



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Evaluation Report

Impact of the Job Search Service on client benefit outcomes: Update report

March 2010

Author

Centre for Social Research and Evaluation, Ministry of Social Development

Disclaimer

The views and interpretations in this report are those of the researcher and are not the official position of the Ministry of Social Development.

Readers should note that this report was prepared for internal use only, and has not been through the Ministry's full publication quality assurance process. MSD is publishing this research as it may be of value and interest to the social services research community and others. The report has been edited and proof read, but the layout and content has not been reviewed or updated since the report was finalised.

Suggested citation

MSD (2010). *Impact of the Job Search Service on client benefit outcomes: Update report*, Centre for Social Research and Evaluation, Ministry of Social Development, Wellington.

Date of publication

This report was completed in March 2010, and published in the MSD Research Archive website in June 2019.

ISBN

Online 978-0-9951241-9-6

CONTENTS

Tables	4
Figures	4
Glossary.....	5
Summary.....	7
Main findings.....	7
Conclusion	8
Background	9
Job Search Service.....	9
Evaluation Findings	12
Limitations of analysis.....	12
Expected impact of the Job Search Service on benefit outcomes	12
How does the evidence match our expectations	14
Impact of Job Search Service on new Unemployment Benefit grants	15
Impact of Job Search Service on time on main benefit after Unemployment Benefit grant.....	19
Grants of Sickness Benefit	25
Transfers to non-Sickness Benefits	26
Overall effect of Job Search Service on benefit numbers	28
References.....	30

Tables

Table 1: Comparison of Job Search Service to previous case management practice	10
Table 2: Impact of Job Search Service on Unemployment Benefit grants (excluding transfers) by quarter	18
Table 3: Combined impact of Work for You and Job Search Service on Unemployment Benefit grants.....	19
Table 4: Impact of Job Search Service on average time on benefit in the 13 weeks after grant.....	22
Table 5: Main features of the average time clients spent on benefit at six months and one year	23
Table 6: Impact of Job Search Service on the average time spent on a main benefit within 26 weeks of Unemployment Benefit grant.....	24
Table 7: Impact of Job Search Service on the average time spent on main benefit within 52 weeks of Unemployment Benefit grant (excluding transfers)	24

Figures

Figure 1: Anticipated impact of Job Search Service on benefit outcomes	13
Figure 2: Number of Unemployment Benefits (UB) granted each month (excluding transfers)	16
Figure 3: Impact of Work for You (WRK4U) on the number of Unemployment Benefit grants	17
Figure 4: Proportion of clients on main benefit after starting an Unemployment Benefit (UB) by year of grant.....	20
Figure 5: Average time on benefit in the first 13 weeks after being granted Unemployment Benefit (UB) by grant month	21
Figure 6: Monthly number of new Sickness Benefit (SB) grants	26
Figure 7: Number of transfers to Sickness Benefits within 26 weeks of grant of an Unemployment Benefit (UB).....	27
Figure 8: Estimated reduction in benefit numbers from the introduction of the Job Search Service.....	29

Glossary

Alignment of Sickness and Unemployment Benefit rates: before July 1998, the weekly amount paid to people receiving Sickness Benefit was higher than for Unemployment Benefit, after July 1998, the two rates were aligned.

Contact Centre Support: involves clients calling the contact centre once a week to report what job-search activities they have undertaken. Contact Centre Support also involves the contact centre calling clients if they have failed to meet this obligation. Non-contacts are followed up by case managers.

Decision Support Tool (DST): a structured set of questions that help Work and Income staff identify what income and employment assistance a person will need when they approach Work and Income for assistance.

Domestic Purposes Benefit (DPB): covers clients who have sole caring responsibilities for their children or caring full time at home for a person (other than their spouse or partner). In addition, DPB Women Alone is for women who have turned 50 and have lost the support of their partner or have finished caring for their children.

Impact: the difference a programme or intervention makes to the outcomes of affected group (eg, participants in employment programmes or clients subject to a work test).

In2WRK: is a job-search programme that involves participants coming into the Work and Income service centre every day for a week for training in self-presentation, where to look for jobs, CV preparation, interviewing skills and cold calling.

Invalid's Benefit (IB): for people who are not able to work because they are permanently and severely restricted in their capacity for work.

Job Search Service: 13 weeks of intensive job search assistance that involves four service levels: call centre contact, job café (Search4WRK), job search programme (In2WRK) and specialised employment assistance. All clients starting Unemployment Benefit are required to participate in the programme.

Jobz4U: An electronic job matching tool that matches vacancies to Work and Income clients.

Planning and Assessment Module: group processing of Unemployment Benefit applications, and involves ensuring clients have the right documentation, loading applications into Social Welfare Information for Tomorrow Today (SWIFTT) and referring clients to one of the four main Job Search Service activities or, in specific circumstances, an individual case manager.¹

MSD: Ministry of Social Development.

Main benefit: is first tier assistance to meet most of a person's living costs. Main benefits include Unemployment, Sole Parent, Sickness and Invalid's benefits.

Search4WRK: is a group-based job-search activity where clients come into the service centre twice a week for six weeks and are co-ordinated by the group facilitator to look in newspapers, job internet sites, and the job board at the service centre and, where appropriate, encouraged to consider training. Clients are also required to apply for an agreed number of jobs during the week and to record this in their jobs leads diary, which is checked by the group facilitator.

¹ These situations may include when clients are: refugees, migrants, child sex offenders, home detainees, clients with literacy and/or numeracy difficulties, youth (16–17 years old).

SB/IB Gateways: change in the way medical information is collected for applications for Sickness Benefit and Invalid's Benefit applications designed to improve the quality of information collected on clients' health and disability related circumstances. Gateways were introduced for applications in September 2007.

Sickness Benefit (SB): for people who cannot work because of sickness, injury, disability or pregnancy.

SWIFTT: Social Welfare Information for Tomorrow Today is the administrative system for recording eligibility and payment of income support assistance to clients. SWIFTT has been running since 1991.

Unemployment Benefit (UB): provides income support for people who are looking for work or training for work.

Work and Income: service arm of the Ministry of Social Development responsible for administering income support payments and provision of employment assistance.

Work for You: a seminar that applicants for Unemployment Benefit are required to attend before applying for their benefit. In the seminar, clients are told about the benefits of work, informed about local labour market conditions and given a set of documents required for applying for benefit. Work for You was introduced in August 2003 and before January 2009 was called WRK4U.

SUMMARY

This report presents the findings of the Job Search Service's impact on benefit receipt from September 2006, when the Job Search Service was rolled out, to the June 2009 quarter. These findings supersede the interim findings reported in 2008 (CSRE 2008).

Main findings

Unemployment Benefit grants fell by seven percent after the Job Search Service's introduction

Controlling for labour market trends, seasonality and other Ministry of Social Development (MSD) interventions we estimate Job Search Service resulted in 11,700 fewer new² Unemployment Benefit³ grants between September 2006, when the Job Search Service was rolled out, and June 2009. In other words, without the introduction of the Job Search Service, we estimate there would have been 11,700 more grants of Unemployment Benefit between September 2006 and June 2009. In percentage terms, this equates to a 7 percent decrease in Unemployment Benefit grants over the period.

Job Search Service (and Work for You) has a larger impact on Unemployment Benefit grants during periods of low unemployment

We found the effect of the Job Search Service depends on labour market conditions. Before the economic downturn from September 2008 onward, the Job Search Service reduced Unemployment Benefit grants by an average of 28 percent between June 2007 and June 2008. From September 2008, the effect of the Job Search Service on Unemployment Benefit grants has decreased with a slowing economy and increasing unemployment. In combination with Work for You, we conclude the work-first approach to the Unemployment Benefit application process has no significant impact on grants after December 2008.

People are spending less time on benefit after the introduction of Job Search Service

Over the initial 13 weeks of the Job Search Service, people granted Unemployment Benefit spent on average 2.1 fewer days on main benefits. Further, the reduction continues after Job Search Service ends. Extending the timeframe out to six and 12 months, the effect of the Job Search Service increases to 3.8 days and 11.5 days respectively (or in percentage terms a 3.2 percent and 6.2 percent fall).

However, like the impact on Unemployment Benefit grants, the effect of the Job Search Service in reducing the average time on benefit has decreased during the economic recession. As a result, the Job Search Service **increased** (not statistically significant) the average time for clients on benefit in 2009.

Job Search Service may have resulted in a modest increase in Sickness Benefit grants

Analysis of Sickness Benefit grants found that grants increased by 220 each quarter (a 2.2 percent increase) following the introduction of the Job Search Service. This estimate is, however, not statistically significant and we cannot rule out the possibility that Job Search Service had no effect on the number of Sickness Benefit grants.

² New grants exclude situations where a client transfers from one main benefit to another within 14 days.

³ Unemployment Benefit-related benefits include: Community Wage Job Seekers-55+, Community Wage Job Seekers-Young, Unemployment Benefit, Unemployment Benefit Hardship.

Job Search Service may have decreased transfers from Unemployment Benefit to Sickness Benefit

As with Sickness Benefit grants, we found a small non-significant decrease in transfers from Unemployment Benefit to Sickness Benefit after the introduction of the Job Search Service. We estimate 127 fewer transfers occurred each quarter after the Job Search Service's introduction.

Overall, the Job Search Service (with Work for You) reduced the number of people on benefit by 13,900 on average between September 2006 and June 2009

Combining the impact of Job Search Service and Work for You on the number of Unemployment Benefit grants and time on main benefits after grant, we estimate Job Search Service (with Work for You) reduced the number of people on benefit at any one time by 13,900 between September 2006 and June 2009. Job Search Service achieved the largest reduction during the 2008 calendar year, with a much smaller effect in the first half of 2009. Further, most of this reduction in benefit receipt would have been among clients receiving Unemployment Benefit,⁴ with little impact on the number receiving other benefits, and Sickness Benefit in particular.

