

**SENATE EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
LEGISLATION COMMITTEE**

**2007-2008 BUDGET SENATE ESTIMATES HEARING  
28 and 29 MAY 2007**

**EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO**

**QUESTIONS ON NOTICE**

**Outcome 1: Efficient and effective labour market assistance**

**Output Group 1.2: Labour market programme management and delivery**

**Output 1.2.2: Employment Services**

**Question Number: W233-08**

**Question:**

Senator Wong asked in writing:

Job Network Business re-allocation process: What variables were taken into account and the weighting ascribed to each variable: a) Star rating? b) KPI 1 c) KPI 2 d) KPI 3 e) Outcomes: Interim Outcomes, Interim Intermediates, Final Outcomes, Final Intermediates? f) Impact on clients? g) Advice/recommendations of local/state DEWR managers? h) All other factors DEWR has taken into consideration?

**Answer:**

The performance review process, including the business re-allocation process, considers all available performance information. This information could be provided by department managers, input from Job Network members or other available information (for example, the effects the economy and local labour market conditions).

All of this information is considered for each and every site. On balance, decisions are made in the best interests of job seekers having the best available opportunity to find employment and in the best interests of value for money for the Commonwealth.

A key measure of Job Network performance is the Job Network Star Ratings. The Star Ratings are a relative measure of performance that allow performance of all Job Network members to be compared on a "like-to-like" basis. This "like to like" methodology ensures ratings measure performance fairly, irrespective of whether Job Network members are large or small, metropolitan or regional, or are helping disadvantaged clients. The best Star Ratings go to employment service providers who achieve the best job results for the job seekers they assist and relative to labour market conditions. The distribution of the Star Ratings is provided in Table 2, Attachment A.

The Job Network Star Ratings are a quantitative measure of performance based on the Key Performance Indicators (KPIs) in the Job Network contract. The Star Ratings

methodology focuses specifically on KPI 1 and KPI 2 - the efficiency and effectiveness of Job Network services. The KPIs are monitored through the number of job placements and outcomes a Job Network member achieves for their job seekers. The Job Network contract provides that Job Network business can be reduced or removed where a provider rates 2.5 Stars or less in a particular Employment Services Area (ESA) or a site within that ESA. The Job Network Star Ratings are a key, but not the sole factor, used in performance reviews for every Job Network member at the end of each six month milestone period. There is no weighting attached to all the information considered in the performance review process.

- (a) The Job Network Star Ratings use the performance measures and weightings listed in Table 1, Attachment A.
- (b) KPI 1 is measured as part of the Job Network Star Ratings, as described above.
- (c) KPI 2 is measured as part of the Job Network Star Ratings, as described above.
- (d) KPI 3, the quality KPI, is also considered in full in the performance review process. This KPI examines the level of service a Job Network member offers to employers and job seekers, as well as compliance with the contract. The contract enables all available performance information to be considered equally in the performance review process.
- (e) Outcomes are the measures used to calculate the Job Network Star Ratings, as outlined in Table 1, Attachment A.
- (f), (g) and (h) While the Star Ratings are the primary measure of performance, they are not the only measure considered in the business re-allocation process. As noted above, all available performance information is considered.

**Estimated cost:** Using the FOI calculator, to prepare this answer it has taken approximately two hours at an estimated cost of \$40.

**Attachment A**

**Table 1 Performance Measures and Weightings - Including Final Outcomes**

<b>Job Search Support - total weighting 10%</b>	<b>Weighting for outcome type</b>
<b>Job Placement Fee</b> - job seekers who are <i>Job Search Support Only Eligible</i> - \$165 <b>Bonus Payment</b> - job seekers who are <i>Fully Job Network Eligible</i> into a minimum 50 hours employment - \$165	4% <sup>1</sup>
<b>Job Placement Fee</b> - job seekers who are <i>Fully Job Network Eligible</i> - \$275 <b>Job Placement Fee</b> - job seekers who are <i>Fully Job Network Eligible</i> and who have an unemployment duration of greater than 12 months <sup>2</sup> - \$385	6%
<b>Intensive Support - total weighting 90%</b>	
<b>Interim Payment</b> - job seekers unemployed for 4 to 12 months - \$550 <b>Interim Intermediate Payment</b> – job seekers unemployed for 13 to 24 months - \$550 <b>Interim Intermediate Payment</b> – job seekers unemployed for 25 to 36 months <sup>2</sup> - \$550 <b>Interim Intermediate Payment</b> – job seekers unemployed for 3 years or more - \$1,100 <b>Final Intermediate Payment</b> – job seekers unemployed for 13 to 24 months - \$550 <b>Final Intermediate Payment</b> – job seekers unemployed for 25 to 36 months <sup>2</sup> - \$550 <b>Final Intermediate Payment</b> – job seekers unemployed for 3 years or more - \$1,100	<i>Education</i> 4% <i>Employment</i> 16%
<b>Interim Outcome Payment</b> – job seekers unemployed for 13 to 24 months - \$1,650 <b>Interim Outcome Payment</b> – job seekers unemployed for 25 to 36 months <sup>2</sup> - \$3,300 <b>Interim Outcome Payment</b> – job seekers unemployed for 3 years or more - \$4,400	40%
<b>Final Outcome Payment</b> – job seekers unemployed for 13 to 24 months - \$825 <b>Final Outcome Payment</b> – job seekers unemployed for 25 to 36 months <sup>2</sup> - \$1,650 <b>Final Outcome Payment</b> – job seekers unemployed for 3 years or more - \$2,200	20%
<b>Share of Interim Outcome Payments</b> – all indigenous and highly disadvantaged job seekers at risk of long term unemployment and referred directly to Intensive Support	10%

**Table 2 Distribution of JN Star Ratings**

<b>Star Rating</b>	<b>% of JN Members (in this Star Rating)</b>	<b>Cumulative % (equal or better performing JNMs)</b>
<b>5</b>	5	5
<b>4 ½</b>	12	17
<b>4</b>	18	35
<b>3 ½</b>	21	56
<b>3</b>	14	70
<b>2 ½</b>	11	81
<b>2</b>	9	90
<b>1 ½</b>	6	96
<b>1</b>	4	100