

long-term nature of WIRED objectives, regions have identified measures and outcomes for evaluation by the ETA and regular reports are required to assess their progress towards these goals.

3.9 Conclusion

This chapter has highlighted a range of examples of cooperative and contractual PPPs used to match skills to labour demand across APEC economies. These examples include PPPs that were government led and initiated, but also examples of projects initiated by industry. In meeting a common national goal of better matching skills to demand, it is important to draw on the knowledge, experience and resources of government, industry, and educational institutions. It is very hard for governments to go it alone in regard to skills matching as they are unlikely to be in a position to know in what industries skill needs are currently located and where future skills shortages are emerging. This is information that industry can supply.

As most national training and education systems are government controlled and funded, industry in turn needs the assistance of government to direct and adjust national training systems to better align with current and future skills needs. Of particular note are the very similar approaches taken on this issue across a range of developing and developed countries in the APEC region.

Regional PPP initiatives also play an important role in meeting and addressing skill shortages by utilising existing regional strengths, such as the pooling of community and regional stakeholders and resources and by responding to the specific needs of the region.

The important role that training providers and educational institutions play in partnership with government and industry is another critical element in providing the appropriate training and education to meet the needs of industry.

With an increasingly global workforce, more integrated national economies and rapid technological change, it is likely that the use of PPPs in addressing skills and labour shortages will become even more crucial, drawing on the strengths of government, industry, and education and training institutions.

4 USING PUBLIC-PRIVATE PARTNERSHIPS TO DELIVER EMPLOYMENT SERVICES

The delivery of employment services has traditionally been the realm of government and in many economies it remains the case. However, increasingly, governments are seeing benefit in engaging with the private sector to share responsibility for delivering employment services.

Australia has been at the forefront of this trend with the introduction of the Job Network. Through the Job Network, the private sector enters into contracts with the government and receives funding support in return for providing employment services and assistance to job seekers. This model is unique in that all employment services that would otherwise be provided by the government are delivered by the private sector. However, the government remains active in determining policy directions and goals, as well as evaluating performance.

This chapter will discuss the Australian Job Network PPP model, as well as other examples identified in APEC member economies through responses to the questionnaire provided to APEC economies and research undertaken by the Australian Government.

The PPP models implemented to deliver employment services take a variety of forms and functions, with no country presenting an identical model. Although none of the identified PPP models are as wide-ranging and complete in scope as the Australian Job Network, in all cases, the private sector is actively involved in either the delivery or the formation of employment services.

4.1 Australia

Between 1946–98, the delivery of government funded employment services in Australia was the monopoly of a single public agency—the Commonwealth Employment Service. Since 1998, Australia's employment services have been delivered via a contracted-out model—the Job Network—consisting of both commercial and not-for-profit providers.

Under the current employment services model, services are contracted out by DEEWR and providers receive payments for providing assistance, including an outcome

fee that is determined by the level of assistance required, service fees, job placement fees and intensive support outcome fees. The Job Network has about 100 providers operating across 1,000 different locations across Australia.

According to a review of the Job Network in 2002, the purchaser-provider model has the advantages of setting out clear objectives, providing stronger incentives for finding better ways of achieving job outcomes and encouraging cost efficiency. The Australian Government has identified that working with the private sector has proved a successful way to deliver employment services. The model is designed to strengthen and broaden government partnerships with private organisation to better connect job seekers with the vacancies employers need to fill.

