



Australian Government



DES Star Ratings Methodology Advice

V 1.1

This advice details the DES Star Ratings methodology for Disability Employment Services, to be applied in ratings from March 2013. The changes in methodology and transition arrangements are detailed in the 'Transition to 2013 DES Star Ratings Advice'.

Disclaimer

This Advice outlines the information around the operation of the Disability Employment Services Star Ratings. The content contained in this Advice was accurate at the time of printing. However, this Advice is subject to change without notice. For the current version of the Advice please visit the Provider Portal.

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Document Change History

| Version | Start Date | Effective Date | End Date | Change & Location |
|---------|---------------|----------------|---------------|--|
| 1.1 | 2 August 2013 | 2 August 2013 | | Narrative: Added reference to the September 2013 DES Star Ratings in the 'DMS-DMS Star Ratings and mid-cycle business reallocation' section (p 3), following the announcement of the arrangements. Added additional information to clarify the Job Placement measure numerator definition (p 8). Added information about how JSCI information is incorporated (p 18), based on a former Q&A. Miscellaneous: Updated the previous 'Attachment E' reference in the Ongoing Support (2013 definition) numerator definition, to refer to the appropriate section in the document (p 9). Updated 'Summary of Transfer Rules' table, for Job Placements numerator to reflect the clarification (p 33). |
| 1.0 | 8 March 2013 | 4 March 2013 | 2 August 2013 | Original version of the document |

DES-DMS Star Ratings and mid-cycle business reallocation

Disability Employment Services – Disability Management Service (DES-DMS) Contracts will continue to be formally assessed against the 2010 DES Performance Framework up to and including the September 2013 Star Ratings that will be used to determine the mid-cycle business reallocation. This is in recognition of the timing of the DES-DMS mid-cycle business reallocation in the second half of 2013.

From June 2013 the department will also give DMS Providers their Star Ratings based on the 2013 Performance Framework, although these stars will not be published. This will ensure that DMS Providers are not disadvantaged in the transition to the 2013 Performance Framework.

Please refer to the 'Disability Employment Services Performance Framework Guidelines' (Effective Date: 8 July 2011), available on the DES Provider Portal, for information on the 2010 DES Performance Framework.

Introduction

This advice details the DES Star Ratings methodology for Disability Employment Services (DES) from March 2013.

The DES Star Ratings have been enhanced following a review of the DES Performance Framework in the second half of 2012. The review was designed to ensure that Provider behaviours which support DES objectives are rewarded and encouraged, and at the same time, the Framework is flexible enough to recognise the different ways that Providers do business. The review considered how the Performance Framework could:

- be enhanced to give appropriate incentives for Providers to place more participants into long-term sustainable quality employment
- deliver a better service for people with disability and employers and
- focus on continuous improvement.

Further information about the review is available in the 'DES Performance Framework Review Working Group – Final Report'.

The DES Star Ratings measure the relative performance of Providers in delivering services contributing to the objectives of the DES program, focusing on Key Performance Indicator (KPI) 1 Efficiency and KPI 2 Effectiveness.

Each Provider receives a Star Rating ranging from 1-Star to 5-Stars. A Site performing at a level that is better than the average of other Sites will receive a high rating (4 or 5-Stars). A Site that is performing at around the average will receive a good rating (3-Stars). A Site performing at a level that is not as good as the average will receive a lower rating (2-Stars or less).

The DES Star Ratings are used by:

- job seekers to assess the comparative performance of different Providers in their local area
- Providers to assess their Contractual performance and
- the department to drive continual improvement in performance and to inform business review processes.

The Star Ratings are nationally comparable. When Star Ratings are calculated, differences in labour market conditions and participant characteristics that can impact on participant outcomes are accounted for through the use of statistical regression. This ensures that the Star Rating of a Provider operating in regional Queensland can be directly compared with the Star Rating of a Provider in inner metropolitan Melbourne and so on.

The following document sets out the methodology used to calculate the Star Ratings. It covers:

- what the Star Ratings assess, including detailed performance measure rules
- what data is used to calculate the Star Ratings, including a description of the three year rolling period
- the six steps that the department takes to calculate a Star Rating and
- further information available to Providers to help them manage their performance.

What do the Star Ratings assess?

Key Performance Indicators

The Star Ratings assess the performances of Providers against two of the three Key Performance Indicators that are specified in the DES Deed.

- **KPI 1:** an efficiency indicator which seeks to minimise the average times taken by Providers to achieve employment outcomes for their participants. Efficiency is implicitly captured by the existing Effectiveness Performance Measures and the regression methodology.
- **KPI 2:** an effectiveness indicator which seeks to maximise the numbers of placements, outcomes, 52 Week Sustainability Indicators achieved by participants, as well as the number of participants maintained in employment where assistance is required.

KPI 3 is a quality indicator which is not directly assessed in Star Rating calculations. KPI 3 – Quality under DES is driven primarily by certification against the Disability Service Standards (DSS) and from July 2013 includes the Employment Pathway Plan assessment results. The DSS are currently being reviewed with the new National Standards for Disability Services due for release later in 2013. DES KPI 3 is currently under review by the department. Details about the current KPI 3 – Quality is available in the 'Disability Employment Services Quality Framework Advice' document.

Performance Measures and their weightings

The performance measures are used to assess Provider's performance in meeting the KPIs described above. The following section describes each of the DES performance measures, their objectives, weightings and the detailed business rules for how they will be assessed.

Table 1 describes the full set of performance measures that will apply once the enhancements to the DES Star Ratings have been fully implemented. The table includes a basic description of each of the performance measures and the performance measure weightings within each program.

The 13 Week Bonus Outcome and 26 Week Bonus Outcome measures, the 52 Week Sustainability Indicator/Job in Jeopardy (JiJ) performance measure and the Ongoing Support performance measure will only include performance data from 4 March 2013 onwards. In addition, it can take up to six months for a participant to achieve a 26 Week Bonus Outcome or to be included in the Ongoing Support measure, while it will take at least 52 weeks to achieve a 52 Week Sustainability Indicator. As such, the department will progressively implement these performance measures, until such time that sufficient performance data has accrued.

The final set of performance measures will therefore not apply until September 2014 at the earliest. Refer to [Attachment D](#) or [Attachment A](#) of the 'Transition to 2013 DES Star Ratings Advice' for further information about the measures and weightings prior to all of the enhancements being fully implemented.

Table 1: Scheduled DES Performance Measures and Weighting (Final weightings apply from September 2014)

| | Performance Measure | DMS Weighting | ESS Weighting |
|-------|---|---------------|---------------|
| 2.1 | Job Placements Proportion of participants who are placed into employment | 5% | 5% |
| 2.2 | 13 Week Outcomes | 35% | 30% |
| 2.2.1 | 13 Week Full Outcomes Proportion of participants who achieve a 13 Week Full Outcome | (25%) | (20%) |
| 2.2.2 | 13 Week Pathway Outcomes Proportion of participants who achieve a 13 Week Pathway Outcome | (5%) | (5%) |
| 2.2.3 | 13 Week Bonus Outcomes Proportion of relevant anchors that convert to a paid 13 Week Bonus Outcome or a 13 Week Full or Pathway Outcome for Indigenous participants | (5%) | (5%) |
| 2.3 | 26 Week Outcomes | 45% | 40% |
| 2.3.1 | 26 Week Full Outcomes Proportion of participants who achieve a 26 Week Full Outcome | (35%) | (30%) |
| 2.3.2 | 26 Week Pathway Outcomes Proportion of participants who achieve a 26 Week Pathway Outcome | (5%) | (5%) |
| 2.3.3 | 26 Week Bonus Outcomes Proportion of relevant anchors that convert to a paid 26 Week Bonus Outcome or a 26 Week Full or Pathway Outcome for Indigenous participants | (5%) | (5%) |
| 2.4 | 52 Week Sustainability Indicator/Job in Jeopardy Proportion of anchors for employment that convert into a 52 Week Sustainability Indicator and the proportion of JIJ anchors which convert to a JIJ outcome | 10% | 10% |
| 2.5 | Ongoing Support Proportion of ongoing support participants who remain in employment or exit ongoing support as an Independent Worker | 5% | 15% |

Notes:

1. The 13 Week Pathway Outcomes performance measure also includes Remote Educational Achievement Outcomes and Remote Foundation Skills Outcomes.
2. The 13 and 26 Week Bonus Outcomes measures also include outcomes which were for Indigenous participants (see full description in Table 2).
3. Refer to [Attachment D](#) or [Attachment A](#) the 'Transition to 2013 DES Star Ratings Advice' document, for further information about the implementation schedule of performance measures and weightings (i.e. the weightings prior to September 2014).

