



Job Network Star Ratings – Clear Performance Measurement

Star Ratings measure the performance of Job Network members relative to one another in placing job seekers into jobs. Ratings vary from a minimum of ‘1 Star’, indicating room for improvement, to a maximum of ‘5 Stars’ reflecting excellent performance.

Star Ratings are used by:

- ✓ job seekers to assess the comparative performance of Job Network members in their local area;
- ✓ Job Network members as a measure of performance; and
- ✓ the Department of Employment and Workplace Relations (DEWR) to drive improved performance and allocate business share to Job Network members.

This Star Rating release covers the period between 1 July 2003 and 31 March 2004 and is the first release of Star Ratings under the *Employment Service Contract 2003-2006*. It is planned to release updated Star Ratings in July 2004, followed by additional updates every six months.

What do they measure?

The most important criterion for gaining a high star rating is placing the maximum possible number of job seekers into jobs. Extra incentives are paid for placing highly disadvantaged job seekers, such as long term unemployed, mature age and Indigenous job seekers.

Factors which impact on job outcome levels, such as differences in the characteristics of the job seekers (e.g. duration of unemployment, age and gender) they assist and differences in the labour market conditions (e.g. unemployment rates and employment growth) under which providers may operate are taken into account when calculating the Star Ratings. For this reason, the Star Ratings can be compared across all 137 Employment Services Areas.

What is the methodology?

The Star Ratings Method was initially developed with the assistance of the Universities of Flinders and Adelaide, South Australian Centre for Economic Studies. An independent review of the Star Ratings Method completed by Access Economics in February 2002 concluded that the ratings are calculated using a sound, leading-edge approach to performance measurement. Refinements identified by Access Economics have been implemented.

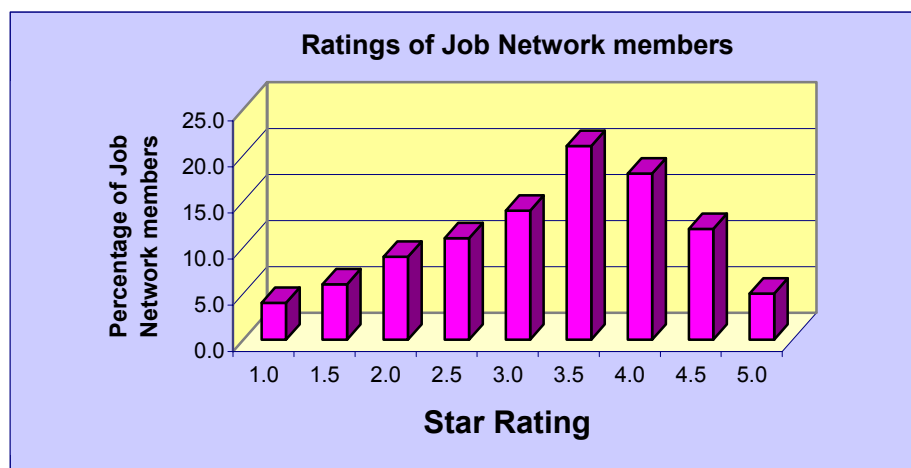
The Star Ratings have been updated to reflect the new *Active Participation Model* introduced in July 2003. The new service arrangements have resulted in a significant increase in job outcome numbers. Details are in the March Performance Overview of Job Network.

The National Employment Services Association, the representative industry body for Job Network members, was consulted in the development of the refined Star Ratings system. In addition, individual Job Network members made significant contributions by providing feedback during the development process.

Ratings of Job Network members

Star Ratings are presented for each of the 137 Employment Services Areas across Australia.

A Job Network member's Star Rating can vary from '1 Star', indicating room for improvement, to '5 Stars' representing excellent performance. The chart below shows the set distribution of Star Ratings. On a national basis approximately 70 per cent of Job Network members are rated at 3 Stars or better. Just 5 per cent are rated at 5 Stars, and only 4 per cent at 1 Star. The ratings categories include half star increments to better indicate differences in Job Network members' relative performance.



Improvements in performance made over time

Overall, the performance of Job Network members has improved greatly - for example, while broadly comparable numbers of job seekers were assisted each year, long term outcomes grew from 55,000 in 2000-01, to around 100,000 in 2002-03. The implementation of the *Active Participation Model* in July 2003 has also resulted in new record outcome levels. However, because the use of the set distribution maintains the integrity of the competitive market framework - by driving providers to continuously improve their performance - it has not been altered to reflect these increases.

The Star Ratings are a key criterion in assessing the potential re-allocation of business between providers. In any area where there are significant differences in the performance of providers, DEWR will examine the potential for rewarding strong performance by increasing the Job Network member's business level. This would be done by reducing the business level of one or more providers with relatively low Star Ratings.

Star Ratings are derived on a national basis and as a consequence there may be regions or Employment Services Areas where no Job Network member is rated at a particular level, for example 5 Stars. On the other hand, two or more Job Network members operating in the same Employment Services Area or region may be rated at 5 Stars.

For more information about Job Network visit www.jobnetwork.gov.au