

Productivity Commission Independent Review of the Job Network
Submission to the Final Report, 30 April 2002
Wesley Uniting Employment¹

This submission comments on three of the recommendations from the draft report:

- 7.3 “The Commission recommends reducing the period of assistance afforded to Intensive Assistance clients to six months”
- 10.6 “The Commission recommends that the existing 28 day cut-off for verification of outcomes be removed”
- 11.7 “The Commission recommends that the full details of the star rating model be made publicly available, including any assessments of its technical validity”

It also addresses two specific requests for feedback from the draft report:

- Limiting the repeated use of Job Search Training
- Restrictions on Simultaneous participation in DEST, FaCS and Job Network programs

We address each of these points in turn.

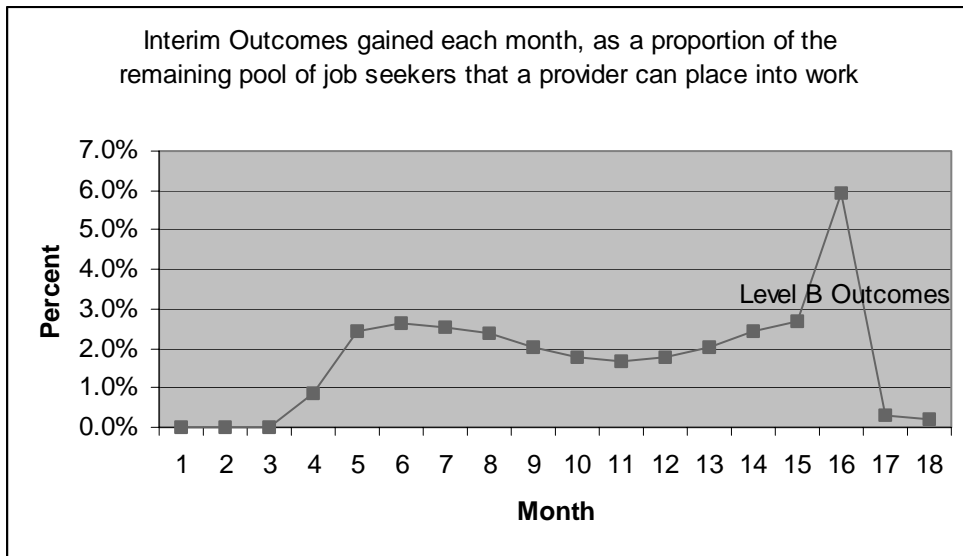
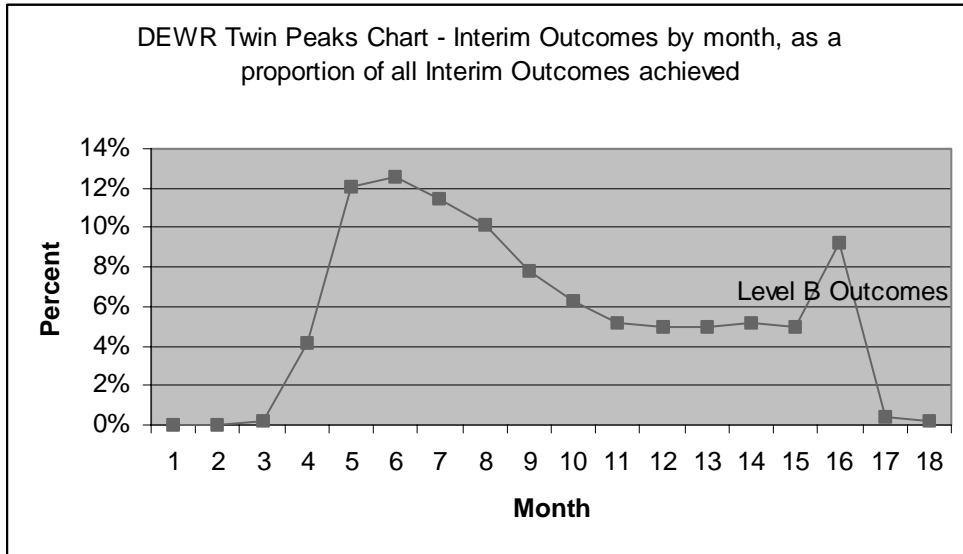
The Commission recommends reducing the period of assistance afforded to Intensive Assistance clients to six months

We strongly disagree. The recommendation is based on a flawed understanding of the DEWR “twin peaks” diagram, and if implemented will be counter-productive for the longer term unemployed.

The following charts illustrate the two ways of looking at the data for Level A Interim Outcomes. The first is the DEWR “twin peaks” chart (Draft Report figure 7.2). It represents the outcomes obtained each month, as a proportion of all outcomes achieved over the funded period. The second chart uses the same data, but with the effect of payable and non payable outcomes factored in.² As job seekers gain outcomes, or exit the program, the pool of job seekers that providers work with diminishes. As a result, the number of outcomes diminishes.