Performance Measures Numerator and Denominator Definitions

The detailed numerator and denominator definitions for each of the individual performance measures are set out in Table 2. There are also overarching rules which apply to all of the measures or multiple of the measures.

The overarching performance measure rules to be applied against each measure are:

- For the Job Placement, 13 Week Full Outcome, 13 Week Pathway Outcome, 26 Week Full Outcome and 26 Week Pathway Outcome performance measures, participants will only be included in the denominator where the organisation has claimed a service fee.
- Participants who do not meet the criteria for inclusion in the denominator are included if an outcome for the measure has been achieved.
- Additional business rules will apply for participants who transfer between Sites, ESA and program (see Attachment A).
- The participant is included in the applicable numerator and denominators if they meet the conditions of the three year rolling period. Further information on the three year rolling period is available in the 'Three Year Rolling Assessment Period' section of this document.

Table 2: Numerator and denominator definitions for performance measures

| Performance Measure | Numerator and Denominator |
|---------------------------------|---|
| Job Placement | Number of participants who have a pending or approved claim for a Job Placement Fee at the Site. Only the first Job Placement Fee claim per participant, per Period Of Service, per provider is counted in the numerator. |
| | Number of participants who have commenced at the Site. |
| 13 Week Full Outcomes | Number of participants with a pending or approved 13 Week Full Outcome Fee at the Site. |
| | Count of participants whose duration in assistance (EA and PPS phases) at the Site is at least 13 weeks (excluding all periods of suspension). The denominator excludes those who have achieved a 13 Week Pathway Outcome Fee. |
| 13 Week Pathway Outcomes | Number of participants with a pending or approved claim for a 13 Week Pathway Outcome Fee or a pending or approved claim for Remote Education Achievement Outcome or Remote Foundation Skills Outcome at the Site. |
| | Number of participants who have commenced in DES and duration in assistance (EA and PPS phases) at the Site is at least 13 weeks (excluding all periods of suspension). The denominator excludes participants who have achieved a 13 Week Full Outcome Fee or who have an 8 hour benchmark. |
| 13 Week Bonus Outcomes | Number of participants with a pending or approved 13 Week Bonus Outcome Fee, or who are Indigenous and have achieved a paid 13 Week Full Outcome Fee or 13 Week Pathway Outcome Fee at the Site |
| | When the Provider has anchored ¹ a participant at the Site at least 13 weeks before the end of the performance period in: <ul style="list-style-type: none"> • an apprenticeship or traineeship • employment which may be related to a qualifying training course that the participant has completed or will complete before the end of the 13 week period or • employment or education and the participant is Indigenous |
| 26 Week Full Outcomes | Number of participants with a pending or approved 26 Week Full Outcome Fee at the Site. |
| | Count of participants whose duration in assistance (EA and PPS phases) at the Site is at least 26 Weeks (excluding all periods of suspension). The denominator excludes those who have achieved a 26 Week Pathway Outcome Fee. |
| 26 Week Pathway Outcomes | Number of participants with a pending or approved claim for 26 Week Pathway Outcome Fee at the Site. |
| | Number of participants who have commenced in DES and duration in assistance (EA and PPS phases) at the Site is at least 26 weeks (excluding all periods of suspension). The denominator excludes participants who have achieved a 26 Week Full Outcome Fee or who have an 8 hour benchmark. |
| 26 Week Bonus Outcomes | Number of participants with a pending or approved 26 Week Bonus Outcome Fee, or who are Indigenous and have achieved a paid 26 Week Full Outcome Fee or 26 Week Pathway Outcome Fee at the Site. |
| | When the Provider has anchored ¹ a participant at least 26 weeks before the end of the performance period in: <ul style="list-style-type: none"> • an apprenticeship or traineeship • employment which may be related to a qualifying training course that the participant has completed or will complete before the end of the 26 week period or • employment or education and the participant is Indigenous |

| Performance Measure | Numerator and Denominator |
|---|---|
| 52 Week Sustainability Indicator / JIJ | The number of participants who: <ul style="list-style-type: none"> • have achieved a 52 Week Sustainability Indicator or • have a pending or approved JIJ 26 Week Outcome at the Site. |
| | When the Provider has anchored ² : <ul style="list-style-type: none"> • a participant at the Site in employment at least 52 calendar weeks prior to the end of the performance period or • a JIJ participant at the Site 26 weeks prior to the end of the performance period. |
| Ongoing Support (2013 definition) | The number of participants included in the denominator and: <ul style="list-style-type: none"> • remain in the Ongoing Support Phase at the end of the performance period or • who have exited as an Independent Worker and it has been verified that the participant is still in employment six weeks after they exited. Refer to the 'Employment Verification Process for 52 Week Sustainability Indicator and Ongoing Support' section (page 12) for more details on a verification of Independent Worker exits. |
| | The number of participants who have had an Ongoing Support Assessment which recommends that the participant requires further Ongoing Support and: <ul style="list-style-type: none"> • had at least 26 calendar weeks in the Ongoing Support phase since 4 March 2013 or • had a period of Ongoing Support³ at the Site since they achieved a 52 Week Sustainability Indicator while in Ongoing Support. <p>If the participant was in Flexible Ongoing Support, then they will only be included in the denominator if they have a pending or approved claim for at least one instance of Flexible Ongoing Support.</p> |
| Ongoing Support (2010 definition) | Flexible Ongoing Support Numerator: The number of participants included in the denominator who are still current in Ongoing Support phase or have exited Ongoing Support as Independent Worker. |
| | Flexible Ongoing Support Denominator: The number of participants with a pending or approved claim for at least one instance of Flexible Ongoing Support. |
| | Moderate or High Ongoing Support Numerator: The number of participants included in the denominator who are still current in Ongoing Support phase and those who have exited Ongoing Support as Independent Worker. |
| | Moderate or High Ongoing Support Denominator: The number of participants with at least one pending or approved fee claimed for Moderate or High Ongoing Support (either monthly or quarterly payment) including participants who are suspended while in the Ongoing Support phase. |

Notes:

1. Individual participants are only counted once per Site commencement, per Period of Service and per employment anchor (i.e. move in the PPS phase).
2. Only anchors that occur from 4 March 2013 onwards will be included in this measure.
3. Only participants who have a period of assistance in the Ongoing Support phase after 4 March 2013 will be included in this measure.

Performance Measures

Job Placement

The Job Placement measure seeks to maximise the number of participants placed in employment, for each participant commenced with the Site. This measure has had minimal change from the 2010 DES Performance Framework.

13 and 26 Week Full Outcomes

The 13 and 26 Week Full Outcomes performance measures seek to maximise the number of participants placed into sustainable employment at their assessed work capacity (and/or education for certain participant groups). These two measures are the most heavily weighted performance measures, 60 per cent and 50 per cent of the total Star Rating in DES-DMS and DES-ESS respectively. Improvements in performance in these performance measures in particular, will see the greatest impact on Star Ratings.

13 and 26 Week Pathway Outcomes

The 13 and 26 Week Pathway Outcome performance measures seek to maximise the number of participants placed into sustainable employment or education. The Pathway measures also exclude participants with an 8 hour benchmark. The exception to this rule is that if they do achieve a Pathway Outcome (for education) then they will be included in both the numerator and denominator.