Conclusion

Job Search Service and Work for You reduced the number of people on benefit, but only during periods of labour demand

Our findings show that, during periods of labour demand, the Job Search Service had a substantial effect on the take up of Unemployment Benefit as well as reducing the average time people remain on benefit after Unemployment Benefit grant. However, once the economic recession started; and, in particular, when unemployment increased, we find the work-first approach (Job Search Service and Work for You) no longer reduces the number of Unemployment Benefit grants after December 2008.

It is not surprising to find an interaction between labour market conditions and a work-first programme such as Job Search Service. Several reasons are involved in why the Job Search Service (with Work for You) would have a lower impact during periods of increasing unemployment, including:

- labour market contraction, which means fewer employment opportunities are available to place people into before starting a benefit
- people perceiving fewer opportunities are available, therefore they are more likely to decide to proceed onto a benefit as a precaution
- the increase in flow of people onto benefits, which reduces the time case managers and work brokers have to help individuals into work
- resource constraints (seminar rooms in particular), when large numbers of people are coming onto Unemployment Benefit it makes it more difficult to maintain the fidelity of the programme
- it is harder to motivate or convince people to actively seek work if they perceive there is a lack of work opportunities
- the compliance effects of being referred to programmes, such as Search4WRK and In2WRK, will be less where people are unable to exit a benefit to work to avoid participating in them.

⁴ People starting Unemployment Benefit are required to participate in the Job Search Service; participation is voluntary for people on other benefits.

The last point may help explain the apparent increase in the average time people spend on Unemployment Benefit as a result of the Job Search Service in 2009. Analysis of the direct effect of the two job search programmes within the Job Search Service (Search4WRK and In2WRK) indicates that the programmes result in participants spending more time on a benefit rather than less (CSRE 2009: 73). The argument in the literature is that much of the effectiveness of job search programmes is through their compliance effects (ie, people exit a benefit rather than participate) instead of any improvement in outcomes from participating in them. However, such compliance effects can only occur if people have alternative financial support (usually, but not always, by moving into work). In periods of high unemployment, however, we expect compliance effects to diminish for this reason and, therefore, the overall effect of job search programmes will be dominated by their negative participation impacts.

BACKGROUND

Job Search Service

Participation in the Job Search Service lasts for up to 13 weeks and divided into two stages. The first is the pre-benefit process (outlined below) in the first week, while the second stage involves group activities for the remaining 12 weeks, with a reassessment at six and 12 weeks. Reassessments may result in the referral of a client to a different group-based job-search activity, to a contracted service (eg, training) or to an individual case manager (should the client be identified as requiring one-on-one assistance).

Stage 1: Pre-benefit process

Job seekers may initially contact Work and Income by going into a Work and Income service centre or calling a Work and Income contact centre. If they call the contact centre, the Customer Service Representative (CSR) will complete a pre-assessment by going through the Decision Support Tool (DST) over the phone and, if the Job Search Service is appropriate for the client's circumstances, book them into the Work for You information seminar. If a client goes into a service centre, a staff member will go through the DST face to face, develop a Jobz4U profile and then, if Job Search Service is suitable, book them into the next available Work for You seminar.

Once the client has attended a Work for You seminar, where they are told about the benefits of work, informed about local labour market conditions and given a Jobz4U template and benefit application form, a service centre staff member or CSR will book them in to the earliest available Planning and Assessment Module. In this module, people applying for Unemployment Benefit gather at the service centre and a Work and Income staff member or Planning and Assessment Module facilitator checks that clients have all the documentation needed to support their application for benefit and have completed a self-assessment form (a written self-assessment of how well equipped the applicant is to secure employment).

In the Planning and Assessment Module, clients who have completed their benefit applications and self-assessments are referred to a case manager. The case manager completes or updates the client's Jobz4U profile, logs their benefit application in Social Welfare Information for Tomorrow Today (SWIFTT) and, based on their circumstances and support needed, refers the client into one of the four main Job Search Service activities (as

outlined below) or, should individual circumstances require it, to an individual case manager.⁵

Stage 2: Job-search activities

Job Search Service differs from previous practice in that it is more structured, works more intensively with clients and has less case manager discretion. Within the Job Search Service are three new or amended group-managed activities.

- *Contact Centre Support* requires clients to call the contact centre once a week to tell the centre what job-search activities they have undertaken. Contact Centre Support also involves the contact centre calling clients if they have failed to meet this obligation. Clients who do not call in are recorded in the Ministry’s “unified client view” system (UCVII) with the reason they gave for not calling (if the contact centre was able to contact them).
- *Search4WRK* is a group-based job-search activity. Clients are required to come into the service centre twice a week for six weeks. The group facilitator co-ordinates the group’s job search in newspapers, job internet sites and the job board at the service centre. Where appropriate, the group facilitator encourages clients to consider training. Clients are also required to apply for an agreed number of jobs during the week and to record this in their jobs leads diary, which is checked by the group facilitator.
- *In2WRK* is a more intensive group-facilitated job-search activity and a condensed version of the three-week Work Track programme. In2WRK involves clients coming into the service centre every day for a week for training in self-presentation, where to look for jobs, CV preparation, interviewing skills and cold calling.

Clients in the Job Search Service can also be referred to contracted services. This happens when a case manager decides that training is required to support a client into work or to improve their work capacity before starting or undertaking further group-based, structured job-search activities. The Job Search Service contracted services are predominantly Tertiary Education Commission-funded Training Opportunities courses and Straight2WRK targeted industry training courses that operate for more than 20 hours per week and last for more than four weeks.

At any point in the 13-week programme, should a case manager consider it more appropriate, a client can work with a case manager one on one and receive job search help outside the four primary Job Search Service activities listed above. This capacity within the Job Search Service enables the delivery of tailored, flexible assistance to best meet the needs of clients.

Table 1 provides a comparison of Job Search Service to previous case management practice.

Table 1: Comparison of Job Search Service to previous case management practice

Stage	Pre-Job Search Service	Job Search Service (from September 2006)
Contact Work and Income	Complete Decision Support Tool assessment (from June 2006)	Complete Decision Support Tool assessment
Pre-benefit seminars	Work for You (from August 2003)	Work for You
Benefit application	One-to-one case manager interview	Planning and Assessment Module
Initial 13 weeks on benefit	At case manager’s discretion, a client may be referred to employment and training	Clients are allocated to one of four activities. Contact Centre Support

⁵ These situations may include when clients are: refugees, migrants, child sex offenders, home detainees, clients with literacy and/or numeric difficulties, youth (16–17 years old).

Stage	Pre-Job Search Service	Job Search Service (from September 2006)
	assistance.	and Search4WRK are new to Job Search Service and had not been operating previously.
Reassessment (six and 12 weeks)	At case manager's discretion	Requirement of Job Search Service

Operation of the Job Search Service

An evaluation was conducted in the first 12 sites to begin the Job Search Service (CSRE 2007b). The main findings of the evaluation are summarised below.

- The Job Search Service was working largely as intended with:
 - most of intended clients participating in the new service
 - client flows through key service points as planned
 - no increase in time before benefit grant.
- Staff reported seeing more clients earlier in their benefit spell and believe the new service is more effective in moving clients into work than the previous practice of helping clients individually through a less structured format.
- Clients reported the increased activity requirements and monitoring associated with the new service are fair, motivating and likely to improve employment outcomes. Clients did not report being pressured to take up inappropriate or unsustainable work.
- While increases in staff workload were reported, these were generally welcomed because the process overall was seen to be more effective in helping clients into work.
- Staff approved of shortening the three-week Work Track programme into an intensive one-week work-focused module (In2WRK) – one area where an increase in workload was reported.
- As expected, variations in some elements of service delivery were evident. Understanding variations has been useful in informing ongoing implementation.
 - The Planning and Assessment Module appeared to work most efficiently when the service is well resourced, staff regularly rotate roles, customer service representatives complete Decision Support Tool notes, and clients entering through the contact centre attend Work for You seminars beforehand.
 - It is important that clients have access to a case manager one on one to discuss benefit entitlement issues because some clients are reluctant to make enquiries in a group setting or may not understand all issues that are raised in the group presentations.
 - Search4WRK participants in some service centres reported limited availability of job search resources, such as newspapers, internet and email facilities.
 - Variations in monitoring job search activity for clients receiving Contact Centre Support were evident.
 - Some staff indicated confusion over responsibilities in the reassessment and sanctioning of Contact Centre Support clients.

In addition, analysis of administrative data shows a substantial increase in participation in job search assistance programmes by clients who have been on Unemployment Benefit for less than six months.

EVALUATION FINDINGS

This section outlines the findings from and limitations of our analysis. It discusses what effects we expected the introduction of the Job Search Service to have on benefit receipt. The purpose of our theory on how Job Search Service is expected to influence benefit receipt is to provide a framework for our analysis and, in particular, hypotheses to test. We summarise the findings for each hypothesis, before discussing them in more detail.

Limitations of analysis

Before discussing the findings, it is important to understand the limitations of the analysis. The impact of the Job Search Service is based on pre-post comparisons of the aggregate benefit trends (eg, number of grants per month) using time-series modelling (refer technical annex for more detail). Pre-post designs have two important limitations.

Impacts have to be large to be detected

The first limitation is the sensitivity of the analysis to identify the impact of policies and programmes. The impact of the Job Search Service will have to be substantial for us to detect it with any confidence. We can improve the likelihood of identifying the impact of Job Search Service by controlling for other factors that might influence benefit trends (eg, changing labour market demand or other policy and operational changes). Nevertheless, the true impact of the Job Search Service will need to be large relative to the overall variation in benefit trends before we can be confident we have observed the impact of the Job Search Service.

