function.

- Producers are cost minimisers, and in doing so, choose between domestic, imported and interstate intermediate inputs via a CRESH production function.

- The model contains a more detailed treatment of the electricity sector that is based on the ‘technology bundle’ approach for general equilibrium modelling developed by ABARE (1996).

- The supply of labour is positively influenced by movements in the real wage rate governed by an elasticity of supply.

- Investment takes place in a global market and allows for different regions to have different rates of return that reflect different risk profiles and policy impediments to investment. A global investor ranks countries as investment destinations based on two factors: global investment and rates of return in a given region compared with global rates of return. Once the aggregate investment has been determined for Australia, aggregate investment in each Australian sub-region is determined by an Australian investor based on: Australian investment and rates of return in a given sub-region compared with the national rate of return.

- Once aggregate investment is determined in each region, the regional investor constructs capital goods by combining composite investment goods in fixed proportions, and minimises costs by choosing between domestic, imported and interstate sources for these goods via a CRESH production function.

---

• Prices are determined via market-clearing conditions that require sectoral output (supply) to equal the amount sold (demand) to final users (households and Government), intermediate users (firms and investors), foreigners (international exports), and other Australian regions (interstate exports).

• For internationally-traded goods (imports and exports), the Armington assumption is applied whereby the same goods produced in different countries are treated as imperfect substitutes. But, in relative terms, imported goods from different regions are treated as closer substitutes than domestically-produced goods and imported composites. Goods traded interstate within the Australian regions are assumed to be closer substitutes again.

• The model accounts for greenhouse gas emissions from fossil fuel combustion. Taxes can be applied to emissions, which are converted to good-specific sales taxes that impact on demand. Emission quotas can be set by region and these can be traded, at a value equal to the carbon tax avoided, where a region’s emissions fall below or exceed their quota.

The representative household

Each region in the model has a so-called representative household that receives and spends all income. The representative household allocates income across three different expenditure areas: private household consumption; Government consumption; and savings.

Going clockwise around Figure B, the representative household interacts with producers in two ways. First, in allocating expenditure across household and Government consumption, this sustains demand for production. Second, the representative household owns and receives all income from factor payments (labour, capital, land and natural resources) as well as net taxes. Factors of production are used by producers as inputs into production along with intermediate inputs. The level of production, as well as supply of factors, determines the amount of income generated in each region.

The representative household’s relationship with investors is through the supply of investable funds – savings. The relationship between the representative household and the international sector is twofold. First, importers compete with domestic producers in consumption markets. Second, other regions in the model can lend (borrow) money from each other.

Some detail

• The representative household allocates income across three different expenditure areas – private household consumption; Government consumption; and savings – to maximise a Cobb-Douglas utility function.

• Private household consumption on composite goods is determined by minimising a CDE (Constant Differences of Elasticities) expenditure function. Private household consumption on composite goods from different sources is determined is determined by a CRESH (Constant Ratios of Elasticities Substitution, Homothetic) utility function.

• Government consumption on composite goods, and composite goods from different sources, is determined by maximising a Cobb-Douglas utility function.

• All savings generated in each region is used to purchase bonds whose price movements reflect movements in the price of generating capital.
Producers

Apart from selling goods and services to households and Government, producers sell products to each other (intermediate usage) and to investors. Intermediate usage is where one producer supplies inputs to another’s production. For example, coal producers supply inputs to the electricity sector.

Capital is an input into production. Investors react to the conditions facing producers in a region to determine the amount of investment. Generally, increases in production are accompanied by increased investment. In addition, the production of machinery, construction of buildings and the like that forms the basis of a region’s capital stock, is undertaken by producers. In other words, investment demand adds to household and Government expenditure from the representative household, to determine the demand for goods and services in a region.

Producers interact with international markets in two main ways. First, they compete with producers in overseas regions for export markets, as well as in their own region. Second, they use inputs from overseas in their production.

Some detail

- Sectoral output equals the amount demanded by consumers (households and Government) and intermediate users (firms and investors) as well as exports.

- Intermediate inputs are assumed to be combined in fixed proportions at the composite level. As mentioned above, the exception to this is the electricity sector that is able to substitute different technologies (brown coal, black coal, oil, gas, hydropower and other renewables) using the ‘technology bundle’ approach developed by ABARE (1996).

- To minimise costs, producers substitute between domestic and imported intermediate inputs is governed by the Armington assumption as well as between primary factors of production (through a CES aggregator). Substitution between skilled and unskilled labour is also allowed (again via a CES function).