13 and 26 Week Bonus Outcomes

The Bonus measures have been adjusted so that only participants that are anchored (i.e. start in employment or education) into an Apprenticeship, Traineeship, Directly Related Employment or are Indigenous are included in the denominator for this measure (after being anchored 13 or 26 weeks previous). This is a fairer calculation method which will not disadvantage Providers whose caseload makes achieving a Bonus outcome unlikely.

Due to the change to the definition, the Bonus Outcome Measures will be based on data (anchors) from 4 March 2013 onwards. To allow enough data to accumulate, the performance measures will not be calculated until at least the December 2013 Star Ratings. In the interim period, the weighting of the Bonus Measure will be scaled up to Full and Pathway outcomes automatically as part of the standard rules where there are zero observations in the denominator for a performance measure. See [Attachment C](#) for a detailed explanation of the combining process where there is zero in scope for a particular sub measure.

52 Week Sustainability Indicator

The 52 Week Sustainability Indicator will deliver an additional and specific incentive to place participants into quality long-term sustainable employment (beyond the paid 26 Week outcome). This indicator implements the Senate Inquiry's recommendation for rewarding more sustainable quality employment outcomes.

This performance measure is not expected to form part of the DES Star Ratings calculations until September 2014 (to allow at least 18 months of performance data). It will be zero based, meaning that it will only include employment anchors and JIJ anchors post 4 March 2013.

The department is introducing IT changes to support the introduction of the new performance measures and to minimise the impost on Providers. Once the IT changes are developed, the department will publish 52 Week Sustainability Indicator Advice and Guidelines documents that will be available on the Provider Portal.

The following shows the rules to determine if an anchor has converted to a 52 Week Sustainability Indicator (i.e. the numerator).

To achieve a 52 Week Sustainability Indicator a participant must achieve a paid 26 Week Full or Pathway Outcome for employment and:

- remain in Moderate or High Ongoing Support at the 52 week calendar mark
- remain in Flexible Ongoing Support (DMS only)
- remain in Flexible Ongoing Support and verify that they are still employed at the 52 week calendar mark (ESS only)
- exit DES as an Independent Worker (either from the Post Placement Support or Ongoing Support phase) before the 52 week calendar mark and verify that they are still employed at the 52 week calendar mark

The employment verification process is explained on the next page.

Ongoing Support Performance Measure

As part of the enhancements to the Performance Framework, the Ongoing Support Measure has been changed. The key changes to the measure are:

- all participants who are serviced in the Ongoing Support phase for less than six months are excluded from the measure
- there is also no longer a requirement for at least one Ongoing Support fee to be claimed for inclusion in the measure (apart from Flexible Ongoing Support)
- an Ongoing Support Assessment must be finalised with a recommendation that further Ongoing Support is required
- Provider Independent Worker exits will be verified six weeks following the exit from the program, to confirm whether they are still in employment. The verification process is described in further detail below.

The 2013 Performance Framework definition of the Ongoing Support measure is designed to be used in conjunction with the 52 Week Sustainability Indicator. Therefore, it will not be used in the DES Star Ratings calculations until the 52 Week Sustainability Indicator is introduced (expected in September 2014).

Until the 2013 approach for the Ongoing Support performance measure is introduced, the 2010 approach to the Ongoing Support measure will be used in the DES Star Ratings calculations. The 2010 definition and the 2013 definition are described in Table 2 above.

Employment Verification Process for 52 Week Sustainability Indicator and Ongoing Support

DES-DMS:

In DMS, it is assumed that employment has continued unless the participant has been re-referred to employment services before the relevant date – either the 52 Week mark (for the 52 Week Sustainability Indicator measure) or six weeks after the participant exited as an Independent Worker (for the Ongoing Support 2013 definition measure). If the participant is referred but does not commence, then this will not count as a re-referral to employment services.

DES-ESS:

In ESS, Employment will be verified if the participant through:

- the participant declaring earnings from employment to the Department of Human Services or
- the Provider declaring in the Employment Services System that the participant remains in employment at the relevant date and they have appropriate documentary evidence or
- having an Ongoing Support Assessment within four weeks of the 52 Week calendar mark that confirms the participant is still in employment. This rule does not apply for verification of employment in Ongoing Support.

If the Provider declares in the Employment Services System that the participant is still in employment at the relevant date, then they must keep documentary evidence. The documentary evidence rules will be developed and published to Providers once the relevant enhancements have been made to the Employment Services System which will allow Providers to record the verification of employment.

What data is used to calculate Star Ratings?

Three Year Rolling Assessment Period

The Star Ratings will assess performance over a three year rolling period. For example, the September 2013 ratings assess the three year period between October 2010 and September 2013 and the December 2013 ratings assess the period between January 2011 and December 2013 and so on.

A participant will be included in the Star Ratings calculations of a Site if they:

- were still in assistance at the end of the three year rolling period at the Site; or
- exited the Site during the three year rolling period; or
- exited the Site prior to the three year rolling period but have an associated outcome which was lodged during the three year period at the Site; or
- exited prior to the three year rolling period but had an anchor with an associated 52 week maturity date which is within the three year rolling period.

The outcome claims to be included in Star Ratings calculations are those which were lodged during the three year period and which have not been subsequently recovered or withdrawn.

The following sets out the records that will be included in the September 2013 ratings.

- outcome claims which were lodged between October 2010 and September 2013.
- participants who;
 - exited assistance between October 2010 and September 2013; **or**
 - were actively in assistance at the end of September 2013; **or**
 - exited assistance prior to October 2010 but have an outcome claim that was lodged during the three year period.

For example, a DES-ESS commencement record for a participant who exited in August 2010 has an associated 13 Week Full Outcome that was lodged in November 2010 (i.e. a special claim), but has no 13 Week Pathway Outcome. This commencement record would be included in the DES-ESS 13 Week Full Outcome performance measure but not the 13 Week Pathway Outcome performance measure.

Performance Measures which use past data from before 4 March 2013

Four performance measures represent a significant change from the 2010 Performance Framework: the 13 Week Bonus Outcome, 26 Week Bonus Outcome, 52 Week Sustainability Indicator/Job in Jeopardy (Jij) and Ongoing Support performance measures. Only performance data from 4 March 2013 onwards will be used in these measures.

All other performance measures – including for the 2010 Ongoing Support performance measure definition – will be calculated using performance data from 1 March 2010 onwards. Table 3 sets out which performance measures will have the past performance rolled over or zero-based.

Table 3: Roll over performance or performance post 4 March 2013

| | Performance Measure | Roll over performance | Only performance post 4 March 2013 |
|-------|--|-----------------------|------------------------------------|
| 2.1 | Job Placements | ✓ | - |
| 2.2 | 13 Week Outcomes | ✓ | - |
| 2.2.1 | 13 Week Full Outcomes | ✓ | - |
| 2.2.2 | 13 Week Pathway Outcomes | ✓ | - |
| 2.2.3 | 13 Week Bonus Outcomes | - | ✓ |
| 2.3 | 26 Week Outcomes | ✓ | - |
| 2.3.1 | 26 Week Full Outcomes | ✓ | - |
| 2.3.2 | 26 Week Pathway Outcomes | ✓ | - |
| 2.3.3 | 26 Week Bonus Outcomes | - | ✓ |
| 2.4 | 52 Week Sustainability Indicator/Job in Jeopardy | - | ✓ |
| 2.5 | Ongoing Support (2013 definition) ¹ | - | ✓ |
| 2.5 | Ongoing Support (2010 definition) ¹ | ✓ | - |

Note:

1. The Ongoing Support performance measure will initially roll over performance under the 2010 Ongoing Support measure approach. It will be assessed under the 2013 approach once the 52 Week Sustainability Indicator is introduced.

Claim cut-off date for Star Ratings periods

The cut-off date for pending and approved claims to be included in the DES Star Ratings is as follows:

1. Last business day (Friday or end of month) of the quarter (i.e. during the week and not a public holiday) for the March, June and September quarter Star Ratings
2. First available Friday in January for the December Star Ratings.