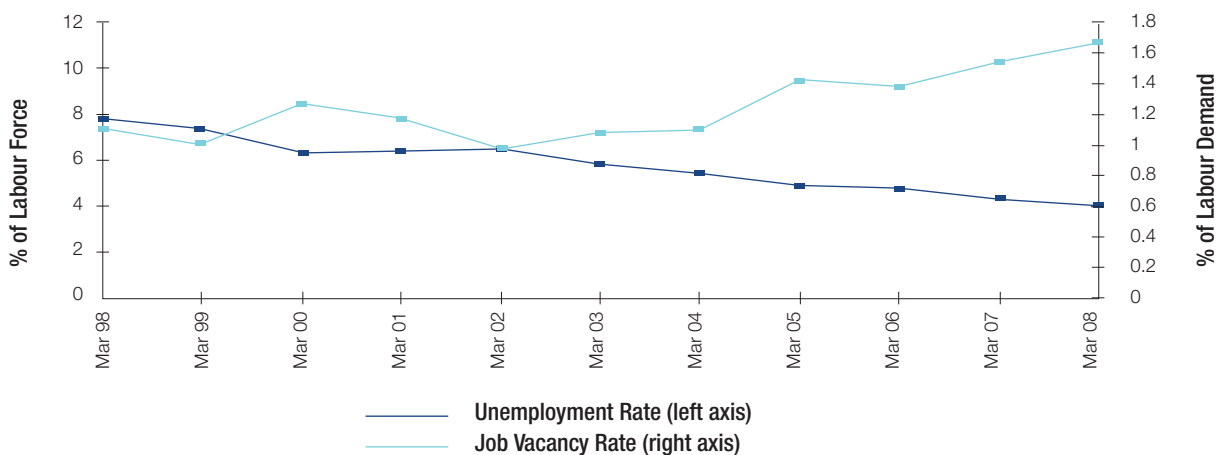
As of July 2009, a new employment services system will be introduced. The new system is the result of an Australian Government review of existing employment services to produce a new model that responds better to the needs of the modern economy. The new model is a simpler model than the existing one, as multiple programs will be replaced with an integrated employment service.

fallen sharply and job vacancies have increased. Although Australia has experienced a significant fall in unemployment over this period, a higher proportion of job seekers are disadvantaged and have experienced long-term unemployment. The new employment services system has been developed to address these issues by aiming to deliver 'work ready' job seekers into the labour market particularly in areas of labour shortage.

The new model has a particular emphasis on assisting the most disadvantaged job seekers, particularly those with complex barriers to employment. Job seekers will be streamed into one of four streams, based on their level of disadvantage. Services provided to job seekers and funding received by the provider is dependent on the level of disadvantage of the job seeker and increases from Stream 1 to Stream 4. Job seekers who are the most work ready will be referred to Stream 1, while job seekers with complex barriers to employment will be referred to Stream 4.

Providers of the new model will assist all job seekers, regardless of their level of disadvantage by providing individually tailored assistance to develop pathways into sustainable employment and connecting them

4.1 Changed Labour Market



*Job Vacancy Rate = ABS measure which represents the number of job vacancies as a proportion of total jobs in the economy

Diagram 4.1 illustrates how the labour market has changed in the past ten years.

In 1998, unemployment was nearly 8 per cent and the percentage of jobs that were vacant was about 1 per cent. However, unemployment has since

to appropriate skill development opportunities. An Employment Pathways Plan will be developed that will identify the mix of vocational and non-vocational activities that job seekers need to achieve employment, with these activities to be delivered by the provider. Depending on the needs of the job seeker, the plan will integrate

education, training, non-vocational assistance, work experience, job search requirements and other support.

Providers will also be expected to engage actively with employers, to understand their needs and ensure that job seekers are provided with assistance to ensure they are best placed to meet them. Outcome payments will be weighted to reflect the importance of providers engaging with employers and the performance management framework will also reward responsiveness to employer needs.

Service providers will receive funding from the Department of Education, Employment and Workplace Relations (DEEWR) through a range of arrangements, including service fees, outcome payments and placement payments, all of which are fixed by DEEWR. Outcome payments and job placement fees will be paid for assisting job seekers into sustainable employment or education. The funding received by service providers is dependent on the stream each job seeker is in and the amount of assistance required. Providers also have access to a flexible pool of funding to purchase assistance to provide vocational and non-vocational training and to provide appropriate work experience activities.

Organisations seeking to provide services under the new model must submit tenders to DEEWR. As the costs and fees are largely fixed, organisations are required to outline their ability to address the needs of job seekers and demonstrate local strategies to meet the labour requirements of employers.

The performance management framework for service providers has several key elements. Indicators will reflect the government's priorities for the new system, and ratings will be determined by performance. Social outcomes for Stream 4 job seekers will be recognised and there will be more timely, frequent information to providers.