- The supply of labour is positively influenced by movements in the wage rate governed by an elasticity of supply is (assumed to be 0.2). This implies that changes influencing the demand for labour, positively or negatively, will impact both the level of employment and the wage rate. This is a typical labour market specification for a dynamic model such as DAE-RGEM. There are other labour market ‘settings’ that can be used. First, the labour market could take on long-run characteristics with aggregate employment being fixed and any changes to labour demand changes being absorbed through movements in the wage rate. Second, the labour market could take on short-run characteristics with fixed wages and flexible employment levels.

Investors

Investment takes place in a global market and allows for different regions to have different rates of return that reflect different risk profiles and policy impediments to investment. The global investor ranks countries as investment destination based on two factors: current economic growth and rates of return in a given region compared with global rates of return.

Some detail

- Once aggregate investment is determined in each region, the regional investor constructs capital goods by combining composite investment goods in fixed
proportions, and minimises costs by choosing between domestic, imported and interstate sources for these goods via a CRESH production function.

**International**

Each of the components outlined above operate, simultaneously, in each region of the model. That is, for any simulation the model forecasts changes to trade and investment flows within, and between, regions subject to optimising behaviour by producers, consumers and investors. Of course, this implies some global conditions must be met such as global exports and global imports are the same and that global debt repayments equals global debt receipts each year.

**Sectors and regions**

A key strength of the DAE-RGEM modelling framework is the ability to develop custom aggregations both at the regional and sectoral level to suit the analysis at hand. For the purposes of this analysis a database aggregation that separately identifies the regions of interest in Queensland has been developed, with the regional and sectoral definitions described in Tables A.1 and A.2.

**Table B.1: Database regions**

<table>
<thead>
<tr>
<th>Region</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Queensland</td>
<td>LGAs of Banana, Barcaldine, Barcoo, Blackall Tambo, Central Highlands, Diamantina, Gladstone, Isaac, Longreach, Mackay, Rockhampton, Whitsunday, Winton and Woorabinda</td>
</tr>
<tr>
<td>North Queensland</td>
<td>LGAs of Boulia, Aurukun, Burdekin, Burke, Cairns, Carpentaria, Cassowary Coast, Charters Towers, Cloncurry, Cook, Croydon, Dormadgee, Etheridge, Flinders, Hinchinbrook, Hope Vale, Kowanyama, Lockhart River, Mapoon, McKinlay, Mornington, Mount Isa, Napranum, Northern Peninsula Area, Palm Island, Pormpuraaw, Richmond, Tablelands, Torres, Torres Strait Island, Townsville, Weipa, Wujal Wujal and Yarrabah</td>
</tr>
<tr>
<td>South East Queensland</td>
<td>LGAs of Moreton Bay, Sunshine Coast, Gold Coast, Logan, Redland, Ipswich, Lockyer Valley, Scenic Rim, Somerset and Brisbane</td>
</tr>
<tr>
<td>Southern Queensland</td>
<td>LGAs of Cherbourg, Gympie, South Burnett, Bundaberg, Fraser Coast, North Burnett, Balonne, Bulloo, Goondiwindi, Maranoa, Murweh, Paroo, Quilpie, Southern Downs, Toowoomba and Western Downs</td>
</tr>
<tr>
<td>Rest of Australia</td>
<td>Australia excluding Qld</td>
</tr>
<tr>
<td>Rest of World</td>
<td>Rest of World</td>
</tr>
</tbody>
</table>

Source: Deloitte Access Economics
### Table B.2: Database sectors

<table>
<thead>
<tr>
<th>Sector Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>All primary agriculture</td>
</tr>
<tr>
<td>Coal</td>
<td>Brown Coal, split according to ABS energy accounts, ABARE statistics and industry production data</td>
</tr>
<tr>
<td>Oil</td>
<td>Oil, including extraction and incidental service activities excluding surveying</td>
</tr>
<tr>
<td>Gas</td>
<td>Gas, including extraction and incidental service activities excluding surveying</td>
</tr>
<tr>
<td>Other Mining</td>
<td>Mining of metal ores, uranium, gems, and other mining including quarrying</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Manufacturing including processed food, petroleum and coke oven products, basic chemicals, non-metallic minerals, non-ferrous metals, textiles, publishing, fabricated metals, motor vehicles, electronics manufacture and other manufacturing</td>
</tr>
<tr>
<td>Electricity</td>
<td>Electricity production and distribution</td>
</tr>
<tr>
<td>Water</td>
<td>Water collection, purification and distribution</td>
</tr>
<tr>
<td>Construction Services</td>
<td>Construction services, including homes, factories, offices and roads</td>
</tr>
<tr>
<td>Trade</td>
<td>Wholesale and retail trade</td>
</tr>
<tr>
<td>Transport</td>
<td>Road, rail, water and air transport</td>
</tr>
<tr>
<td>Communications</td>
<td>Postal services and telecommunication</td>
</tr>
<tr>
<td>Business Services</td>
<td>All business services, including real estate, renting, imputed rents of owner occupied houses and other business services</td>
</tr>
<tr>
<td>Government</td>
<td>Government services</td>
</tr>
</tbody>
</table>