Circumstantial rather than conclusive evidence

The second limitation is the risk that we have not fully accounted for all factors that influence benefit trends. The danger is we have missed important variables that are also correlated with variables already included in the model. The effect of such an omitted variable is to bias the estimates of the parameters associated with these variables in the model (ie, our parameter estimates of the model variables do not reflect their true influence on benefit trends). The greatest concern will be for the Job Search Service variable in the model. If a variable is omitted that is correlated with the Job Search Service's introduction this will bias our estimates over its impact. In other words, we will mistakenly attribute the change in trend because of the omitted variable to the introduction of the Job Search Service. We have taken care to reduce this risk by including variables in the model to control for all theorised influences on the benefit outcome in question.

Expected impact of the Job Search Service on benefit outcomes

Our analysis is based on the expected impact of the Job Search Service on people's behaviour in the take up of benefit and how long they remain on benefit (see also Figure 1). We discuss below the anticipated effect of the Job Search Service. Its purpose is to help guide where we should focus our analysis.

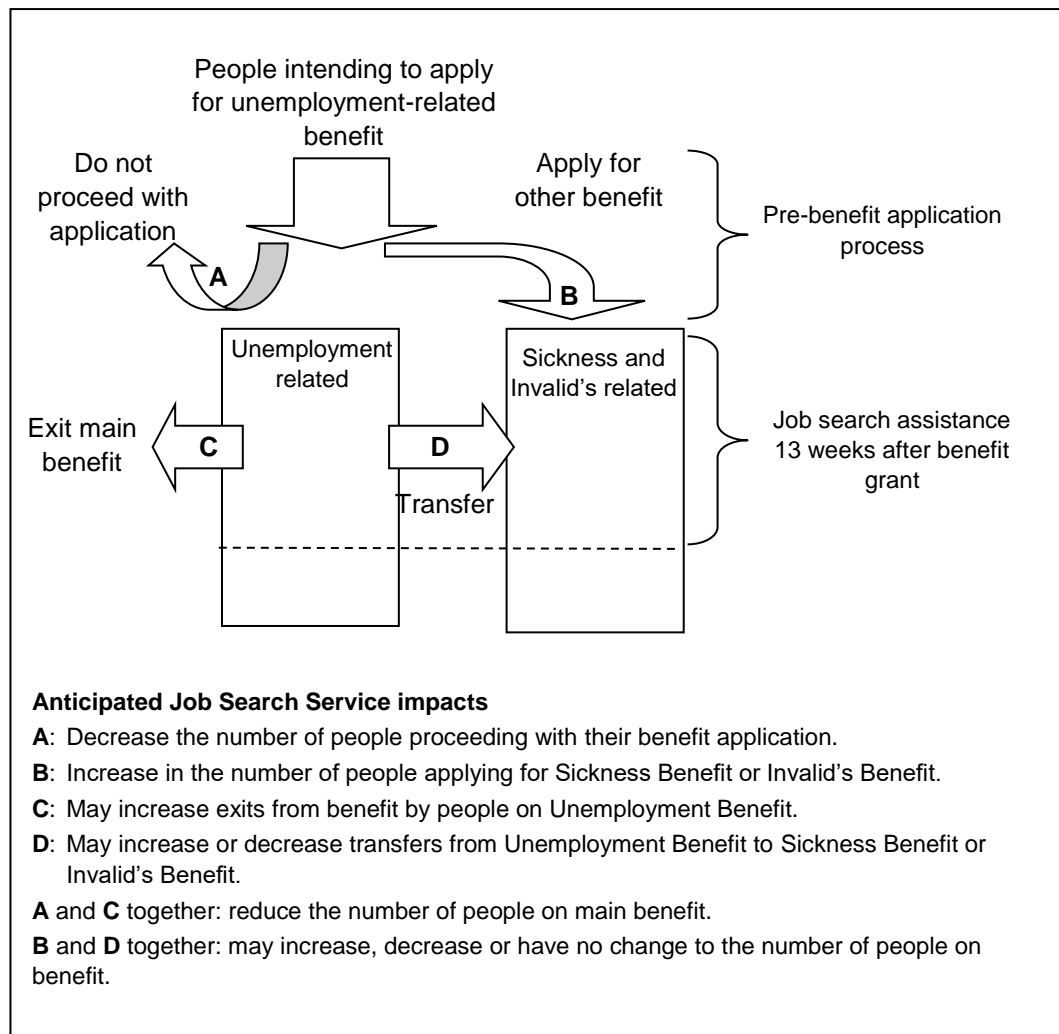
A: Fewer people start Unemployment Benefit

Because Job Search Service starts before a person applies for a benefit, it is possible the Job Search Service results in fewer people starting Unemployment Benefit. Such a decrease could occur because Work and Income places people into employment or because they do not want to comply with the requirements of participating in the Job Search Service. We would expect the greatest decrease in benefit starts would occur among people who would either have alternative means of financial support or were confident of finding employment quickly.

B: People may choose to apply for Sickness Benefit

Instead of applying for Unemployment Benefit because of the Job Search Service, people may instead apply for other benefits, in particular, Sickness Benefit and to a lesser extent Invalid's Benefit. Therefore, introducing the Job Search Service could see an increase in applications and grants for Sickness Benefit. We do not anticipate an increase in domestic purposes-related benefits because most people intending to apply for the Unemployment Benefit are unlikely to be eligible for a Domestic Purposes Benefit.⁶

Figure 1: Anticipated impact of Job Search Service on benefit outcomes



C: People spend less time on benefit after grant of Unemployment Benefit

Because the Job Search Service works with all clients on an Unemployment Benefit in the first 13 weeks, we could see people exiting off benefit sooner either because:

- the assistance helped clients find work
- the job search activities of clients increased.

However, there is a potential countervailing factor. If the Job Search Service results in fewer people coming on to benefit, it may also change the profile of people starting a benefit from more to less work ready. That is, it is the more work-ready people who do not

⁶ A previous pilot (Addressing the Long-Term Unemployed) that involved the activation of clients reaching three years on Unemployment Benefit, found that those clients were more likely to transfer to Sickness and Invalid's benefits as a result. But there was no increase in transfers to Domestic Purposes Benefits (CSRE 2007a).

start a benefit because of the Job Search Service. If such a change in profile occurs then the average time on benefit under Job Search Service may well increase.

D: Change in the number of people transferring from Unemployment Benefit to other benefits

Alongside people moving off benefit, the evidence shows that more intensive job search assistance results in people moving to non-work tested benefits (eg, removal of work test exemption for 55–59 year old unemployed) (MSD 2005). For the Job Search Service, an increase may occur in transfers from Unemployment Benefit to Sickness Benefit. However, another potential countervailing influence exists. We already suppose the Job Search Service will divert people to apply for other benefits instead of the Unemployment Benefit. It is likely at least some of these people would have transferred to other benefits at some point after grant of Unemployment Benefit. Therefore, we may see a decrease in the number of transfers from Unemployment Benefit to Sickness Benefit because of the Job Search Service.

How does the evidence match our expectations

A: Job Search Service has led to fewer people starting Unemployment Benefit

We estimate there have been 11,700 (CI: 41,000, 11,700) fewer new⁷ Unemployment Benefit⁸ grants between September 2006 (when the Job Search Service was introduced) and June 2009. In percentage terms, this equates to a 7 percent (CI: 23 percent, 7 percent) decrease in Unemployment Benefit grants.

We found the impact of the Job Search Service depends on labour market conditions. Before the economic downturn from September 2008 onward, the Job Search Service reduced Unemployment Benefit grants by an average of 28 percent between June 2007 and June 2008. From September 2008, the effect of the Job Search Service on Unemployment Benefit grants has decreased with a slowing economy and increasing unemployment. In combination with Work for You, we conclude the work-first approach to the Unemployment Benefit application process has no significant effect on grants after December 2008.

B: People may choose to apply for Sickness Benefit

Our analysis indicates no significant change occurred in Sickness Benefit grants with the introduction of the Job Search Service. If the Job Search Service is included, the model identifies the Job Search Service as increasing the number of sickness-related benefit grants by 220 (CI: –380.0, 820.0) each quarter; this equates to a 2.2 percent (CI: –3.8 percent, 8.3 percent) increase. Because of the absence of a large or significant impact on Sickness Benefit grants, we did not analyse the effect of Job Search Service on Invalid's Benefit grants.

C: People are spending less time on benefit after grant of Unemployment Benefit

The Job Search Service reduced by 2.1 days (CI: 0.8, 2.5) the average time clients remained on a main benefit⁹ in the first 13 weeks after grant of an Unemployment Benefit. In percentage terms, this decrease equates to a 2.7 percent (CI: 1.0 percent, 3.4 percent)

⁷ New grants exclude situations where a client transfers from one main benefit to another within 14 days.

⁸ Unemployment Benefit-related benefits include: Community Wage Job Seekers-55+, Community Wage Job Seekers-Young, Unemployment Benefit, Unemployment Benefit Hardship.

⁹ This includes time on any main benefit not just the unemployment-related benefits.

fall. Extending the timeframe out to six and 12 months, the impact increases to 3.8 days (CI: 5.3, 2.4) and 11.5 days (CI: 14.8, 8.1) respectively (or 3.2 percent (CI: 4.4 percent, 2.0 percent) and 6.2 percent (CI: 8.0 percent, 4.3 percent) decrease).