¹ Wesley Mission, Sydney is Australia’s largest Church conducting a ministry of Word and Deed throughout Australia. Wesley Mission is committed to proclaiming the Gospel of Jesus, teaching the Bible faithfully, as well as helping the community through our program of social action, charity work and care for the community. Wesley Uniting Employment is part of the Community Services arm of Wesley Mission, and provides a range of services to the unemployed, with the aim of assisting them into sustainable employment.

² We use a 5% non payable outcome rate per month, based on our data. DEWR data analysts will be able obtain an accurate rate across all providers. Appendix 1 contains the spreadsheet used to generate this chart. We have included just the charts for level B job seekers, a similar pattern occurs for level A job seekers.



Many interesting findings can be drawn from the DEWR charting method, including that the bulk of government outcomes payouts will occur in a peak around months five through eight. The finding that cannot be drawn is that later months are ineffective, or that job seekers are “parked”. One would expect that as the pool of remaining participants diminishes, and particularly after the “best” job seekers have been placed in the initial months, that the total number of outcomes would drop³.

By contrast, the method of charting outcomes as a proportion of the remaining participant pool shows the providers achieve a fairly constant rate of outcomes throughout the duration of the program. The chart rises lightly at the start as job seekers that in fact did not require Intensive Assistance are placed, then, after about

³ The point being missed by DEWR is that clients exit Intensive Assistance all the time. Thus, after six months, over one third of the original commencements are no longer in Intensive Assistance due to having either already achieved an Interim Outcome, or having a “non-Payable Outcome”. At nine months, as a result, the expected number of Interim Outcomes will be one third lower, and the data DEWR use show exactly this pattern. After eight months, less than half of the original pool of job seekers remains in a providers caseload.

eleven months in, the chart rises again as a result of placements achieved AFTER six months. The fact that this rate actually starts to rise makes a falsehood of the DEWR claim (Submission 43 p. 63) that “The frequency and intensity of assistance provided to job seekers in Intensive Assistance decreases rapidly after the first six months of assistance”.⁴ The truth of the matter is that strategies to overcome multiple barriers take time to take effect, and that at the time many industry observers cry “parking”, what is occurring is the quiet, steady, courageous process of meeting a person at their point of need, and then turning their life around.

Effect on job seekers facing multiple barriers to employment

Without looking at any data, one could posit that the job seekers facing the greatest barriers to employment would require the most effort, and therefore take longer to place into work. The data available to us affirms this proposal.

Assume that the duration of a job seeker’s unemployment is a simple measure of the scale of their barriers⁵. WUE’s experience⁶ is that, of the participants who have been unemployed for longer than one year and who gain an interim outcome, 42% of these outcomes will occur from placements made after six months. For participants who have been unemployed for less than one year, only 8% of their outcomes occur in after six months. A similar pattern, though not quite so pronounced, occurs with age. Job Seekers aged over 40 gain proportionally more results after six months compared to their younger compatriots.

There is other more cynical reasons to support a mandatory period of Intensive Assistance of twelve months. A year is a long time – it forces a provider to attempt to gain a result for even the most difficult job seekers or waste a valuable place in their caseload capacity, and it ensures that a job seeker who is “playing the system” is caught up in the program for long enough to unravel their tricks. A six-month program will cancel out these unintentional program benefits.

The Commission recommends that the existing 28 day cut-off for verification of outcomes be removed

We agree with this recommendation. This clause effectively allows the DEWR to avoid its obligations. A provider undertakes the work as per their contract, and then is not paid due to an arbitrary cut-off date which, given the transient nature of some job seekers, can be very hard to meet. On rare occasions a payment may eventually be received through a special claim process, but this process imposes a significant administrative burden.

⁴ We also note that DEWR provide no data other than the “twin peaks” chart to support their claim that assistance to job seekers drops off after six months. Having worked for two of the largest providers, the author of this submission also comments, anecdotally, that perhaps DEWR have invented the “assistance decreases rapidly” thesis to fit their chart, and that in fact they have mis-understood their own chart as the evidence and our experience leads to the completely opposite conclusion.

⁵ DEWR’s regression analysis provides a much better measure including a large range of factors. Unfortunately providers do not get access to this information. DEWR will be able to test this finding on a much larger data set with a more accurate method of weighting barriers.

⁶ The WUE dataset used is all 427 interim outcomes gained by six sites in the Sydney metropolitan area through the course of the Job Network 2 contract. Patterns may vary elsewhere, DEWR could provide a complete analysis.

The Commission recommends that the full details of the star rating model be made publicly available, including any assessments of its technical validity

We agree with this recommendation. Frankly, despite repeated efforts by DEWR to example the concepts, without the actual process being laid out in detail, very few in the industry fully comprehend how a star rating is determined. A star rating thus becomes like a lottery win – if you get an increase you're laughing, if you get a decrease you're depressed, but the cause of an increase or decrease can be unrelated to the number of outcomes you have obtained. For instance, in the star ratings up to the end of February 2002, almost every provider dropped stars in the Fairfield Liverpool ESA. Why? No one can say for sure. The facts reveal that the providers mostly out-performed the market as a whole. Some posit that re-weightings of the star model caused these drops. Some posit that employment growth caused these drops. Some just throw up their hands in despair, and, inevitably it seems, some providers decide to cheat.