Source: Deloitte Access Economics
Appendix C: Literature review of social benefits

In addition to its economic benefits, the outcomes achieved by Skilling Queenslanders for Work also have direct positive social impacts. This appendix explores the nature of these benefits with specific reference to:

- human capital, in terms of health and wellbeing; and
- social capital with reference to components such as access to social support networks, social participation and community engagement, social cohesion and community resilience.

**Human capital – health and wellbeing**

Of relevance to the outcomes achieved through SQW, health and wellbeing are affected by both an individual’s employment status and their basic level of skills and abilities. These separate influences are considered in turn here.

**Employment**

Many studies have established a strong and positive association between being in employment and measures for health and wellbeing. While there are clear theoretical grounds which could explain the causation between these measures flowing in either direction, there is a significant body of empirical literature indicating that, relative to unemployment, being employed contributes to improved health and wellbeing.

For instance, in relation to health and longevity, a number of longitudinal studies have established that, even after controlling for other factors such as pre-existing illness, education levels and other personal characteristics, individuals who have suffered periods of long-term unemployment suffered higher rates of mortality. This includes a study in Denmark which found that even after controlling for a set of other variables being unemployed was associated with a 40% to 50% higher mortality rate.

Available evidence also indicates that, relative to being unemployed, having a job contributes to improved mental health. For instance, one large Australian study of young people established that being unemployed was causally linked to a 50% increase in the risk of psychological disturbance. Importantly, the same study also established that the negative implications of unemployment were largely reversed upon re-employment. Other studies have made similar findings on the mental health benefits of moving from unemployment to employment.

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46 Martikainen & Volkonon (1996); Morris, Cook, & Shaper (1994)
47 Iversen, Andersen, Andersen P & Keiding (1987)
48 Morrell, Taylor, Quine, Kerr and Western (1994)
49 Banks & Jackson (1982)
The evidence also demonstrates that being in employment contributes to enhanced life satisfaction. For instance, a study from the United States found that entering unemployment lowered life-satisfaction, a negative impact which survey data indicated persisted even after the individual had regained employment. Likewise, self-esteem is negatively affected by unemployment, particularly among school leavers, even after controlling for a range of confounding factors such as education and gender.

Finally, there is evidence that the benefits associated with employment extend to the health and education outcomes of children, with implications for intergenerational life opportunities. For instance, children whose parents are employed have been found to be less likely to have chronic illness and to require less medical attention than the children of parents who are unemployed. Likewise, a study utilising longitudinal data for Australia found that children in NSW who grew up in jobless households were up to 13% more likely to display behavioural and emotional problems. Further, there is evidence that factors associated with unemployment have a disruptive effect on parenting, increasing the risk that children from long-term jobless households will engage in negative behaviours including crime.

Employability skills

In addition to delivering employment outcomes, SQW also delivers basic foundation and life skills. While these skills facilitate employment and, therefore, enable the benefits of employment, they also have direct benefits for an individual’s health and wellbeing. A wide range of evidence has demonstrated a strong positive association between health, wellbeing and life satisfaction and education. The causal link between these variables has also been explored and has been found to flow, at least in part, from increased skills to improved health and wellbeing; for example, see Hayward, Pannozzo and Colman (2005).

It is of particular relevance to the present review to establish the extent to which the specific skills delivered by SQW, that is basic employability skills, have a direct impact on health and wellbeing. While existing literature provides relatively little direct focus on this issue, evidence which does exist suggests that the delivery of basic skills is associated with positive outcomes against the relevant measures, perhaps even more so than education at higher levels. For instance, one study presents indicative evidence that students studying basic skills experience the strongest gain, particularly in terms of confidence and establishing positive pathways. Given this, it is reasonable to assume that most of the benefits typically found to be associated with education generally, will also emerge in relation to the specific instance of basic skills.

