

2.12.2 Measurement of performance

Each Provider's performance will be measured relative to other Providers, taking into account differences in caseload, and labour market characteristics using a regression analysis. The number of factors within the regression model will be reduced to the minimum necessary to enable valid comparisons to be made. DEEWR will work closely with Providers to finalise these factors. The new ESAs, which are aligned with ABS Statistical Local Areas, will facilitate the use of more precise labour market data than is presently available.

2.12.2.1 KPI 1 (Efficiency)

For Stream 1 job seekers, KPI 1 measures both the time taken to a paid Placement and the time taken until a job seeker is off-benefit. The latter is in recognition of Outcomes achieved before a job seeker qualifies for a Placement Fee. For the remaining Streams, KPI 1 quantifies the time taken to achieve 13-week Full Outcomes.

The time taken by a Provider to achieve a result in a particular Stream will be compared to the average time taken by other Providers. Consistent with the Australian Government's emphasis on skills development, time spent by a job seeker in training will 'stop the clock'.

2.12.2.2 KPI 2 (Effectiveness)

The effectiveness KPI evaluates each Provider's results. In the case of Stream 1, this relates to both paid Placements and off-benefit Outcomes. For the other Streams, account will be taken of Pathway and Full Outcomes and Bonus Outcomes for apprenticeships and qualifying training courses. The bonus for achieving Outcomes for Indigenous Australians will continue.

For Stream 4 clients, a new social outcomes measure will be included based on the progress a job seeker has made towards work readiness. Whether the job seeker, after 12 months service, receives a further six months of service in Stream 4 or moves into the Work Experience Phase will be proxy measures of progress.

2.12.2.3 Weights

The weights for each indicator reflect the Australian Government's objectives. The sustainability of outcomes is emphasised, with 26 week outcomes generally valued more highly than 13 week outcomes. The different levels of disadvantage of job seekers in each of the Streams are also reflected in the use of different weights for each of the KPIs. For example the time taken to place a job seeker is less important for a Stream 4 job seeker than it is for a Stream 1 job seeker.

Ratings will be calculated for each Stream and as a single overall rating. Reflecting the Australian Government's prioritisation of the hardest to help job seekers, it is mooted that results for Stream 4 job seekers will contribute significantly more to a Provider's overall rating than their results with Stream 1 job seekers.

2.12.2.4 KPI 3 (Quality)

The performance ratings will not include any measure of the quality of a Provider's services. However, KPI 3 (Quality) will be considered as part of the mid contract business reallocation, and DEEWR will provide clear and timely feedback to Providers about the quality of their services to give Providers the opportunity to address any issues raised.

The quality of a provider's service will include feedback from job seekers and employers and delivery of services in accord with the Code of Practice and Service Guarantees (see Section 2.12.3). Where a Provider chooses to invest in continuous improvement through quality accreditation or business excellence frameworks, DEEWR will also take this into account.

Performance Measures and Weights

The information below is subject to further detailed technical analysis and consultation before it is finalised and may be subject to change.

	Weightings			
	Stream 1	Stream 2	Stream 3	Stream 4
KPI 1—Efficiency				
Time to Paid Placement	12%	-	-	-
Time to job seeker being off benefit	6%	-	-	-
Time to 13 week Full Outcome	-	7%	5%	2%
KPI 2—Effectiveness				
Paid Placements	28%	10%	10%	10%
Job seeker off benefit—non payable placements	14%	-	-	-
13 week Full Outcomes	10%	23%	25%	19%
13 week Pathway Outcomes	5%	10%	10%	9%
26 week Full Outcomes	10%	30%	30%	21%
26 week Pathway Outcomes	5%	10%	10%	9%
13 week Bonus Outcomes • apprenticeships • qualifying training courses • Indigenous outcomes	10%	10%	10%	10%
Social Outcomes—6 months additional assistance	-	-	-	15%
Social Outcomes—participation in work experience phase	-	-	-	5%

It is proposed (subject to testing) to adopt the following weightings across the Streams:

- Stream 1—10 per cent
- Stream 2—20 per cent
- Stream 3—30 per cent
- Stream 4—40 per cent.