For example, for the June 2013 DES Star Ratings 30 June 2013 falls on a Sunday. Therefore, Friday 28 June 2013 will be used as the cut-off day claims will be accepted for those Star Ratings. Table 4 details the forthcoming DES Star Ratings and the applicable cut-off dates for pending or approved claims.

Table 4: Claim cut-off dates for Star Ratings periods

| Star Ratings period | Claim cut-off date¹ |
|----------------------------|---------------------------------------|
| March 2013 | 5 April 2013 |
| June 2013 | 28 June 2013 |
| September 2013 | 30 September 2013 |
| December 2013 | 3 January 2014 |
| March 2014 | 31 March 2014 |
| June 2014 | 30 June 2014 |
| September 2014 | 30 September 2014 |
| December 2014 | 2 January 2015 |

Note:

Unless otherwise advised on the DES Provider Portal.

How Star Ratings are calculated

The Star Rating calculation addresses two key questions.

- What was actually achieved by the Provider (actual performance)?
- What was realistic for the Provider to achieve (expected performance)?

The Star Ratings compares a Provider's actual performance to their expected performance for each of the performance measures. The Provider's scores for each of the performance measures are then aggregated together and weighted. Lastly, the Providers are allocated a Star Rating based on a distance from the mean distribution. Overall, this is a six step calculation process.

The following sections explain actual performance, expected performance and statistical regression and how the Star Ratings are distributed into bands. The six step calculation process is also described in more detail, followed by some additional business rules (e.g. minimum data required to receive a Star Rating and the arrangements for zero participants in scope for a performance measure).

Actual Performance

The Star Ratings Model assesses Provider performance against the performance measures shown in Table 1. It assesses the Outcomes and 52 Week Sustainability Indicators which have been achieved compared with the number of participants that have been serviced or anchored.

Expected Performance and Statistical Regression

The ability of Providers to achieve outcomes is influenced by the level of disadvantage faced by the participants they are assisting and the strength of the labour market they are operating in.

For example, participants who have been unemployed for more than three years and their highest education attainment is Year 10 tend to achieve fewer employment outcomes than those participants without these characteristics, all other things being equal. Participants with these characteristics would therefore have lower than average expected outcomes in the calculations.

The model calculates the expected rates of a Site using statistical regression which takes account of those participant and labour market characteristics which influence the achievement of outcomes but which are outside Providers' control. In this way, the differing levels of difficulty participants have in finding sustained employment and/or education outcomes are accounted for and all Providers are assessed equitably.

Separate regressions are run for each performance measure within DES-DMS and DES-ESS, assessing the expectations of an outcome for each individual participant who has potentially been eligible for that outcome.

The full list of participant and labour market characteristics which are accounted for in the statistical regression are shown in Table 5 and Table 6.

The example below demonstrates the importance of expected performance. In this example, there are three Sites in three different ESAs, all with actual DES-ESS 13 Week Full Outcome rates of 25 per cent but quite different actual to expected rate ratios:

- Site 1 has an expected outcome rate of 20 per cent, giving a ratio of 1.25 (25/20).
- Site 2 has an expected outcome rate of 25 per cent, producing a ratio of 1.0 (25/25).
- Site 3 has an expected outcome rate of 30 per cent, producing a ratio of 0.83 (25/30).

All three of these Sites have the same actual performance level of 25 per cent. However, Site 1 has had a caseload of relatively more disadvantaged participants, with the lowest expected outcome rate of 20 per cent. Site 3 on the other hand has the highest expected outcome rate, reflecting a relatively more advantaged caseload.

Once the expected performance is taken into account it is clear that Site 1 is actually performing highest, while Site 3 is performing the lowest.

Table 5: Participant Characteristics

| Participant Characteristics | Participant Characteristics |
|---|---|
| <ul style="list-style-type: none"> • Unemployment duration • Unemployment duration SQUARED • Time available for assistance • Time available for assistance SQUARED • Income Support Allowance type • Income Support History (proportion of last ten years on income support) • Age • Age SQUARED • Gender • Highest Education Level • Indigenous • Indigenous and lives in metro location • Barriers | <ul style="list-style-type: none"> • CALD (culturally and linguistically diverse background) • Ex-offender • Transition participant • Funding level (DES-ESS only) • Ongoing Support level (measure 2.5 in DES-ESS only) <p>Disability Variables:</p> <ul style="list-style-type: none"> • ESAt/JCA medical condition type • No. of medical conditions • Permanent/temporary condition • ESAt/JCA Employment benchmark <p>Primary disability (ESAt/JCA exempt participants only)</p> |

Table 6: Labour Market Factors

| Labour Market Factors* | Labour Market Factors |
|--|--|
| <ul style="list-style-type: none"> • Unemployment rates (over 1300 SLAs) • Employment Growth (65 ABS regions) • Metropolitan – Regional | <ul style="list-style-type: none"> • Industry Type (ABS Regions – 17 categories) • Size of local labour market |

All DES Participants should have an active Job Seeker Classification Instrument (JSCI), to ensure the Star Ratings are accurate. DES providers have access to create and update a JSCI for their own Participants and should do this when a Participant:

- is Directly Registered and is a Volunteer (Non-activity Tested),
- discloses new information to the DES provider,
- does not have a Centrelink Customer Reference Number (CRN), or
- does not have an active JSCI.

Further information on the JSCI process can be found by referring to the Job Seeker Classification Instrument Guidelines and Explanation of the JSCI questions Advice.

Distribution of DES Star Ratings

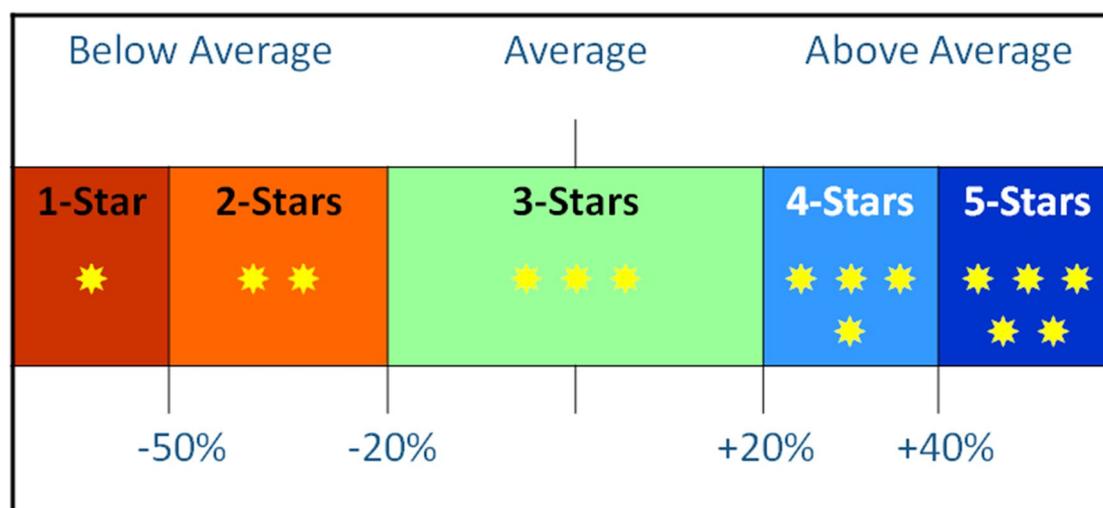
The Provider's final performance score is compared against the final scores of all Providers nationally to produce a Star Percentage, which shows the percentage a Provider is above or below the mean score. The Provider is then allocated to a Star Ratings band according to Table 7. These may be subject to change from time to time by the department.

For example, Sites or Contracts which are 40 per cent or more higher than the national average are allocated 5-Stars.

