

## 5 LESSONS LEARNT OPERATING PUBLIC- PRIVATE PARTNERSHIPS

There have been various lessons learnt from the engagement of PPPs in delivering employment services and meeting skills and labour shortages. This chapter will discuss some of the lessons and challenges identified by the case studies explored in previous chapters.

It is apparent from case studies that there is no 'one size fits all' approach to the implementation of PPPs in the delivery of labour market and welfare policies. The models utilised depend on the circumstances and requirements of the individual economies and there are wide differences between them. This range of experiences and models, with no two models the same, enables a wider scope when assessing the various advantages and challenges in the implementation of PPPs.

Bridging the divide between public services delivery and private sector specialisation can highlight differences in 'languages' and the way that organisations communicate and function. Harnessing the differences and strengths of each side of the divide, developing and managing relationships and agreeing to clearly defined operational goals and outputs are key to a successful, productive public-private partnership.

### 5.1 Australia

A critical feature of the success of Australia's Job Network has been the ongoing reviews to identify areas for improvement.

A number of reviews have been conducted since the introduction of the Job Network in 1998. The Australian Government's overall evaluation strategy for the Job Network included a requirement for a regular independent review which commenced in 2000 by the Productivity Commission, which is the Australian Government's independent research and advisory body. The review was to include an examination of the application of the purchaser-provider model to employment assistance, the roles of relevant players in the employment services market, areas where the model could be improved and the scope to apply the model to other types of government services delivery. To ensure input from a wide range of stakeholders, the review took the form of a public enquiry.

The first report, released in 2000, covered the first 17 months of the Job Network and was aimed primarily at assessing the implementation of the Job Network together with early market experiences. The second report, released in 2001, was a report on the Job Network's progress and covered the operation of the Job Network over the first contract period, from May 1998 to end of February 2000 and the early months of the second contract period to September 2000. The third report, published in 2002, focused on the effectiveness of the Job Network in securing sustainable employment for job seekers. The review found that the Job Network's purchaser-provider model, with its focus on outcomes, competition and choice, was a suitable policy framework for the delivery of active labour market programs.

Recommendations by the Productivity Commission included the retention of the purchaser-provider model for employment services, collection of detailed information on the effects of compliance and longer term participation on employment, establishment of an independent data advisory panel and raising awareness of the complaints mechanism.

Key criticisms of the Job Network that featured in the public review were that particularly disadvantaged jobseekers received little or deliberately ineffectual assistance and some minor programs were either poorly targeted or ineffective. Criticisms were also made that the competitive tendering process was complex, expensive and disruptive and Job Network members suffered both an inability to grow due to fixed caseloads and excessive burden and direction from government.

As a response to the review, the government introduced The Active Participation Model in 2003. The Active Participation Model sought to build on the successes of the Job Network by more actively engaging job seekers through the Job Network and other complementary employment and training programs to maximise their chances of finding work as quickly as possible.

The Active Participation Model is underpinned by mutual obligation, with job seekers required to participate in activities designed to enhance their ability to seek or obtain work, in return for continued support and assistance.

The Australian Government has recently (2008) undertaken a review of its employment services to better reflect changes in the labour market. It consulted with employment services providers, employers, welfare organisations and other stakeholders to seek their views

on the future direction of employment services such as the Job Network. The government has taken this advice into account ahead of going to the market and inviting tenders for the new employment services contract in late 2008.

In evaluating Australia's Job Network, the Australian Government is currently seeking to evolve its employment services into the next generation of PPPs to compliment a labour market that has lower unemployment and demand for appropriately skilled workers.

The new employment services model seeks to:

- enable more tailored assistance for job seekers;
- increase early assistance to the most disadvantaged job seekers;
- better meet the skills needs of employers;
- enhance opportunities for work;
- introduce a more work-like compliance system; and
- streamline programs and processes to reduce the burden of administration and red tape which will cut the costs for service providers.

Within the new Job Network model, each job seeker will work with their provider to develop an Employment Pathway Plan that will take into account their needs, skills and aspirations and will identify the assistance required to secure sustainable employment or self-employment. They will participate in work experience, training or other activities agreed as part of their plan.