Limiting the repeated use of Job Search Training

WUE proposes that job seekers should not receive job search training if they have previously had either Job Search Training OR Intensive Assistance within the previous two years. Our current Job Search Training courses are significantly affected by participants who have seen it all before - "been there done that" - and who have received this type of training many many times. Each of these job seekers is a cost of tax- payers, and an administrative burden to our staff, to say nothing of the human effort required to engage these job seekers so that they do not affect other course participants.

Restrictions on Simultaneous participation in DEST, FaCS and Job Network programs

Few programs funded by the federal government are holistic – each program is targeted to specific needs for specific groups of job seekers. As a result, simultaneous participation will, not always but occasionally, be crucial to assisting job seekers with multiple barriers.

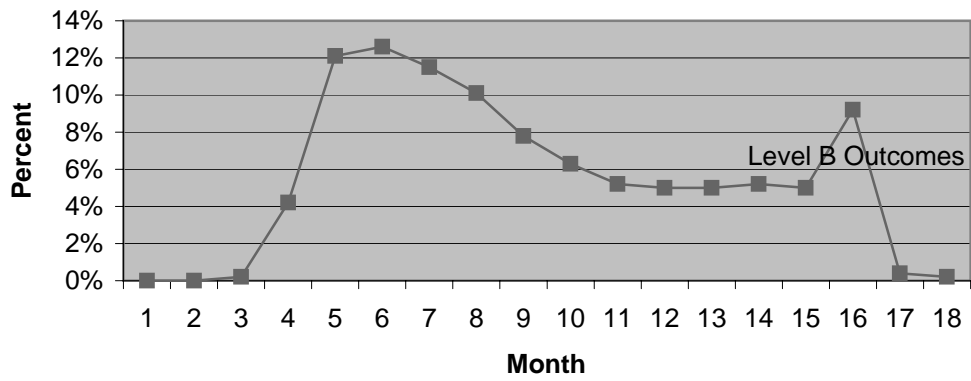
Multiple programmes with appropriate linkages can accomplish this by over lapping or running concurrently. When a particularly useful component of a programme is unavailable, then usage of simultaneous participation in programmes is valuable, to ensure a positive result for the participant, however, this should be approved on the needs basis of the participant, not the wants basis of the provider. Any programme eg Intensive Assistance, where funding is available to purchase services such as Careers Counselling should be restricted in the usage of overlapping programmes.

An example of two programs that would successfully overlap is the Personal Support Programme (PSP) belonging to FaCS and the Transition to Work programme (TTW) belonging to DEWR. Simultaneous participation would enable PSP participants to access funding to enter education and training. Although educational funding is not

generally available under PSP, the programme itself recognises training and education as an Economic Outcome. Participants are dependant (in NSW) on state funding to be able to enter main stream courses in the TAFE system, this funding in general allows access to one free course per year for those registered with Centrelink as unemployed. By being made eligible for the TTW programme, participants also would be able to access an average of \$400 funding to spend on education and training fees with a Registered Training Organisation, including the cost of essential books, equipment and clothing. As well, the participants would also have access to information regarding local job market trends and the availability of local training.

Month of Assistance	Proportion of all Level B Interim Outcomes occurring during month	Caseload Remaining at Start of Month for a 100 caseload site	Non Payable Exits (due to Transfers, Absence overseas, voluntary withdrawal, end of assistance period)	Payable Exits (Interim Outcomes)	Level B Outcomes as a Proportion of Caseload Three Months Prior
1	0%	100	1	0	0.0%
2	0%	99	3	0	0.0%
3	0.2%	96	5	0	0.0%
4	4.2%	91	5	1	0.8%
5	12.1%	85	5	2	2.4%
6	12.6%	78	5	3	2.6%
7	11.5%	70	5	2	2.5%
8	10.1%	63	5	2	2.4%
9	7.8%	56	5	2	2.0%
10	6.3%	49	5	1	1.8%
11	5.2%	43	5	1	1.7%
12	5.0%	37	5	1	1.8%
13	5.0%	31	5	1	2.0%
14	5.2%	25	5	1	2.4%
15	5.0%	19	15	1	2.7%
16	9.2%	3	0	2	5.9%
17	0.4%	1	0	0	0.3%
18	0.2%	1	1	0	0.2%
Total	100.0%		80	20	

DEWR Twin Peaks Chart - Interim Outcomes by month, as a proportion of all Interim Outcomes achieved



Interim Outcomes gained each month, as a proportion of the remaining pool of job seekers that a provider can place into work