Table 7: Distribution of DES Star Ratings

| Star Rating | Star Percentage |
|-------------|--|
| 5-Stars | 40% or more above the average. |
| 4-Stars | Between 20% and 39% above the average. |
| 3-Stars | Between 19% above and 19% below the average. |
| 2-Stars | Between 20% and 49% below the average. |
| 1-Star | 50% or more below the average. |

Figure 1: Distribution of DES Star Ratings – graphical representation



Star Ratings Model Six Steps

The model undertakes six major steps in the calculation of Site Star Ratings. The following presents a walked-through example of how the Star Ratings are calculated.

Summary of the Six Steps

For all Sites for each performance measure:

Step 1: Calculate actual performance

Step 2: Calculate expected performance

Step 3: Calculate ratio of actual rate to expected rate.

Step 4: Standardise the performance measure scores on a scale from between 0 and 4.

For all Sites:

Step 5: Calculate the Site performance score by applying the scheduled weightings in Table 1 to each performance measure score.

Step 6: Calculate the **Star Percentage** by comparing the Site's performance score with the national average performance score. Allocate the **Star Rating** on the basis of the distribution in Table 7.

The Six Steps In Detail

The example boxes for each step relate to the calculation of a DMS Star Rating for a hypothetical Site X.

Step 1: Calculate Actual Performance

See Table 2 for descriptions of how the numerator and denominator are determined for each of the performance measures.

- the Star Ratings calculates the actual number of outcomes or indicators achieved (numerator) and the number of participants who are in scope for the measure (denominator).

Step 1 Example

Site X has achieved 33 Job Placements for the 100 participants that have commenced, during the three year period. The numerator for Job Placements is 33 and the denominator is 100. Similarly, the number of actual outcomes or indicators is also calculated for the other performance measures as shown in the following table.

| Performance Measure | Numerator | Denominator |
|--|-----------|-------------|
| Job Placements | 33 | 100 |
| 13 Week Outcomes combined | | |
| 13 Week Full | 20 | 93 |
| 13 Week Pathway | 2 | 75 |
| 13 Week Bonus | 4 | 5 |
| 26 Week Outcomes combined | | |
| 26 Week Full | 20 | 85 |
| 26 Week Pathway | 2 | 67 |
| 26 Week Bonus | 3 | 5 |
| 52 Week Sustainability Indicator / JIJ | 18 | 36 |
| Ongoing Support | 12 | 15 |

Step 2: Calculate Expected Performance

By statistical regression, which takes account of variable participant and labour market characteristics and the number of participants in the denominator, the Star Ratings model calculates:

- the number of outcomes that the Site could be expected to achieve.

Step 2 Example

The Star Ratings model in assessing Job Placement data for all Sites across Australia, calculates that Site X with 100 participants in the denominator could reasonably be expected to have achieved 28 Job Placements. Similarly, the number of expected outcomes or indicators is also calculated for the other performance measures as shown in the following table.

| Performance Measure | Denominator | Expected |
|---|--------------------|-----------------|
| Job Placements | 100 | 28 |
| 13 Week Outcomes combined | | |
| 13 Week Full | 93 | 16 |
| 13 Week Pathway | 75 | 1 |
| 13 Week Bonus | 5 | 4 |
| 26 Week Outcomes combined | | |
| 26 Week Full | 85 | 15 |
| 26 Week Pathway | 67 | 1 |
| 26 Week Bonus | 5 | 3 |
| 52 Week Sustainability Indicator / JIJ | 36 | 16 |
| Ongoing Support | 15 | 11 |

Step 3: Calculate Ratio of Actual Outcomes to Expected Outcomes

The Star Ratings calculates the ratio of actual outcomes to expected outcomes.

For the calculation of Step 3 for the combined 13 Week Outcomes and the combined 26 Week Outcomes, please refer to [Attachment B](#).

Step 3 Example

The model calculates the actual to expected rate ratios for Site X as shown in the following table.

| Performance Measure | Actual | Expected | Ratio |
|--|--------|----------|-------|
| Job Placements | 33 | 28 | 1.20 |
| 13 Week Outcomes combined1 | | | 1.25 |
| 13 Week Full | 20 | 16 | |
| 13 Week Pathway | 2 | 1 | |
| 13 Week Bonus | 4 | 4 | |
| 26 Week Outcomes combined1 | | | 1.33 |
| 26 Week Full | 20 | 15 | |
| 26 Week Pathway | 2 | 1 | |
| 26 Week Bonus | 3 | 3 | |
| 52 Week Sustainability Indicator / JIJ | 18 | 16 | 1.10 |
| Ongoing Support | 12 | 11 | 1.10 |

1. The 13 Week Full, Pathway and Bonus Outcome actual and expected results are combined into one single ratio. See [Attachment B](#) for more detail on how this occurs. Similarly, the 26 Week Outcome actual and expected results are combined into one single ratio. See [Attachment B](#) for more detail on how this combining process occurs.

Step 4: Standardise the Ratios to Performance Measure Scores between 0 and 4

The model standardises the ratios to performance measure scores and places them on a scale from 0 to 4. This ensures that the performance measure weightings as set out in Table 1 are applied correctly.

Step 4 Example

The model transforms the performance measure ratios for Site X to the performance measure scores shown in the following table.

| Performance Measure | Ratio | Standardised Score |
|---|--------------|---------------------------|
| Job Placements | 1.20 | 2.74 |
| 13 Week Outcomes combined | 1.25 | 2.92 |
| 13 Week Full | | |
| 13 Week Pathway | | |
| 13 Week Bonus | | |
| 26 Week Outcomes combined | 1.33 | 3.22 |
| 26 Week Full | | |
| 26 Week Pathway | | |
| 26 Week Bonus | | |
| 52 Week Sustainability Indicator / JIJ | 1.10 | 2.37 |
| Ongoing Support | 1.10 | 2.37 |

Step 5: Calculate the Overall Performance Score

Each performance measure score for a Site is multiplied by the weighting in Table 1 to give a weighted score. All weighted scores are then aggregated to calculate the Site X performance score.

Step 5 Example

The calculation of the performance score for Site X (DES-DMS) is shown in the following table. The weightings are applied to each of the performance measure standardised scores. The weighted scores are summed together to give the overall score for the Site.

The reader should note that the 13 Week Outcome score is weighted by a 35 per cent weighting, while the 26 Week Outcomes combined score is weighted by 45 per cent. The weightings for the Full, Pathway and Bonus outcomes individually were applied in Step 3. See [Attachment D](#) for further information on the combined score process for the 13 and 26 Week performance measures.

| Performance | Standardised Score | Weighting | Weighted Score |
|--|--------------------|-----------|----------------|
| Measure | | | |
| Job Placements | 2.74 | 5% | 0.14 |
| 13 Week Outcomes combined | 2.92 | 35% | 1.02 |
| 13 Week Full | | | |
| 13 Week Pathway | | | |
| 13 Week Bonus | | | |
| 26 Week Outcomes combined | 3.22 | 45% | 1.45 |
| 26 Week Full | | | |
| 26 Week Pathway | | | |
| 26 Week Bonus | | | |
| 52 Week Sustainability Indicator / JIJ | 2.37 | 10% | 0.24 |
| Ongoing Support | 2.37 | 5% | 0.12 |
| Performance Score for Site X | | | 2.96 |

Step 6: Calculate the Star Percentage and Star Rating

From the overall performance scores for all Sites across Australia, the national average Site performance score is calculated. The example below shows a national average Site performance score of 2.

Each Site's Star Percentage is then calculated by comparing their performance score with the national average Site performance score. The Star Percentage is always truncated to the integer, meaning that the decimal components are always removed. For example, a Star Percentage of 19.82 is truncated to '+ 19', and a Star Percentage of -19.82 is rounded down to '- 19'.

Star Ratings are then allocated to each Site on the basis of the distribution in Table 7.

Step 6 Example

The Star Percentage and Star Rating for Site X is calculated as follows.

Performance Score for Site X = **2.96**

National Average Site X Performance Score = **2.00**

Site X Star Percentage = $(2.96 - 2.00) / 2.00 * 100 =$ **+48**

Site X Star Rating = **5-Stars**

As '+48' is more than 40 per cent above the national average.