A new *Charter of Contract Management* will be developed in consultation with Job Network providers that will guide a new approach to contract management which will aim to strike the right balance between ensuring value for money and accountability by providers, and minimise the burden of departmental monitoring.

An emphasis on training will also be encouraged through the performance management system. Job Network providers will be paid a 20 per cent bonus for placing job seekers in employment after they have completed accredited training. The new model will reward Job Network providers who engage effectively with employers to meet unmet labour demands. Outcome fees will give greater weight to the jobs gathered and filled by providers and performance measures will reflect this fee structure. As part of the tender process, providers will be required to set out their strategies to assist businesses, including small businesses, in meeting their labour needs. It is

expected that the enhanced Job Network employment services system will be introduced in July 2009.

## 5.2 Chinese Taipei

The economy of Chinese Taipei has identified the inability of the private sector to provide for specific unemployed groups and the effect of price competition on the quality of service as challenges for the uptake of PPPs. A further identified barrier in the use of PPPs is a need for an increased organisational framework to regulate PPPs.

Chinese Taipei has also identified a number of benefits of partnerships through the Multi-Employment Promotion Program. These include:

- strengthening the program by involving a range of partners who bring a range of expertise to the partnership, ensuring a more effective outcome;
- assisting non-government organisations to transform into social enterprises so they can become self-sufficient and provide another avenue to employ disadvantaged jobseekers; and
- assist businesses to become competitive in the global market.

## 5.3 Indonesia

Within the economy of Indonesia, lessons learnt in the utilisation of PPPs include challenges in building mutual cohesion and trust among partners, the need to have a balanced playing field among the PPPs implementing partners and that developing PPPs can be time consuming.

Another issue that the economy of Indonesia encountered in developing PPPs was the low interest of organisations within the private sector to invest in vocational as part of their Corporate Social Responsibility programs, and lack of effectively functional civil society organisations that have a focus on human capital.

## 5.4 New Zealand

Since 2006 the New Zealand Department of Labour has engaged in partnerships with indigenous Maori tribal authorities (Iwi) to produce labour market information tools to assist Iwi workforce development planning. A key partnership objective was to enable tribal authorities to independently analyse census data in order to plan,

develop options and solutions, and make decisions based on their social and economic development objectives.

The cost in time and resources for both partners was identified as a constraint in the PPP case study discussed here, Tu Mai Iwi, particularly for the tribal authority but also by staff in the central government agency. Chief Executive level support has an important role to play in addressing the resourcing constraints as does the role of the 'translator' who 'translates' across cultural differences and understandings. Having the translator capability in both organisations is essential as they identify, initiate and communicate the benefits of a partnership to key people in both organisations. This requires familiarity, trust and 'insider' knowledge of the drivers for both partners, stated and unstated. Maintaining the benefits of the partnership is also a challenge as project champions in either organisation move on to other roles.

## 5.5 Peru

In Peru, the uptake of PPPs and involvement by the private sector has been hampered by reluctance on the part of the private sector to enter into partnerships with the government. Local businesses are concerned that entering into such partnerships would grant government increased access to company information and expose them to financial or other penalties in the event of non-compliance with labour regulations.

## 5.6 Singapore

Singapore has indicated that the uptake of PPPs in implementing labour market policies has a range of challenges. These include the influence on price competition and service quality and identifying partners with expertise in a relevant area and the amount of time required to establish and maintain PPPs.

## 5.7 United States of America

Different organisations possess their own unique perspectives, priorities and methods of communication. These different understandings of communicating can pose challenges when different organisations meet with the aim of working collaboratively or within a contractual arrangement.

In the experience of the United States, ETA has found that it is helpful to understand all the partners' diverse

perspectives, priorities and motivations and to take the time to identify common goals when working towards collaborative, mutually beneficial outcomes. The nature of public private relationships often requires time and patience in nurturing partnerships that reflect common goals and well aligned strategies. Through the initial evaluation reports of WIRED and the High Growth Job Training Initiative, several key lessons have been identified from the use of PPPs to target skill and labour shortages.

