

1 INTRODUCTION

1.1 Background to the project

The purpose of this paper is to summarise the findings of the project on *Developing Effective Public-Private Partnerships in the APEC Region* implemented under the Labour and Social Protection Network (LSPN) of the APEC Human Resources Development Working Group.

Australia, represented by the Australian Government Department of Education, Employment and Workplace Relations (DEEWR) coordinated this self-funded project investigating the use of public-private partnerships (PPPs) in the delivery of human resources development policies and programs with a particular focus on labour and welfare programs.

Information for this report was sourced from responses to a questionnaire circulated to APEC LSPN member economies seeking information on the use of PPPs, relevant publications, and presentations and discussions from the APEC Symposium on *Developing Effective Public-Private Partnerships: Meeting the Needs of the 21st Century Workforce*. The symposium was held in Singapore on 11–13 August 2008 and was co-hosted by DEEWR and the US Department of Labor. The Outcomes Statement from the symposium is attached at Annex 1 and the presentations delivered during the symposium are available on the symposium website at <http://www.dtiassociates.com/apecsingapore>.

1.2 Rationale for the project

APEC has long promoted and encouraged the use of public-private partnerships in responding to economic challenges facing economies in the region. In 2004, the Economic Leaders called for “the need to deepen capacity building initiatives in the region through public-private partnerships and increased interaction with international financial institutions”.¹

Peru, the host of APEC in 2008, reiterated the importance of public-private partnerships by making it one of the key themes for 2008. Peru called for a “genuine and constructive interaction—a partnership between the private and public sectors—on issues of common concern and understanding to prepare members for the challenges of globalization and to help more people participate in the modern economy”.² Developing effective

public-private sector partnerships, focusing on strategies for meeting skills and labour shortages and the use of PPPs in the delivery of employment services and welfare programs responds to the priorities identified by APEC and Peru for 2008.

Governments are increasingly using PPPs as a preferred choice to meet the demands of providing services to the community. More governments are using private sector service providers to increase efficiency in public service delivery and seek a range of business partnerships with such providers. An important reason why governments are using PPPs is that they allow a socially acceptable transfer of risk from the public sector to the private sector.

Well planned and implemented PPPs also allow governments to reap rewards in financial and efficiency areas when partnering with the private sector to deliver public services: they can be a starting point for the public and private sector to work together to deliver better value-for-money services to the community.⁴ Further, by pulling together public and private sector expertise; resources and knowledge; efficiency and productivity can be increased.

While there is a substantial amount of information available on the general use of PPPs, particularly in relation to infrastructure projects, there is little information available on the use of PPPs in the delivery of labour market and employment policies and programs. In response to this gap of information, this report aims to help heighten awareness of some of the debates surrounding the use of PPPs in delivering labour market and employment services, and to provide case studies of working examples of PPPs in APEC member economies. It is hoped this report will serve as a tool for encouraging APEC member economies to utilise PPPs in assisting people to fully participate in the economy.

1.3 Structure of the Report

In Chapter Two, the report investigates what a public-private partnership is and highlights different theories surrounding the definition of a PPP. Chapter Three provides case studies and examples of the use of PPPs in APEC member economies to identify and meet skills shortages.

The delivery of employment services by PPPs and how these PPPs have responded to changing labour market conditions are explored in Chapter Four. Chapter Five seeks to reflect on the previous two chapters and discuss lessons learnt in the use of PPPs in APEC member economies when using PPPs to address local skills shortages and in delivering employment services.

In Chapter Six, the use of PPPs by international organisations is highlighted with case studies such as the International Labour Organization and the World Bank.

2 DEFINING PUBLIC-PRIVATE PARTNERSHIPS

2.1 What is a Public-Private Partnership?

A number of countries are beginning to use PPPs for the provision of services traditionally delivered by the public sector. Research suggests governments are attracted to such partnerships because of value for money, gains from innovation and access to improved services.

There is no common agreement on a single meaning of a public-private partnership (PPP). It is often used to describe a range of activities that involve some type of relationship between the public and private sector. However, the most common usage of the term relates to PPPs as a method of procurement that involves the use of private sector capital to fund an asset that is used to deliver outcomes for a government agency.

PPPs can be broadly described as any partnership between a government party and a non-governmental party to deliver a service that traditionally would have been delivered primarily by the government.⁵ Traditionally, a delivery mechanism for infrastructure and services would involve government controlling all aspects of infrastructure development, maintenance and delivery of services. In this option, there is no private-sector involvement. On the other end of the scale, there is no public sector involvement.

A key component of a PPP is the utilisation by government of an area of the private sector or community that specialises or possesses expertise in the delivery of a service area.⁶ The government also engages in transferring, in a responsible manner, areas of risk associated with the delivery of a service. Outsourcing or contracting out of government services is a method used to capture the more desirable features of the free market for use in the delivery of more competitive government services.

Central features characterising a PPP:

- a medium to long term relationship between a range of partners based on shared aspirations;
- the sharing of risks and rewards;
- a contribution of resources among all partners; and
- aims to deliver outcomes and services in the public interest on a continuously improving basis.⁷