A number of studies demonstrate the positive link of broad measures of education to health and wellbeing. For instance, using longitudinal data Hillman and McMillan (2005) conducted a study with results suggesting that decreased time allocated to study decreased

50 Clark et al. (2002)
51 Prause and Dooley (1997)
52 Mathers (1995)
53 Taylor, Edwards & Gray (2010)
54 Weatherburn (2002); Smart et al. (2005)
**life satisfaction** levels. A number of similar studies have provided further supporting evidence on the link between education and skills, life satisfaction and health.

The role of foundation skill development in shaping *self-esteem and confidence* is also explored in available literature. In particular, one case study-based review of various TAFE institutes found that students in ‘enabling’ (foundation level) courses benefit through increased self-esteem and confidence. Likewise, Preston and Hammond (2002) identified improved self-esteem as the most important non-economic impact of education, an affect which was particularly strong for foundation level courses. Hammond (2002) also identified a range of benefits, including increased self-esteem, being in control and gaining a sense of purpose and hope as key benefits of education which contribute to improved health and wellbeing.

**Social capital – support networks, community engagement, social cohesion and community resilience**

Skills development and employment also have positive implications for an individual’s support networks, their level of community engagement and general social cohesion. Indeed, while the skills delivered through the SQW framework are explicitly targeted at building ‘work-readiness’, core skills in areas such as communication and collaborative interaction are directly relevant to building social capital. For instance, Kearns (2004) notes that many of these core skills are relevant to community development and are necessary to promote an active citizenry, engaged in their communities. Likewise, another study summarises the benefits of skill delivery courses as underpinning the network of relationships necessary to build trust, reciprocity and loyalty which contribute to a well-functioning society and coordinated action. The evidence on the extent of these benefits is explored in a number of studies.

For instance, one study found that students in foundation level courses often re-enrolled in order to maintain ongoing social contacts, **develop support networks** and feel a sense of belonging. Likewise, another study, which sampled vocational education and training students who had left school early, found that four in five respondents reported benefits from their courses in terms of improved social integration and personal development. This result is consistent with Hammond (2002) who suggests that increased social integration leads to the immediate outcome of increased education, better equipping individuals to cope with difficult situations in work and life more broadly.

In an analysis of a specific adult education program, Tyers and Aston (2002) identified a range of social and community benefits. These included **increased community engagement** by surveyed individuals, improved personal relationships, increased capacity for collaboration between formal providers and the community and higher community

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56 Hillman & McMillan (2005)
58 Dawe (2004)
60 Kearns (2004)
61 Allison, Gorringe & Lacey (2006)
62 Dawe (2004)
63 Teese, Davies and Walstab (2002)
profiles for relevant organisations. Improved social networks and support, along with the skills developed in these courses, have also been identified as helping course participants to overcome life barriers and exert more control over personal challenges.

There is also evidence that courses focused specifically on literacy and numeracy offer substantial social benefits. For instance, a study by Balatti, Black and Falk (2008) states that 80% of surveyed adult literacy and numeracy students reported positive social capital outcomes including the development of new networks and an enhanced ability to interact with authority and collaborate with others. Likewise, a different study found that adult literacy students enjoyed benefits from their course which lead to an increase in social linkages, with an increase in the number and variety of groups with which they interacted.

Increased education has also been linked to enhanced social cohesion in a number of contexts. For instance, a study by Comer (1988) suggests that increased education contributes to reduced alienation and social inequalities in relation to minority groups in the United States. Enhanced social cohesion is also associated with reduced crime, as indicated by a number of studies. Of interest, estimates provided by Lochner and Moretti (2003) indicate that increased investment in education for at risk individuals is a cost effective crime minimisation strategy which pays a significant social dividend. Likewise, investment in skills delivery courses for convicted inmates has also been found to reduce the rate of offenders returning to custody.

Finally, the role of skill development has also been recognised as fundamental to ensuring community resilience. This measure relates to the extent to which communities are able to cope with internal or external stresses and disturbances (such as economic change or environmental disasters), and are able to respond positively to take-up opportunities. Having an appropriately skilled workforce is central to this objective but may be undermined by high unemployment and limited opportunities for skills development, challenges faced by many regional communities in Queensland and other parts of Australia.

Accordingly, appropriate skills delivery programs and employment support may be a useful means through which to enhance community resilience. For instance, it has been argued that in communities facing downturns or ongoing structural challenges, employment and skills delivery schemes focused on the creation and maintenance of diverse skill sets and labour utilisation are of great importance.