Additional Business Rules

Thresholds for Calculated Ratings (Minimum Data Requirements)

To ensure the robustness and statistical validity of the assessments, a Star Rating will only be awarded for a Site or Contract once the following has been achieved:

- Disability Management Service
A minimum of 20 participants in the denominator for the 13 Week Full Outcomes measure
- Employment Support Service
A minimum of 20 participants (combined) in the denominators for the measures:
 - 13 Week Full Outcomes (minimum of 5 participants)
 - Ongoing support

Some Contracts or Sites may have insufficient data to receive a Star Rating. If a Contract or Site is not issued with a Star Rating this does not signal poor performance.

It is possible that due to the three year rolling assessment period and variations in referrals over time, a Site or Contract may oscillate over and under 20 eligible participants (i.e. sufficient data) from one ratings release to the next. In the first instance that a Site moves from being above the threshold to below the threshold, then the department will publish the Site's previous rating. If a Site is below the threshold for two consecutive ratings periods then the department will publish a rating of insufficient data.

Zero participants in the denominator for a Performance Measure

In some instances a DES Site or Contract will have zero participants in the denominator for a particular performance measure. This will be handled in the Star Ratings calculations differently for different performance measures. The rules are set out below.

Full, Pathway or Bonus Outcome measures

Where there are zero participants in the denominator for the 13 or 26 Week Full, Pathway or Bonus Outcomes measures, then the weighting for that measure will be scaled up to other remaining measures. This is most likely to occur in relation to either the Pathway or Bonus Outcome performance measure. For example, if there are zero observations in the denominator for the Pathway performance measure as the Site assistance sole Participants with an 8 hour benchmark, then the five per cent weighting of the Pathway performance measure will be distributed to the Full and Bonus outcome measure, proportionate to the weighting of the Full and Bonus outcome measure. See [Attachment C](#) for a more detailed explanation of how this will occur.

DES-DMS measure 2.5 (Ongoing Support)

For measure 2.5 (Ongoing Support) in DES-DMS if there are zero participants in the denominator for this measure (DMS only) the weighting for the remainder of the measures (usually equal to 95 per cent) are scaled up to 100 per cent.

This arrangement for measure 2.5 in DMS was put in place, due to the expected large number of DMS Sites or Contracts that would not service any participants in the Ongoing Support phase (given the nature of the DMS program).

For example, ordinarily measure 2.2.1 (13 Week Full Outcomes) in DMS has a weighting of 25 per cent. If a DMS Site or Contract has zero participants in the denominator for measure 2.5 (Ongoing Support), then measure 2.2.1 will be scaled up to 26.32 per cent ($25\% \times (100\% / 95\%)$) weighting.

All other performance measures

For the remaining performance measures, if there are zero participants in the denominator then the national average performance for the measure will be attributed.

Treatment of new and continuing Contracts, Contract novations and Contracts that hand back business

New Contracts

The department will publically release a Star Rating for new DES Contracts after they have been operating for 12 months. In the interim, the department will display insufficient data for publishing purposes. The department will give an indicative Star Rating to the Provider after nine months of operation, but this will not be published. This arrangement includes new DES-ESS Contracts established as part of the Request for Tender process.

Continuing Contracts

The department will use continuing Contract's past performance in the calculation of the performance measures for job placements, 13 Week Full Outcomes, 13 Week Pathway Outcomes, 26 Week Full Outcomes, 26 Week Pathway Outcomes and the 2010 definition of Ongoing Support. For the 13 Week Bonus Measure, the 26 Week Bonus Measure, the 52 Week Sustainability Indicator/JiJ and the 2013 definition of the Ongoing Support performance measures, the department will only use data from 4 March 2013.

Contract Novations

Where a Provider takes over the business of an existing Contract, as part of a Contract novation, the new Contract inherits the past performance of the original Contract.

The new Provider is required to establish a new Contract and transfer the participants from the original Contract. Subsequent Star Ratings calculations for the new Contract will include the performance data of both the original and the new Contracts. This will continue to be the case until there is no performance data (commencements or outcomes) for the original Contract which lie within the three year rolling assessment period.

Contracts that 'hand back' business

Where a Provider contacts the department to request a 'hand back' of their Contract, the market share and participants are then allocated to other available Contract(s) within the ESA. The receiving Contract(s) do not take on any past performance of the original Contract. This arrangement is also applicable to Contracts that cease to operate due to Request for Tender or business reallocation results.

When and how DES Star Ratings are published

Timing of DES Star Rating releases

The first public release of ratings for this Performance Framework will be the three year period to the end of December 2013. The department will calculate a set of Star Ratings using the 2013 Performance Framework methodology in the June and September 2013 release, but they will only be given to Providers and will not be published.

Publication of DES Star Ratings

All Site and Contract level Star Ratings are made available to all DES Providers on the Provider Portal. Site level Star Ratings are publically released on two websites.

- [Australian Job Search](http://jobsearch.gov.au/provider/ProviderLocation.aspx?ProviderType=DES&)
<http://jobsearch.gov.au/provider/ProviderLocation.aspx?ProviderType=DES&>
- [Department Internet Site](http://employment.gov.au/disability-employment-services)
<http://employment.gov.au/disability-employment-services>

In addition, as part of the registration process, Centrelink staff have Site level Star Ratings available for job seekers to consider when choosing the Provider which will assist them.

DES Site publishing arrangements

Where a DES Site has insufficient data in their own right, the Contract level Star Rating for that Site will be substituted for the purposes of the public release (if available). For example, if the Contract level rating is 4-Stars and one of the Sites linked to that Contract has Insufficient Data in its own right then the 4-Star result will be published.

Where a DES Site has been operating for less than twelve months but the Contract had been operating for more than 12 months, the Contract level Star Rating for the Site will be substituted for the purposed of the public release (if available). If the Contract has been operating for less than twelve months then Insufficient Data will be displayed for both the Contract and Site (as applicable).

DES performance reports

DES Star Rating related performance reports are available in the Employment Services System via ES Reporting and are updated on a weekly and monthly basis.

Further information

DES Star Rating webinar presentations were held on 26 March and 2 April 2013 and the recordings of those webinars and the presentations are available on the Learning Centre. Additional explanatory documents are available on the Provider Portal, including fact sheets and:

- Transition to 2013 DES Star Ratings Advice and
- forthcoming 52 Week Sustainability Indicator Guidelines and Advice.

Hours and/or Wages pilot

Based on the recommendations of the DES Performance Framework Review Working Group members, the Government agreed that a pilot of a possible hours and wages performance measures be undertaken in 2013 and the results of the pilot will be available in 2014.

During 2013 the pilot will be conducted into possible Hours and/or Wages performance measures options, with data collected from DES Providers that volunteered to participate. The outcome of the pilot will inform whether an Hours and/or Wages performance measure should be included in the DES Performance Framework at a later point in the DES Deed.

Further information about the pilot is available in a factsheet document published on the DES Provider Portal.

ATTACHMENT A

Participant Site, Contract and Program Transfer Rules

The following explains how participants will be accounted for in the calculation of the Star Ratings if they transfer between:

1. Sites
2. Contracts (i.e. transfer specialisation or ESA)
3. DES programs (from DMS to ESS or vice versa).

There are two overarching transfer rules that apply to all of the performance measures. Each of the performance measures then also has individual transfer rules for the calculation of numerators, denominators and the time in assistance control variables.

Overarching Rules

- A participant will be included in the numerator at a Site where the eligible outcome or fee was lodged or where the indicator was achieved.
- A participant will not be included in the denominator of a Site if they have already achieved the relevant Outcome at a previous Site with the same organisation (in the same unique period of assistance). This rule does not apply to the Job Placement performance measure.

Performance Measure Denominator Rules

Job Placements Performance Measures (2.1)

A participant will be included in the denominator at a Site if the participant was in Employment Assistance for at least one day at that Site.