However, like its effect on Unemployment Benefit grants, the impact of the Job Search Service decreases as unemployment increases. Further, from 2009 onwards, the impact of Job Search Service is to increase rather than decrease the average time people are on benefit after grant. Such a shift from a reduction to an increase in average time on benefit may reflect the increased dominance of the sorting effect of the Job Search Service on who comes onto benefit (more disadvantaged clients) relative to the ability of the Job Search Service to move clients off benefit after grant (ie, a work-first strategy is more difficult to operate in a period of growing unemployment).

An alternative explanation may be that the compliance effect of Job Search Service activities falls with deteriorating labour market conditions; therefore, more clients participate in job-search activities (Search4WRK and In2WRK). Analysis of the impact of participating in these programmes (as opposed to being referred) indicates they decrease rather than increase the likelihood participants will be off benefit (CSRE 2009: 73).

D: Job Search Service may increase the number of people transferring from Unemployment Benefit to Sickness Benefit

Our analysis finds the Job Search Service has not changed the number of people transferring from the Unemployment Benefit to Sickness Benefit in the first 26 weeks after grant. When we include the Job Search Service in our model of Unemployment Benefit to Sickness Benefit transfers, we get a poorer overall fit and non-significant impact of Job Search Service. If the Job Search Service is included, the model identifies Job Search Service as decreasing the number of transfers to Sickness Benefit by 127 (CI: -278, 23) each quarter, this equates to a 13.1 percent decrease (CI: -28.5 percent, 2.4 percent).

Impact of Job Search Service on new Unemployment Benefit grants

The first stage of the analysis examines whether introducing the Job Search Service changed the number of new grants of Unemployment Benefit (ie, excluding transfers¹⁰). In this analysis, Unemployment Benefit includes: Community Wage Job Seekers-55+, Community Wage Job Seekers-Young, Unemployment Benefit, Unemployment Benefit Hardship, and excludes Training and Student Hardship benefits. The basis for excluding the latter two benefits is that these reflect instances where people are either temporarily unemployed but with the intent of returning to study, or engaged in training programmes and not participating in the Job Search Service programme. We decided to exclude transfers because we are looking at the effect of the Job Search Service on people starting benefit, before looking at how long they remain on benefit after entering the benefit system.

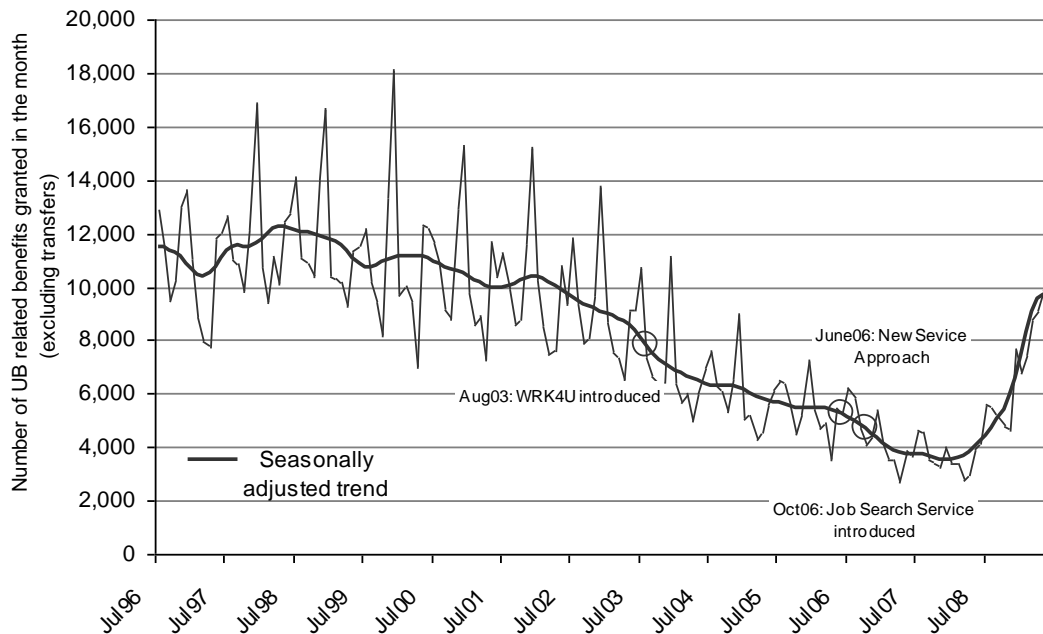
Figure 2 shows the number of Unemployment Benefits granted each month from July 1996 to June 2009. Using time-series modelling (see technical annex), we are able to explain most of this series. The main features of the model are summarised below.

- The model is based on the number of people granted Unemployment Benefits in each quarter (excluding transfers).
- Labour market trends explain most of the trend in Unemployment Benefit grants. We used Household Labour Force Survey HLFS Unemployed data (restricted to people aged 18–64) to represent the trend in the overall labour market activity. The parameter sign is as expected, with an increasing unemployment rate associated with an

¹⁰ Transfers are defined as when a client starts a benefit within 14 days of cancelling another benefit.

increased number of Unemployment Benefit grants. In addition, working age (18 to 64 years) improved the model fit (more than unemployed expressed as a percentage of the working age population).

Figure 2: Number of Unemployment Benefits (UB) granted each month (excluding transfers)



Unemployment Benefit-related benefits include: Community Wage Job Seekers-55+, Community Wage Job Seekers-Young, Unemployment Benefit, Unemployment Benefit Hardship.

Transfers are defined as when a client starts a benefit within 14 days of cancelling another benefit.

Source: Information Analysis Platform, data extracted 30 September 2009 (research data, not official MSD statistics)

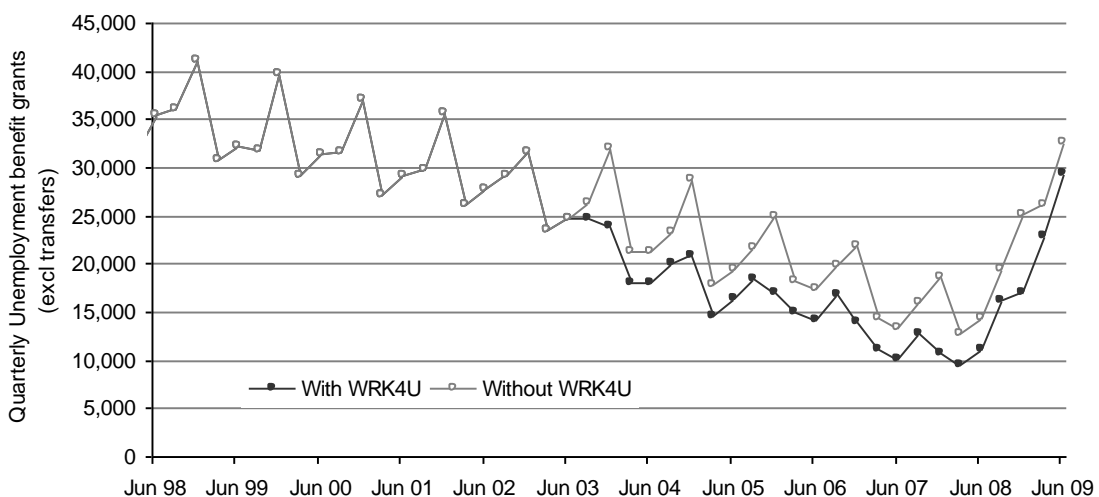
- Two seasonal peaks occur in Unemployment Benefit grants. In the December quarter, grants increase by around 5,000, while in the March quarter, grants fall by 4,200. However, the seasonal pattern has changed over the analysis period, particularly since the December 2005 quarter, with the seasonal fall in grants no longer as marked.
- As well as the Job Search Service, we have also added Work for You (previously called WRK4U). Its introduction in August 2003 coincided with a large fall in the number of people being granted benefits (3,200 fewer grants each quarter after Work for You). Work for You also changed the seasonal pattern in Unemployment Benefit grants by reducing the seasonal peak in the December quarter, controlled for using an interaction term between Work for You and the December quarter. In addition to the overall decrease in grants, the December quarter saw an additional reduction of around 4,800 grants with the introduction of Work for You.
- The model includes an interaction between the Job Search Service and HLFS Unemployment. The interaction shows that, as unemployment increases, the impact of Job Search Service decreases. For every 1,000 additional unemployed, the impact of the Job Search Service on Unemployment Benefit grants falls by 200 grants.

- We included an autoregressive term at lag 4 and moving average term at lag 1, to ensure the residuals are uncorrelated over time. The model residuals are randomly distributed over time (ie, white noise).¹¹
- Sensitivity testing shows it is unlikely that we would have detected the impact of Job Search Service by chance.

Work for You reduced Unemployment Benefit grants, especially in the December quarter

As discussed below, we cannot consider the impact of Job Search Service without also examining the impact of the earlier Work for You pre-employment seminar introduced in late 2003. Between 2003 and June 2009, we estimate Work for You decreased grants by 21 percent (CI: 8 percent, 33 percent). In absolute terms, Work for You reduced by 1,400 (CI: 600, 2,400) the average number of Unemployment Benefits granted each month. As Figure 3 shows, the introduction of Work for You also reduced the large seasonal increase in the December quarter. We have not examined the reason for the change in seasonal pattern of grants after Work for You but believe it is related to the larger impact of Work for You on younger people who tend to come onto benefit at the end of the academic year.

Figure 3: Impact of Work for You (WRK4U) on the number of Unemployment Benefit grants



Unemployment Benefit-related benefits include: Community Wage Job Seekers-55+, Community Wage Job Seekers-Young, Unemployment Benefit, Unemployment Benefit Hardship.

Transfers are defined as when a client starts a benefit within 14 days of cancelling another benefit.