### 5.71 Partnerships

In terms of the partnerships that were established under these programs, grantees acknowledged that a key component of developing successful relationships was to bring together the right partners and ensure partners shared the same vision. It was also important that partners were representative of groups or stakeholders relevant to the projects being considered and were willing to overcome traditional bias or operating mechanisms.<sup>29</sup> They also stressed that for a partnership to be successful, partners needed to engage in regular discussions and consultations particularly with regards to roles and responsibilities and establish a 'culture of collaboration' which may not have existed prior to the partnership.

### 5.72 Leveraging additional resources

In relation to the funding mechanism and the federal reporting requirements which accompanied grants, evaluation of the initiatives identified several areas which future partnerships should take into account, regardless of whether they have been established to address skill and labour shortages or to deliver employment services. Grantees found that the complexity of goals and issues being addressed by the initiatives were difficult to achieve in the relatively short grant periods. For most recipients, this led to a need to leverage and secure additional funding to meet longer-term challenges and ensure sustainability. The drive to secure this funding consumed large amounts of time and energy for most grantees during the grant periods.

Although outside capital sourced by grantees gave greater flexibility in how programs were delivered and the ETA provided assistance and advice to all grantees, lack of familiarity with federal rules and limitations were difficulties many grantees noted. These issues were discussed for both WIRED regions and the High Growth Job Training Initiative, suggesting future partnerships may need to develop measures to address them.

## 5.8 Conclusion

This chapter has identified many quite similar lessons and themes stemming from the use of PPPs across the APEC economies. A major issue for government is to decide who to partner with in a PPP. This is especially pertinent at the early stages of PPP implementation, when there is limited information available to government about the capability of private or community organisations to deliver the desired outcomes. This information gap can be overcome over time as partners get to know each other better. However, every time a new non-government organisation seeks to partner with government, the same problem will occur. This means a lot of time and effort need to go into the early stages of PPP preparation.

Another recurring theme is the need to set a common goal. Government and partners need to work towards a joint objective. This can be especially hard to achieve when different organisational cultures meet in a PPP. Objectives not only need to be shared, they also need to be achievable. It is important that there is a high level of communication and transparency in setting achievable targets that will satisfy both government and providers.

The need for flexibility in how to achieve objectives was also raised in the case studies. While government has a need to ensure that tax payers money are spent wisely, this can sometimes mean that providers have to operate in a very controlled environment with tight guidelines. This can influence how well an organisation uses initiative and flexibility in achieving agreed outcomes. A similar dilemma is mirrored in the reporting requirements imposed by government. There is a need to strike the right, but difficult, balance between not too onerous reporting requirements and the need for accurate and timely information to monitor progress and performance.

## 6 INTERNATIONAL AND NON-GOVERNMENTAL ORGANISATIONS USE OF PUBLIC-PRIVATE PARTNERSHIPS

International organisations utilise PPP models to provide employment and welfare services and policies in developing countries and to promote higher standards of living. To deliver these policies, international organisations engage in PPPs to deliver programs that address specific issues or needs within countries or regions, particularly in terms of working conditions or training issues.

Programs delivered by international organisations through PPPs usually comprise social and cultural elements, including targeting attitudes that support poor or unsafe working practises. As a result, the partnerships established are often far wider in scope than partnerships established by individual governments or corporations and incorporate multiple partners on various levels.

Partners can include not-for-profit organisations, employer associations, unions, private enterprises and other international organisations, as well as regional and federal governments. Depending on the particular program, the partnerships can include funding arrangements, particularly in the case of external governments or stakeholders, or direct involvement in the implementation of program elements.

PPPs have also been used by international organisations to address skills shortages in the local labour market and assist local governments in implementing reforms in the vocational education and training sectors.<sup>30</sup>

### 6.1 International Labour Organization

The International Labour Organization (ILO) undertakes partnerships with a range of groups, including other international organisations, governments and groups representing both employers and employees. These partnerships aim to promote improved working standards in developing countries while achieving fairer globalisation. The *Better Factories* program in Cambodia and the *Better Work* initiative currently being piloted in Vietnam, Lesotho and Jordan are examples of partnerships.