A participant can be in the numerator once per site. If the participant transfers after achieving a job placement and has a period of employment assistance at a new site, then they will be included in the denominator of the new site.

Full and Pathway Outcome Performance Measures (2.2.1, 2.2.2, 2.3.1, 2.3.2)

A participant will be included in the denominator for a Site where their duration in assistance in EA and PPS at the Site is 13 weeks (excluding periods of suspensions) for a 13 Week Full or Pathway outcome or 26 weeks for a 26 Week Full or Pathway outcome performance measures.

A participant's *duration in assistance* at a Site is calculated from commencement in DES with that organisation until the participant transfers from the Site or exits Disability Employment Services. In other words, a participant's *duration in assistance* at a Site includes time spent at previous Sites with the same organisation (during the same unique period of assistance), but does not include time spent at future Sites or time spent at Sites from other organisations.

If a participant transfers organisation, then their *duration in assistance* restarts with the new organisation.

Bonus outcome, JIJ outcome and 52 Week Sustainability Indicator Performance Measures (2.2.3, 2.3.3 and 2.4)

A participant may transfer while they are tracking towards a Bonus outcome, JIJ outcome or 52 Week Sustainability Indicator. This can occur where:

- A participant who has been anchored in employment and may meet the conditions of a paid bonus outcome performance measure transfers Providers while they are in the PPS phase and tracking towards achieving a paid 13 or 26 Week Bonus outcome.
- A JIJ participant who has moved into the PPS phase transfers while they are tracking towards a 26 Week JIJ outcome.
- A participant who has been anchored in employment and remains in the PPS or OS phase transfers Providers while they are tracking towards a 52 Week Sustainability Indicator.

In each of these three cases, each participant will only be included once per individual anchor per period of service. Each participant will be included in the denominator of the last Site where they commenced and were tracking towards achieving the outcome or indicator, whether or not they actually went on to achieve the outcome or indicator.

Ongoing Support Performance Measure (2.5) - 2010 and 2013 definitions

A participant may transfer Site, ESA or Contract while they are in the Ongoing Support phase within the same organisation. In this case the participant will only be counted in the denominator of the last of the Organisation's Sites where the participant was commenced in Ongoing Support.

Alternatively a participant may transfer Site, ESA or Contract while they are in the Ongoing Support phase to a new organisation. In this situation the participant would be included:

- in the numerator and denominator of the last Site before they transferred between organisations
- in the denominator of the Site with the new organisation
- in the numerator of the Site with the new organisation, but only if they remain in the Ongoing Support phase at the end of the performance period or they exit as an Independent Worker, with verification that they are employed six weeks after they exit.

Time in Assistance Control Variables

Time available for assistance is a control variable in the regression models for performance measures 2.1, 2.2.1, 2.2.2, 2.3.1, 2.3.2 and 2.5 (Job Placements, Full and Pathway outcomes and Ongoing Support measures). It controls for the different opportunity that a Site had to achieve a particular type of outcome.

For Job Placements, Full and Pathway outcomes the time in assistance is the time in EA and PPS that a participant has had at a Site, excluding periods of suspension. It does not include time spent at previous Sites either with the same organisation or a different organisation.

For measure 2.5 (Ongoing Support), the *time available for assistance* variable will be the amount of time that a participant has in the Ongoing Support Phase with the organisation until they exit the organisation or exit Ongoing Support.

Summary of Transfer Rules: Transfer between Site/Contract

| Performance Measure | Losing Site/Contract | Gaining Site/Contract |
|--|--|--|
| 2.1 Job Placement Numerator | Job Placement Fees claimed at that Site/Contract will be included. As long as it is the first Job Placement Fee claimed per participant, per Period Of Service and per provider. | Job Placement Fees claimed at that Site/Contract will be included. As long as it is the first Job Placement Fee claimed per participant, per Period Of Service and per provider. |
| 2.1 Job Placement Denominator | Included if they have had at least one day in the Employment Assistance phase at that Site/Contract. | Included if they have had at least one day in the Employment Assistance phase at that Site/Contract. |
| 2.2.1, 2.2.2, 2.3.1, 2.3.2 13 and 26 Week Full and Pathway Outcomes Numerator | Outcomes paid at that Site/Contract will be included in the relevant numerator. | Outcomes paid at that Site/Contract will be included in the relevant numerator. |
| 2.2.1, 2.2.2, 2.3.1, 2.3.2 13 and 26 Week Full and Pathway Outcomes Denominator | Included where <i>duration in assistance</i> is greater than 13/26 weeks (excluding periods of suspensions). (<i>Duration in assistance</i> is calculated as days from commencement with the organisation) | Included where either: <ul style="list-style-type: none"> <i>duration in assistance</i> is greater than 13/26 weeks; OR a 13/26 Full or Pathway outcome is paid at the Site/Contract. (Duration in assistance is calculated as days from commencement with the organisation) |
| 2.2.3 & 2.3.3 Bonus Outcomes Numerator | Not included. | Included if a Bonus outcome was paid for the 13/26 Week Full or Pathway outcome or the participant was Indigenous. |
| 2.2.3 & 2.3.3 Bonus Outcomes Denominator | Not included. | Each participant will be included in the denominator of the last Site where they commenced and were tracking towards achieving the outcome. |
| 2.4 52 Week Sustainability Indicator Job in Jeopardy Numerator | Not included. | Included if a 52 Week Sustainability Indicator achieved or if a JIJ 26 Week outcome is paid at the Site/Contract. |
| 2.4 52 Week Sustainability Indicator Job in Jeopardy Denominator | Not included. | Each participant will be included in the denominator of the last Site where they commenced and were tracking towards achieving the outcome or indicator. |
| 2.5 Ongoing Support (2010 and 2013 definitions) Numerator | Transfer between organisations: Included. Transfer within organisation: Not included. | Included if participant is still in Ongoing Support, or exits as an Independent Worker, with verification that they are employed six weeks after they exit. |
| 2.5 Ongoing Support (2010 and 2013 definitions) Denominator | Transfer between organisations: Included. Transfer within organisation: Not included. | Included. |

ATTACHMENT B

How the 13 Week Outcome performance measures are combined in Step 3

The following gives a practical explanation of how the 13 Week Outcome measures are combined during Step 3 of the Six Steps to calculate Star Ratings. The process for combining the 26 Week Outcomes is almost identical, except that the 26 Week Performance Measures have different weightings.

Step 3: Calculate Ratio of Actual Outcomes to Expected Outcomes

The combined measure compares the actual performance for each outcome type added together (i.e. Full + Pathway + Bonus), with the expected performance for each outcome type added together (i.e. Full + Pathway + Bonus).

The outcomes will each need to be weighted according to the performance measure weights. The actual performance for 13 Week Full outcomes in DMS is weighted by 25%. Likewise, the expected performance for 13 Week Full outcomes is also weighted by 25%.

The actual and expected performance for Pathway and Bonus outcomes are each weighted by 5%.

Therefore, the actual versus expected equation will look like:

Actual vs Expected (DMS 13 week Outcomes) =

$$\frac{(actual\ full\ outcomes)*25\%+(actual\ pathway\ outcomes)*5\%+(actual\ bonus\ outcomes)*5\%}{(expected\ full\ outcomes)*25\%+(expected\ pathway\ outcomes)*5\%+(expected\ bonus\ outcomes)*5\%}$$

For Site X, described in the 'Star Ratings Model Six Steps', the actual and expected results from steps 1 and 2 above are as follows:

| Performance Measure | Actual | Expected |
|----------------------------------|--------|----------|
| 13 Week Outcomes combined | | |
| 13 Week Full | 20 | 16 |
| 13 Week Pathway | 2 | 1 |
| 13 Week Bonus | 4 | 4 |

These actual and expected results are combined into one actual versus expected equation, with the weightings for DES-DMS:

$$Actual\ vs\ Expected = \frac{(20) * 25\% + (2) * 5\% + (4) * 5\%}{(16) * 25\% + (1) * 5\% + (4) * 5\%}$$

$$Actual\ vs\ Expected = 1.25$$

ATTACHMENT C

What happens if there are zero participants in scope for the 13 Week Pathway Outcome Fee or 13 Week Bonus Outcome fee performance measures?