Source: Information Analysis Platform, data extracted 30 September 2009 (research data, not official MSD statistics)

Job Search Service reduced the number of people granted an Unemployment Benefit

Based on the model, we estimate the Job Search Service's introduction reduced by 500 (CI: -600, -1,800) the number of benefit grants in each quarter. Based on the model estimate, we calculate that, since introducing the Job Search Service, there have been 11,700 (CI: -11,700, -41,000) fewer Unemployment Benefit grants between October 2006

¹¹ R² values are not usually reported in time-series modelling because high R² values can easily be achieved by the addition of lagged terms.

and June 2009. In percentage terms, this equates to a 7 percent (CI: -7 percent, -23 percent) decrease in Unemployment Benefit grants.

Job Search Service impact has decreased since the June 2008 quarter

Because of the interaction between Job Search Service and HLFS Unemployment, the impact of Job Search Service was at its highest up to the June 2008 quarter. After June 2008, the Job Search Service's effect on Unemployment Benefit grants has steadily decreased to reach 32 percent by June 2009. Such a large positive impact seems somewhat implausible. The reason for this counterintuitive result can be traced back to how Work for You and Job Search Service are included in the model.

Job Search Service and Work for You are intimately linked interventions. Both interventions have a strong influence on the number of people coming onto Unemployment Benefit. Further, Job Search Service incorporated Work for You as part of the Unemployment Benefit application process. Therefore, the distinction between Work for You and Job Search Service in our time-series model is somewhat misleading. It would be preferable to have a single parameter with three values to represent:

1. no Work for You (pre-August 2003)
2. Work for You (August 2003 to September 2006)
3. Work for You plus Job Search Service (September 2006 onward).

The problem is we do not have any prior value that we can place on what the difference is between Work for You and Work for You plus Job Search Service in influencing benefit receipt. For this reason, we included each intervention as a separate parameter. The problem this poses is that any interaction between labour market conditions and Work for You plus Job Search Service is entirely attributed to the Job Search Service parameter. For this reason, we get the unexpected significantly positive impact of Job Search Service on Unemployment Benefit grants in tTable 2 after December 2008.

Table 2: Impact of Job Search Service on Unemployment Benefit grants (excluding transfers) by quarter

Quarter	Observed grants	Counterfactual number of grants (without Job Search Service)	Impact of Job Search Service
December 2006	13,900	15,500	-1,600
March 2007	11,200	12,100	-900
June 2007	10,200	14,900	-4,800
September 2007	12,700	18,000	-5,200
December 2007	10,700	16,700	-6,000
March 2008	9,600	11,000	-1,400
June 2008	11,100	14,500	-3,400
September 2008	16,200	18,000	-1,800
December 2008	17,100	16,900	100
March 2009	23,000	17,000	6,000
June 2009	29,400	22,300	7,100
Total	165,100	176,900	-11,700

Unemployment Benefit-related benefits include: Community Wage Job Seekers-55+, Community Wage Job Seekers-Young, Unemployment Benefit, Unemployment Benefit Hardship.

Transfers are defined as when a client starts a benefit within 14 days of cancelling another benefit.

Values may not add to totals due to rounding.

Table 3 shows the combined effect of Work for You and Job Search Service. The reduction in the overall impact of Work for You plus Job Search Service is still large after December 2008. However, the overall impact remains non-significant rather than significantly positive after December 2008. In other words, the model suggests that, in periods of rising unemployment, the impact of work-first strategies incorporated in Work for You and Job Search Service diminishes.

There are several reasons why the impact of a work-first pre-benefit approach decreased since June 2008, including:

- labour market contraction, which means fewer employment opportunities are available to place people into
- people perceiving fewer opportunities are available and, therefore, being more likely to decide to proceed onto benefit as a precaution
- increasing flows of people onto unemployment benefits, which reduces the time case managers and work brokers have to help individuals into work
- resource constraints (seminar rooms in particular) when large numbers of people are coming onto Unemployment Benefit, which makes it more difficult to maintain the fidelity of the programme
- it is harder to motivate or convince people to actively seek work if they perceive there is a lack of work opportunities.

Table 3: Combined impact of Work for You and Job Search Service on Unemployment Benefit grants

Quarter	Observed grants	Counterfactual number of grants	Impact	Confidence interval
December 2006	13,900	23,500	-9,600	3,800
March 2007	11,200	15,300	-4,100	4,600
June 2007	10,200	18,100	-8,000	5,100
September 2007	12,700	21,100	-8,400	5,200
December 2007	10,700	24,700	-14,000	5,600
March 2008	9,600	14,200	-4,600	5,300
June 2008	11,100	17,700	-6,600	5,200
September 2008	16,200	21,200	-5,000	5,300
December 2008	17,100	25,000	-7,900	5,800
March 2009	23,000	20,100	2,800	6,900
June 2009	29,400	25,500	3,900	7,200
Total	165,100	134,600	-55,300	34,800

Unemployment Benefit-related benefits include: Community Wage Job Seekers-55+, Community Wage Job Seekers-Young, Unemployment Benefit, Unemployment Benefit Hardship.

Transfers are defined as when a client starts a benefit within 14 days of cancelling another benefit.

Values may not add to totals due to rounding.

Source: Information Analysis Platform (research data, not official MSD statistics)

Impact of Job Search Service on time on main benefit after Unemployment Benefit grant

The second stage of the analysis looks at whether the Job Search Service has changed the time that people remain on benefit after starting an Unemployment Benefit. Because the Job Search Service works with all clients on Unemployment Benefit in the first 13 weeks, we could see people exiting off benefit sooner either because:

- the assistance helped clients find work
- the job search activities of clients increased.

Trends in benefit status after grant

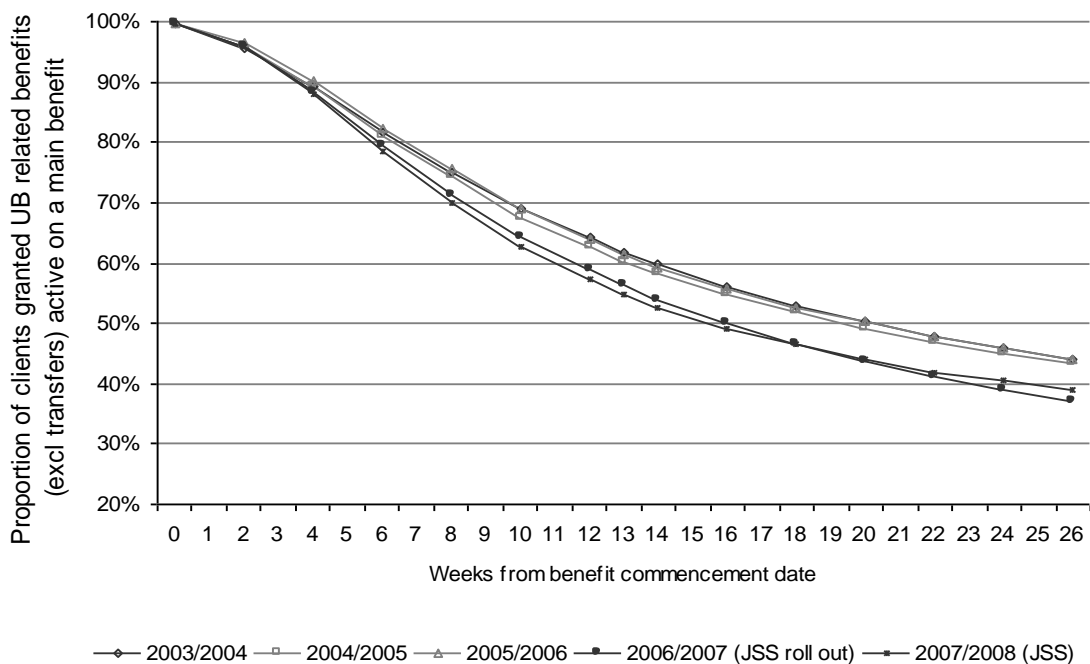
Descriptive analysis provides compelling evidence that the introduction of the Job Search Service has changed how long clients remain on a main benefit after an Unemployment Benefit grant. Figure 4 shows for all clients granted an Unemployment Benefit the proportion who are on a main benefit at each lapse period¹² after grant. The series is divided by year (each year starts in June to coincide with the full roll out of the Job Search Service). Therefore, 2006/07 is the year that the Job Search Service was rolled out, while 2007/08 is the first year the Job Search Service was fully implemented.

Before the introduction of the Job Search Service

In the three years before the Job Search Service started, the pattern is similar for each year. Initially, a steep decline occurs in the proportion of clients active on benefit after grant. While at lapse period zero nearly all clients are on a main benefit, by the end of 26 weeks, the proportion on main benefit fell to between 43 percent and 44 percent.

Because of the stability, the pattern of Unemployment Benefit clients on benefit after grant under the Job Search Service stands apart from the historical pattern. Under the Job Search Service, clients move off benefit sooner, with the largest difference over the first 26 weeks. Somewhat unexpectedly, there is no evidence that the proportion on a main benefit under the Job Search Service is converging with the historical trend. In other words, we would expect the Job Search Service to ‘accelerate’ clients into employment leading to a reduction in the proportion still on benefit over the early period after benefit grant. But over longer lapse periods, we would expect to see similar proportions of clients on benefit before and after the start of the Job Search Service.

Figure 4: Proportion of clients on main benefit after starting an Unemployment Benefit (UB) by year of grant



¹² We exclude data on any lapse period that falls within four weeks of the data extraction date to reduce the level of noise caused by retrospective changes to the status of clients' benefits (eg, cancellation of benefit for a past date or conversion of a suspended benefit to a cancelled benefit).