---

64 Tyers & Aston (2002)
65 Preston & Hammond (2002)
66 Balatti, Black and Falk (2006)
67 Bensenman & Tobias (2003)
68 Comer (1988)
69 Freeman (1995); Yamanda, Yamanda & Kang (1991)
70 Locner and Moretti E (2003)
71 Callan and Gardner (2005)
72 McIntosh et al. (2008)
73 Alston & Kent (2004); Mugford & Rohan-Jones (2006)
References


Callan V and Gardner J (2005) Vocational education and training provision and recidivism in Queensland correctional institutions, NCVER.


Appendix D: Online survey

Deloitte Access Economics developed and deployed an online survey to obtain information on the broader impacts of SQW, its success factors, areas for improvement and the overall satisfaction of providers with the program. The survey was distributed via email to 2010-11 SQW providers by the Department and to local councils by the Local Government Association of Queensland.

The survey was designed to be concise, to encourage a high response rate. It was also piloted with several SQW providers, to ensure the questions were framed appropriately and that organisations would generally be able to provide the type of information required.

During April-May 2012, SQW providers were given a two week timeframe to complete the survey. The survey attracted 202 responses from around 323 invitations and therefore achieved a response rate of 63%.

The charts below show the proportion of responses by region and program.

Chart D.1: Proportion of survey responses by region
Note: In calculating the results, it was necessary to account for those respondents whose answers related to the delivery of multiple programs and/or the delivery of program(s) in multiple regions. This was done by counting the responses on the basis of how many regions or programs any given response related to. For example, a respondent delivering one program in two regions would have their responses counted twice, while a respondent delivering two programs in two regions would be counted four times. In effect, this means a weighting has been applied to the responses.

The survey instrument is outlined below.

**Survey questions**

1. What is your organisation name?

2. What DEEDI region are you located in? (Select as many as applicable.)
   - Central Queensland Region
   - North Queensland Region
   - Southern Region
   - South East Region

3. What SQW programs do you currently provide? (Select as many as applicable.)
   - Community Employment and Infrastructure Program*
   - Productivity Places Program
   - Community Literacy Program
   - Get Set for Work Program
   - Participate in Prosperity
   - First Start Program
   - Green Army

*Also known as Skilling Queenslanders for Work – customised assistance.

**Broader impacts**
4. On balance, participation in SQW programs leads to the following social benefits for *individuals*.

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved physical health</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved mental wellbeing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved life skills (problem-solving, communication, etc)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved standard of living</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Improved life satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved circumstances for participant’s children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Please describe any other social benefits for individuals not listed above.

6. On balance, SQW programs lead to the following social benefits for *communities* (over the longer term).

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved support networks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Better relationships between different social groups</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved co-operation between local groups such as council, community-based organisations, employers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved community infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced marginalisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced social problems such as crime, violence, mental illness, poverty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greater resilience and ability to cope with social, economic or environmental change (e.g. closure of a mine, natural disasters)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. Please describe any other social benefits for communities not listed above.

**Success factors**

8. Overall, SQW is a successful program.
   - Strongly agree
   - Agree
9. Why do you believe that SQW is successful (or otherwise)?

10. The following factors contribute to SQW’s success.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overarching program flexibility (e.g. ability to respond quickly to emerging needs; capacity to collaborate with other agencies)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovative funding approach (e.g. funding decisions made by Community Jobs Priorities Committees; ability to leverage funding from other sources)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strong regional/community focus (e.g. local needs and localised outcomes are important; model builds on existing community-based relationships)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment to participant needs (e.g. voluntary and free participation; wrap-around support for certain participants)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transparency and accountability (e.g. annual performance reviews of providers; use of evaluation checklists and funding guidelines)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. Please describe any other factors for success not listed above.

**Funding**

12. For the SQW program(s) you delivered during 2010-11, on average what proportion of your funding came from:

- DEEDI (SQW-specific funding)
- Other Queensland Government sources
- Commonwealth Government sources
- Private sources
- In-kind support

*Note: If you deliver more than one SQW program, you can either provide an estimate for one particular program or an average estimate for all programs combined. The proportions should add up to 100% in total. Please enter ‘0’ if you do not receive funding from a particular source.*
Areas for improvement

13. The following elements of SQW could be improved.

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility criteria</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative consistency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>across regions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automation of applications and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>reporting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget tool</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participant reporting tool</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14. Do you have any comments about the areas listed in Question 13?

15. Please describe any other areas where SQW could be improved.

Overall satisfaction

16. Overall, I am satisfied with the SQW program, compared to other job readiness/placement initiatives.
   - Strongly agree
   - Agree
   - Disagree
   - Strongly disagree
   - Don’t know

17. Do you have any other comments you would like to make about SQW?
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