There may be zero participants in scope for the 13 Week Pathway Outcome Fee measure or the 13 Week Bonus Outcome Fee measure. For example, this could occur where all of a Site's participants have an 8 hour benchmark, excluding them all from the 13 week Pathway Outcome performance measure. The following gives a practical explanation and example of how such instances are accounted for in the Star Ratings. This principle applies to the 26 Week Pathway and Bonus Outcome Fee measures as well.

If there are zero participants in scope for the Bonus Outcome Fee measures, then:

- the 13 Week Combined measure will be calculated by comparing the Full and Pathway expected outcomes with the 13 Week Full and Pathway actual outcomes. Bonus outcomes will not contribute to the Providers expected performance or their actual performance, so they will be neither advantaged nor disadvantaged.
- the overall weighting of the 13 Week Combined performance measure will remain the same (i.e. 35% for DMS and 30% for ESS)
- the overall effect of the above two points is that the Full and Pathway outcome performance measures have been scaled up to 35% overall, where previously they contributed 30% overall and Bonuses a further 5%.

Step 3: Calculate Ratio of Actual Outcomes to Expected Outcomes

The actual versus expected equation for DMS 13 Week Outcomes looks like:

Actual vs Expected (DMS 13 week Outcomes) =

$$\frac{(actual\ full\ outcomes)*25%+(actual\ pathway\ outcomes)*5%+(actual\ bonus\ outcomes)*5%}{(expected\ full\ outcomes)*25%+(expected\ pathway\ outcomes)*5%+(expected\ bonus\ outcomes)*5%}$$

If there are zero in scope for the Bonus measure then equation would effectively exclude the Bonus component of the measure and look like the following:

Actual vs Expected (DMS 13 week Outcomes) =

$$\frac{(actual\ full\ outcomes)*25%+(actual\ pathway\ outcomes)*5%}{(expected\ full\ outcomes)*25%+(expected\ pathway\ outcomes)*5%}$$

For a hypothetical Site Y, the actual and expected results may look like the following:

| Performance Measure | Actual | Expected |
|----------------------------------|--------|----------|
| 13 Week Outcomes combined | | |
| 13 Week Full | 25 | 21 |
| 13 Week Pathway | 8 | 6 |
| 13 Week Bonus | 0 | 0 |

These actual and expected results are combined into one actual versus expected equation, with the weightings for DES-DMS:

$$Actual\ vs\ Expected = \frac{(25) * 25\% + (8) * 5\%}{(21) * 25\% + (6) * 5\%}$$

$$Actual\ vs\ Expected = 1.20$$

Step 5: Calculate the Site Performance Score

When the individual performance measures are combined in Step 5 of the Star Ratings, then the 13 Week Combined measure still has a weighting of 35%. In effect this means that the Provider’s performance on the two remaining outcome types, Full and Pathway Outcomes, have been scaled up.

Step 5 Example

The calculation of the performance score for Site Y is shown in the following table. The weightings are applied to each of the performance measure standardised scores. The weighted scores are summed together to give the overall score for the Site.

| Performance Measure | Standardised Score | Weighting | Weighted Score |
|--|--------------------|-----------|----------------|
| Job Placements | 2.40 | 5% | 0.12 |
| 13 Week Outcomes combined | 2.73 | 35% | 0.96 |
| 13 Week Full | | | |
| 13 Week Pathway | | | |
| 13 Week Bonus | | | |
| 26 Week Outcomes combined | 2.30 | 45% | 1.04 |
| 26 Week Full | | | |
| 26 Week Pathway | | | |
| 26 Week Bonus | | | |
| 52 Week Sustainability Indicator / JIJ | 1.90 | 10% | 0.19 |
| Ongoing Support | 2.00 | 5% | 0.10 |
| Performance Score for Site Y | | | 2.40 |

ATTACHMENT D

Table 8: Schedule of DES-DMS Performance Measures and Weightings

| Performance measure | June 2013 | September 2013 | December 2013 | March 2014 | June 2014 | September 2014 | December 2014 |
|---|-----------|----------------|---------------|------------|-----------|----------------|---------------|
| Job Placements | 5.6% | 5.6% | 5.6% | 5.6% | 5.6% | 5% | 5% |
| 13 Week Outcomes | 39.0% | 39.0% | 38.9% | 38.9% | 38.9% | 35% | 35% |
| 13 Week Full Outcomes | 32.5% | 32.5% | 27.8% | 27.8% | 27.8% | 25% | 25% |
| 13 Week Pathway Outcomes | 6.5% | 6.5% | 5.6% | 5.6% | 5.6% | 5% | 5% |
| 13 Week Bonus Outcomes | - | - | 5.6% | 5.6% | 5.6% | 5% | 5% |
| 26 Week Outcomes | 50.1% | 50.1% | 50.1% | 50.1% | 50.1% | 45% | 45% |
| 26 Week Full Outcomes | 43.8% | 43.8% | 43.8% | 38.9% | 38.9% | 35% | 35% |
| 26 Week Pathway Outcomes | 6.3% | 6.3% | 6.3% | 5.6% | 5.6% | 5% | 5% |
| 26 Week Bonus Outcomes | - | - | - | 5.6% | 5.6% | 5% | 5% |
| 52 Week Sustainability Indicator/Job in Jeopardy | - | - | - | - | - | 10% | 10% |
| Ongoing Support (2010 definition) | 5.6% | 5.6% | 5.6% | 5.6% | 5.6% | - | - |
| Ongoing Support (2013 definition) | - | - | - | - | - | 5% | 5% |

Notes:

1. For Star Ratings during 2015 and beyond, they will use the same arrangements as the December 2014 Star Ratings.
2. For DES-DMS Contracts with zero participants in scope for the Ongoing Support measure, they weighting of that measure will be scaled up across the other measures.
3. The above weightings apply for the 2013 DES Performance Framework only. No similar scaling is required for the 2010 Performance Framework.

Table 9: Schedule of DES-ESS Performance Measures and Weightings

| Performance measure | June 2013 | September 2013 | December 2013 | March 2014 | June 2014 | September 2014 | December 2014 |
|---|-----------|----------------|---------------|------------|-----------|----------------|---------------|
| Job Placements | 5.6% | 5.6% | 5.6% | 5.6% | 5.6% | 5% | 5% |
| 13 Week Outcomes | 33.4% | 33.4% | 33.3% | 33.3% | 33.3% | 30% | 30% |
| 13 Week Full Outcomes | 27.0% | 27.0% | 22.2% | 22.2% | 22.2% | 20% | 20% |
| 13 Week Pathway Outcomes | 6.4% | 6.4% | 5.6% | 5.6% | 5.6% | 5% | 5% |
| 13 Week Bonus Outcomes | - | - | 5.6% | 5.6% | 5.6% | 5% | 5% |
| 26 Week Outcomes | 44.5% | 44.5% | 44.5% | 44.4% | 44.4% | 40% | 40% |
| 26 Week Full Outcomes | 38.1% | 38.1% | 38.1% | 33.3% | 33.3% | 30% | 30% |
| 26 Week Pathway Outcomes | 6.4% | 6.4% | 6.4% | 5.6% | 5.6% | 5% | 5% |
| 26 Week Bonus Outcomes | - | - | - | 5.6% | 5.6% | 5% | 5% |
| 52 Week Sustainability Indicator/Job in Jeopardy | - | - | - | - | - | 10% | 10% |
| Ongoing Support (2010 definition) | 16.7% | 16.7% | 16.7% | 16.7% | 16.7% | - | - |
| Ongoing Support (2013 definition) | - | - | - | - | - | 15% | 15% |

Notes:

1. For Star Ratings during 2015 and beyond, they will use the same arrangements as the December 2014 Star Ratings.