Transfers are defined as when a client starts a benefit within 14 days of cancelling another benefit. JSS = Job Search Service. Active on a main benefit includes all main benefits not just unemployment-related benefits.

Job Search Service year starts in June to coincide with the full roll out of the Job Search Service in May 2007.

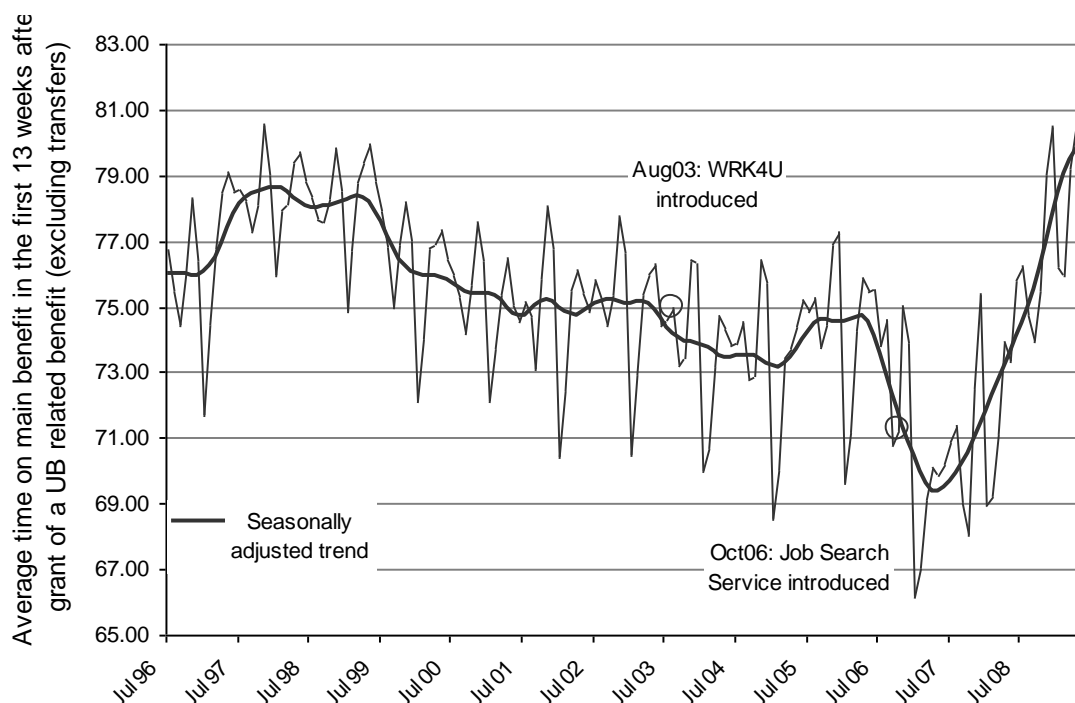
Source: Information Analysis Platform, data extracted 30 September 2009 (research data, not official MSD statistics)

Average time on benefit after grant

While patterns of benefit status after grant are informative they do not capture the total amount of time people are on benefit. Therefore, we focus on the time people spend on benefit after a new grant of Unemployment Benefit. Figure 5 shows the average time clients granted Unemployment Benefit in each month subsequently spend on a main benefit in the first 13 weeks after benefit grant. For example, in August 2008, 5,447 people were granted Unemployment Benefit; over the following 91 days these clients spent an average of 75 days on main benefit. A decrease in the average time on benefit after grant tells us that clients are exiting benefit sooner after grant.

The first point to note in the graph is the contrast in the trend between commencements (see Figure 2) and time on benefit after grant (see Figure 5). In Figure 2, the number of people starting Unemployment Benefit has fallen from a high of 11,985 monthly grants on average during 1998 to a low of 3,734 grants across the 12 months of 2007 (a 69 percent fall). In contrast, the average time on benefit in the first 13 weeks after grant does not show such a marked downward trend. Instead, the average time on benefit after 13 weeks has fallen by 11 percent between 1998 and 2007. What this suggests is that how fast people move off benefit is much less sensitive to labour market conditions than flows on to Unemployment Benefit.

Figure 5: Average time on benefit in the first 13 weeks after being granted Unemployment Benefit (UB) by grant month



Unemployment Benefit-related benefits include: Community Wage Job Seekers-55+, Community Wage Job Seekers-Young, Unemployment Benefit, Unemployment Benefit Hardship.

Transfers are defined as when a client starts a benefit within 14 days of cancelling another benefit.

Average days on a main benefit at each period after grant of a Unemployment Benefit-related benefit (excluding transfers).

Source: Information Analysis Platform, data extracted 30 September 2009 (research data, not official MSD statistics)

Impact of Job Search Service on average duration on benefit in the first 13 weeks after benefit grant

Using time-series modelling (see technical annex), we are able to explain most of this series. The main features of the model are summarised below.

- The average time on benefit 13 weeks after grant does not show the same strong relationship with changing economic conditions. Further, selecting the labour market variable is dependent on the inclusion of MSD intervention and seasonal variables. The model uses HLFS Unemployed and New Zealand Institute of Economic Research (NZIER) Unskilled Labour Hard Net to control for labour market trend.
- Two seasonal variables are included. Those people starting Unemployment Benefit in the March and September quarters had slightly shorter average durations on benefit (around 3.50 days and 1.53 days respectively).
- Job Search Service reduced the time people are on benefit after grant, but there is a significant interaction with HLFS Unemployment. Like Unemployment Benefit grants, this means the impact of the Job Search Service is smaller during quarters with high unemployment. While Work for You was associated with a large fall in unemployment-related benefit grants (see page 17), it did appear to have a major influence on the time spent on benefit after grant. We found that Work for You had a significant effect only in the September quarter, where average duration on benefit increased by 1.48 days after the introduction of Work for You. The increase in average duration is possibly a result of changes in the composition of people starting Unemployment Benefit towards more disadvantaged clients.
- We included an autoregressive parameter at lag 5, to ensure residuals are uncorrelated over time. The model residuals are small relative to the variation in the series and randomly distributed over time (ie, white noise).¹³

Job Search Service reduced the time people spend on benefit in the 13 weeks after grant

Based on the model, we estimate the Job Search Service reduced by 2.1 days (CI: -2.53, -0.76) the average time clients remained on a main benefit in the first 13 weeks after starting the Unemployment Benefit. In percentage terms, this decrease equates to a 2.7 percent (CI: 1.0 percent, 3.4 percent) fall (see Table 4). Examining the impact of Job Search Service over each successive quarter indicates the impact of the programme fell between June 2008 and March 2009, where an increase occurs in the average time spent on benefit after grant.

Table 4: Impact of Job Search Service on average time on benefit in the 13 weeks after grant

Quarter	Observed duration	Counterfactual duration (without Job Search Service)	Impact of Job Search Service	
			Days	% of counterfactual
December 2006	73.5	73.5	-1.26	-1.7
March 2007	67.4	69.7	-2.31	-3.3
June 2007	70.0	73.8	-3.73	-5.1
September 2007	70.6	74.6	-4.07	-5.5
December 2007	72.2	75.4	-3.20	-4.3

¹³ R² values are not usually reported in time-series modelling because high R² values can easily be achieved by the addition of lagged terms.

March 2008	69.7	72.3	-2.62	-3.6
June 2008	74.5	77.2	-2.70	-3.5
September 2008	75.0	76.9	-1.90	-2.5
December 2008	78.7	78.9	-0.14	-0.2
March 2009	77.3	75.8	1.43	1.9
Weighted average	73.6	75.2	-2.05	-2.7

Unemployment Benefit-related benefits include: Community Wage Job Seekers-55+, Community Wage Job Seekers-Young, Unemployment Benefit, Unemployment Benefit Hardship.

Transfers are defined when a client starts a benefit within 14 days of cancelling another benefit. Values may not add to totals due to rounding.

Source: Information Analysis Platform (research data, not official MSD statistics)

Impact of the Job Search Service after 13 weeks

So far, we have estimated the impact of the Job Search Service on the time people spend on benefit over the first 13 weeks. However, as Figure 4 shows, the proportion of clients on a main benefit who participated in the Job Search Service remains lower than the historical average beyond the end of the Job Search Service. Therefore, we estimated the impact of Job Search Service on the average time clients spent on benefit six months and one year after being granted an unemployment-related benefit. Table 5 gives a summary of the main features of the two models.

Table 5: Main features of the average time clients spent on benefit at six months and one year

Average duration on benefit within 26 weeks of Unemployment Benefit grant	Average duration on benefit within 52 weeks of Unemployment Benefit grant
Household Labour Force Survey (HLFS) Unemployment rate	HLFS Unemployment rate
Clients granted benefit in the March quarter spend less time on benefit after grant, while those granted benefit in the June and September quarters spent longer on benefit	Clients granted benefit in the June quarter spent longer on benefit relative to those granted benefit in the other three quarters
Job Search Service was the only Ministry of Social Development (MSD) intervention variable included in the model and included an interaction with HLFS Unemployment rate	Job Search Service was the only MSD intervention variable included in the model and included an interaction with HLFS unemployment rate
To achieve white noise in the residuals, the model included a moving average parameter at lag 3 and an autoregressive term at lag 5	To achieve white noise in the residuals, the model included moving average parameters at lags 3 and 4 with an autoregressive term at lag 5

Job Search Service reduced average time on benefit over the first year after Unemployment Benefit grant

The effect of the Job Search Service on the average time on benefit increased over longer lapse periods. At the end of the Job Search Service, we estimated the average time on benefit six months after grant for those granted Unemployment Benefit fell by 3.2 percent (CI: 4.4 percent, 2.0 percent) and 6.2 percent (CI: –8.0 percent, –4.3 percent) after one year. Again, looking at the effect of the Job Search Service over successive quarters, we find the estimated impact is decreasing in line with the economic recession starting in 2008 (Table 6 and table 7).

Table 6: Impact of Job Search Service on the average time spent on a main benefit within 26 weeks of Unemployment Benefit grant

Quarter	Observed duration	Counterfactual duration (without Job Search Service)	Impact of Job Search Service	
			Days	% of counterfactual
December 2006	113.6	116.2	–3.2	–2.7
March 2007	105.4	111.4	–7.3	–6.5
June 2007	112.1	123.1	–11.3	–9.2
September 2007	108.4	119.3	–10.5	–8.8
December 2007	113.1	119.7	–7.4	–6.2
March 2008	111.0	117.2	–6.4	–5.4
June 2008	121.6	128.7	–5.2	–4.0
September 2008	123.7	123.0	–0.1	0.0
December 2008	131.3	124.3	7.0	5.6
Average (weighted)	116.7	120.6	–3.8	–3.2

Unemployment Benefit-related benefits include: Community Wage Job Seekers-55+, Community Wage Job Seekers-Young, Unemployment Benefit, Unemployment Benefit Hardship.

Transfers are defined as when a client starts a benefit within 14 days of cancelling another benefit.

Source: Information Analysis Platform (research data, not official MSD statistics)

Table 7: Impact of Job Search Service on the average time spent on main benefit within 52 weeks of Unemployment Benefit grant (excluding transfers)

Quarter	Observed duration (days)	Counterfactual duration (without Job Search Service)	Impact of Job Search Service	
			Days	% of counterfactual
December 2006	168.3	175.0	–6.8	–3.9
March 2007	157.3	176.6	–16.2	–9.2
June 2007	171.2	193.0	–21.2	–11.0
September 2007	166.9	182.2	–17.0	–9.3
December 2007	177.2	188.9	–11.5	–6.1
March 2008	180.9	189.9	–6.7	–3.5
June 2008	205.1	202.7	2.7	1.3
Average (weighted)	174.8	186.2	–11.5	–6.2

Unemployment Benefit-related benefits include: Community Wage Job Seekers-55+, Community Wage Job Seekers-Young, Unemployment Benefit, Unemployment Benefit Hardship.

Transfers are defined as when a client starts a benefit within 14 days of cancelling another benefit.

Source: Information Analysis Platform (research data, not official MSD statistics)

Grants of Sickness Benefit

This section explores whether the introduction of the Job Search Service has changed the number of Sickness Benefit grants.

Figure 6 shows the number of monthly Sickness Benefit grants (excluding transfers) from July 1996 to June 2009. Over this time, the number of Sickness Benefit grants has steadily risen, with the exception of a brief fall in the first half of 1998. In addition to an upward trend, it also appears that relative seasonal variation has increased but is far more erratic than for Unemployment Benefit grants (see Figure 2, page 16). Another difference from the Unemployment Benefit grant series is that Sickness Benefit grants do not seem to be as strongly influenced by economic conditions. The rate of growth in grants does not appear to decrease over the 1999 to 2007 period of high employment, nor do we see the sharp upswing in grants after June 2008.

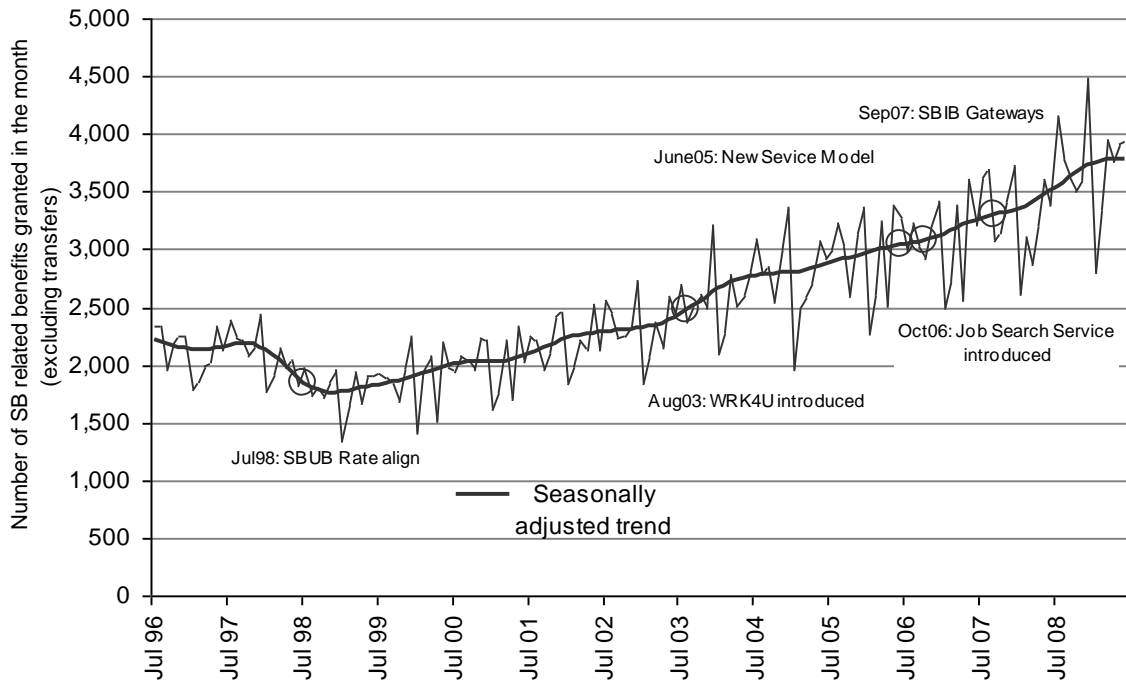
Time-series model of Sickness Benefit grants

Using time-series modelling (see technical annex), we are able to explain most of this series. The main features of the model are summarised below.

- The increasing trend in Sickness Benefit grants is linked to the growth in the overall eligible population (including the increase in age eligibility for New Zealand Superannuation). In addition, we included NZIER Labour as a constraint to control for labour market trend, but this variable has a small effect and, once we included autoregressive and moving average terms, it had a p value greater than 0.05.
- Two seasonal variables are included. Sickness Benefit grants fall in the March and June quarters.
- Alignment of Sickness Benefit and Unemployment Benefit rates in July 1998 was the only MSD variable to be included in the model. The alignment of Sickness Benefit and Unemployment Benefit rates was associated with a corresponding fall in the number of Sickness Benefit grants (as can be seen in Figure 6). Job Search Service and Work for You were not significant variables in the model. Although, when included, they both indicate Sickness Benefit grants increased slightly with their introduction.
- We included an autoregressive parameter at lag 1 and moving average term at lag 7, to ensure residuals are uncorrelated over time. The model residuals are small relative to the variation in the series and randomly distributed over time (ie, white noise).¹⁴

¹⁴ R² values are not usually reported in time-series modelling because high R² values can easily be achieved by the addition of lagged terms.

Figure 6: Monthly number of new Sickness Benefit (SB) grants



Sickness Benefit-related benefits include: Sickness Benefit, Sickness Benefit Hardship.

Transfers are defined as when a client starts a benefit within 14 days of cancelling another benefit.

Source: Information Analysis Platform, data extracted 30 September 2009 (research data, not official MSD statistics)

Job Search Service resulted in a small non-significant increase in Sickness Benefit grants

The inclusion of the Job Search Service in the model of Sickness Benefit grants results in a poorer model fit and non-significant parameter estimate. These results suggest that the introduction of the Job Search Service did not have a substantial impact on the number of Sickness Benefit grants. We estimate the introduction of the Job Search Service increased the number of Sickness Benefit grants by 220 (CI: -380, 820) per quarter or 2.2 percent (CI: -3.8 percent, 8.3 percent).

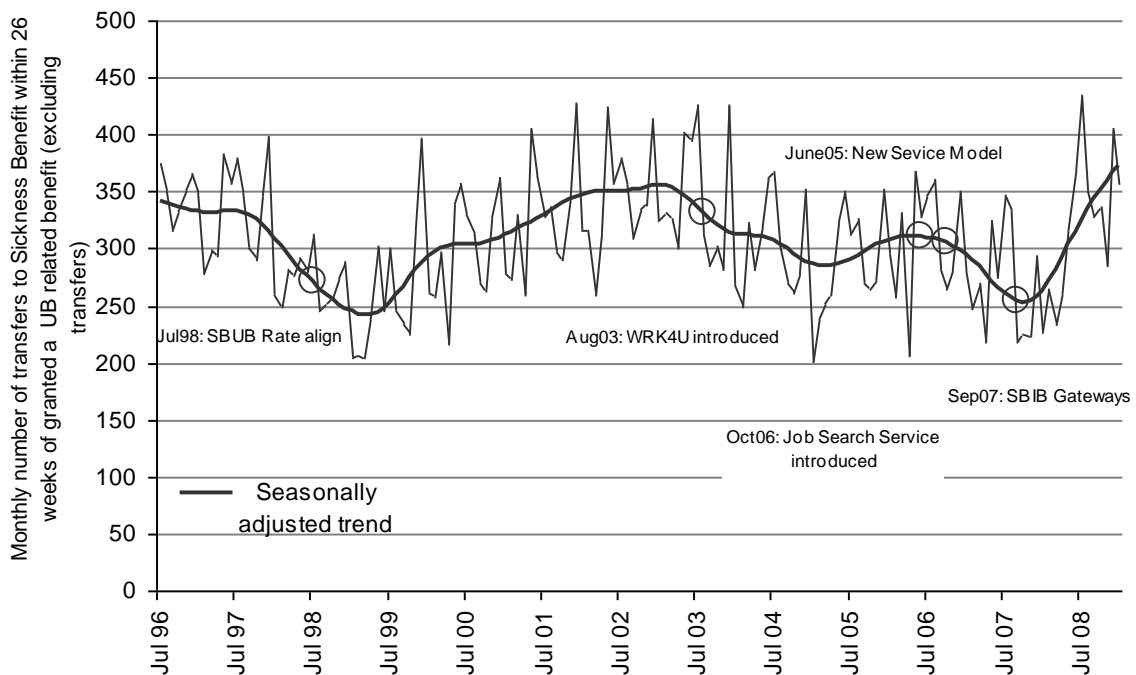
Transfers to non-Sickness Benefits

This section explores whether introducing the Job Search Service resulted in a change in transfers from the Unemployment Benefit to other main benefits, in particular, Sickness Benefit.

If the Job Search Service serves to change people’s initial benefit application from Unemployment Benefit to Sickness Benefit, we can also test whether this results in fewer people transferring to other main benefits after starting the Unemployment Benefit. Figure 7 shows the number of clients who transfer to the Sickness Benefit¹⁵ within six months of starting an Unemployment Benefit (these make up 84 percent of all transfers in 2006/07). Of interest is that the number of transfers has not changed substantially over the reporting period despite a large fall in the number of people starting on the Unemployment Benefit (see Figure 2, page 16).

¹⁵ Non-Unemployment Benefit benefits include: Sickness, Invalid’s, Domestic Purposes, Widow’s, but exclude Unemployment Training, Unemployed Student Hardship and New Zealand Superannuation.

Figure 7: Number of transfers to Sickness Benefits within 26 weeks of grant of an Unemployment Benefit (UB)



Transfers are defined as when a client starts a benefit within 14 days of cancelling another benefit.

Unemployment Benefit-related benefits include: Community Wage Job Seekers-55+, Community Wage Job Seekers-Young, Unemployment Benefit, Unemployment Benefit Hardship.

Sickness Benefit-related benefits include: Sickness Benefit, Sickness Benefit Hardship.

Source: Information Analysis Platform, data extracted 30 September 2009 (research data, not official MSD statistics)

Time series model of Unemployment Benefit to Sickness Benefit transfers

Using time-series modelling (see technical annex), we are able to explain most of the transfer series. The main features of the model are summarised below.

- There is no trend in the number of transfers from Unemployment Benefit to Sickness Benefit.
- One seasonal variable is included, with the number of transfers being lower for clients granted Unemployment Benefit in the March quarter.
- Two MSD variables entered the model. The short term Working New Zealand gateways had the most reliable impact, decreasing transfers by 140 per quarter. Of note is the fall in transfers after the introduction of the Work for You seminar (120 fewer transfers per quarter, but p value greater than 0.05). The Job Search Service was not a significant variable in the model, although when included it also indicates a reduction in the number of transfers to Sickness Benefit.
- We included an autoregressive parameter at lag 2 and moving average term at lag 1, to ensure residuals are uncorrelated over time. The model residuals are small relative to the variation in the series and randomly distributed over time (ie, white noise).¹⁶

¹⁶ R² values are not usually reported in time-series modelling because high R² values can easily be achieved by the addition of lagged terms.

Job Search Service associated with a small non-significant reduction in transfers to Sickness Benefit

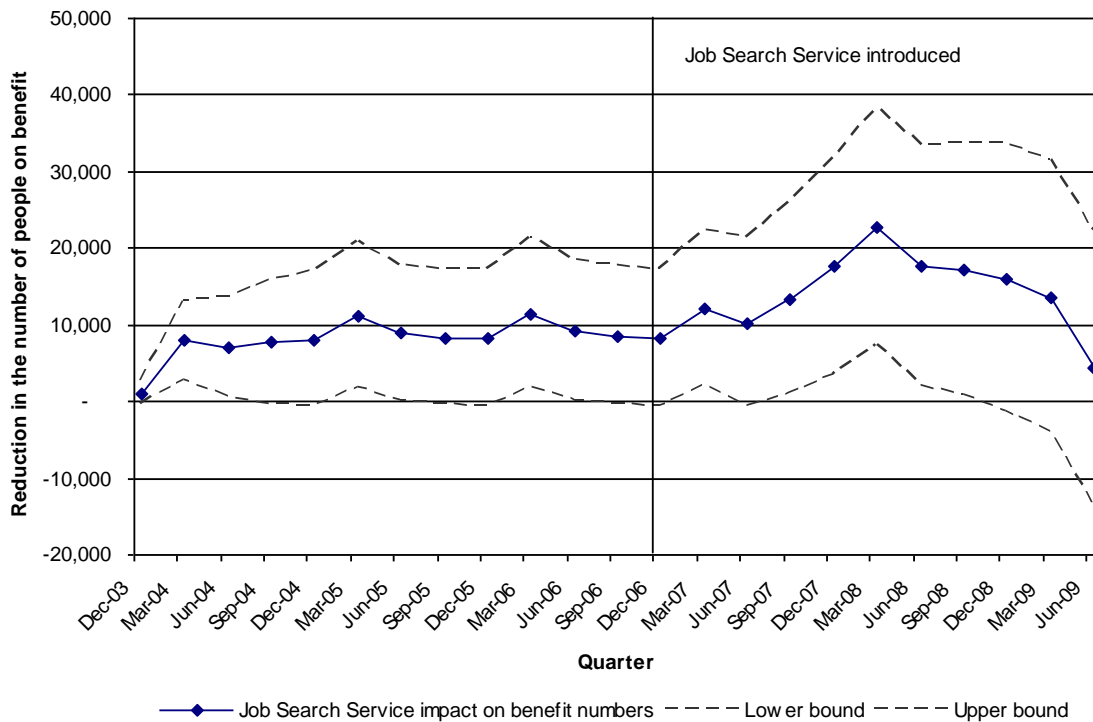
The inclusion of the Job Search Service in the model of transfers to Sickness Benefit results in a poorer model fit and non-significant parameter estimate. These results suggest that the Job Search Service's introduction did not have a substantial impact on the number of transfers to Sickness Benefit within the first 26 weeks after grant of an Unemployment Benefit. We estimate that the Job Search Service's introduction reduced the number of transfers to Sickness Benefit by 127 (CI: -278, 23) per quarter or 13.1 percent (CI: -28.5 percent, 2.4 percent). Of note is that the estimated change in the quarterly number of Sickness Benefit grants associated with Job Search Service's introduction corresponds to the reduction in transfers (220 and 127 respectively). While speculative, such similarity in effect size supports the theory that the Job Search Service may have resulted in more people applying directly for a Sickness Benefit rather than being granted an Unemployment Benefit before transferring to the Sickness Benefit.

Overall effect of Job Search Service on benefit numbers

When we combine the above results, we arrive at an estimate of the overall impact of Job Search Service and Work for You on the total number of people receiving a benefit. The estimation of the aggregate effect is based only on the impact on number of Unemployment Benefit grants and the average time on benefit after Unemployment Benefit grants. Because the Job Search Service or Work for You did not have a significant impact on Sickness Benefit grants or transfers to the Sickness Benefit, these estimates are not included in the calculation.

Figure 8 shows the estimated reduction in people on benefit in each quarter after the introduction of Work for You and Job Search Service. The upper and lower bounds are calculated using Monte Carlo simulation of the standard errors for each of the estimates in the model (Unemployment Benefit grants and average duration on benefit at 13, 26 and 52 weeks). We used a constant random value selected from a normal distribution in each iteration (ie, we assume a correlation between the Work for You and Job Search Service impact estimates as equal to 1). We based this assumption on the argument that if the impact of the Job Search Service is lower for Unemployment Benefit grants it will also be correspondingly lower for the average time that people spend on benefit after grant. Likewise, Work for You and Job Search Service are estimated using the same model, so we expect any variation in impact to be similarly distributed.

Figure 8: Estimated reduction in benefit numbers from the introduction of the Job Search Service



Source: Information Analysis Platform, data extracted 30 September 2009 (research data, not official MSD statistics)

On average, 13,900 fewer people were on benefit with the Job Search Service (Work for You)

Because Job Search Service was rolled out across Work and Income sites from September 2006 to June 2007, its impact increases over the first year to reach its largest impact by March 2008 (Figure 8). Throughout 2008, the Job Search Service impact remains relatively constant, before we see a sharp reduction in 2009 as the slowing economy and rising unemployment diminishes the impact of Job Search Service. Over the 10 quarters after September 2006 in Figure 8, the average reduction in people on benefit was around 13,900 (CI: -400, 27,300), with most of this reduction occurring among people receiving unemployment-related benefits.

REFERENCES

CSRE (2007a). *Addressing Long-Term Unemployed: Evaluation of the pilot*. (Unpublished report.) Centre for Social Research and Evaluation, Ministry of Social Development, Wellington.

CSRE (2007b). *Job Search Service Process Evaluation*. (Unpublished report.) Centre for Social Research and Evaluation, Ministry of Social Development, Wellington.

CSRE (2008). *Impact of the Job Search Service on client benefit outcomes: Interim report*. (Unpublished report.) Centre for Social Research and Evaluation, Ministry of Social Development, Wellington.

CSRE (2009). *Sustainable Employment Annual Report: Annex 1 Evidence by Programme Type*. (Unpublished report.) Centre for Social Research and Evaluation, Ministry of Social Development, Wellington.

MSD (2005). *Jobs Jolt Annual Evaluation Report 2005*. Ministry of Social Development, Wellington.

MSD (2010) *Impact of the Job Search Service on Client Benefit Outcomes: Update report Technical Annex*, Ministry of Social Development, Wellington.