A review of performance against key indicators will occur every 6 months. Providers will receive feedback from this review with strengths or areas for improvement identified. Where providers are not performing well compared to their peers, DEEWR will work with that provider to improve performance, including by sharing best practice. Additionally, DEEWR will publish ratings data to inform job seeker and employer choice.

4.2 China

In China, both public and private employment agencies are committed to providing information and services to job seekers. Private agencies are monitored and supervised by the Department of Labour and Social Security, which assesses their suitability for licensing as well as ensuring compliance with national labour laws. Under the Employment Contract Law of China, employment agencies enter into employment contracts with the jobseekers that they place in employment, becoming their legal employer. This system provides protection for workers.

Additionally, the Chinese Government provides free training to unemployed workers to improve their chances of gaining employment. This training is provided through cooperative arrangements between local governments and private vocational training schools.

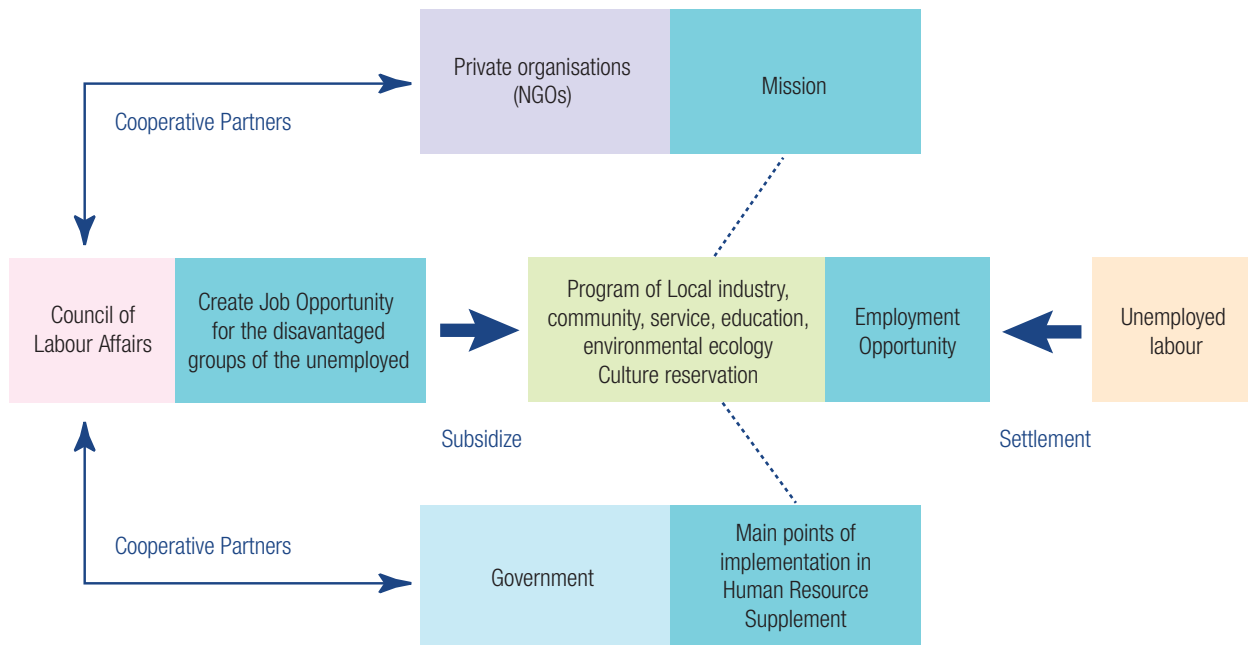
4.3 Chinese Taipei

The Chinese Taipei Government has implemented several employment programs for minority groups such as the Sustainable Taiwan Development Employment Program (2001–2002), the Multi-Employment Promotion Program (2002–current), the Public Service Employment Program (2003–2004), and the Public Works Program (2004–2005). Among all the minority employment promotion programs, the Multi-Employment Promotion Program has been the most successful and to date has serviced the greatest number of people in the running of its employment promotion program.²⁶

The Multiple-Employment Promotion Program

The Multi-Employment Promotion Program, which is implemented by Chinese Taipei's Council of Labor Affairs, is based on regulations on Chinese Taipei's Employment Service Act and aims to create localised industry and job opportunities by cooperation with the private sectors. The Multi-Employment Promotion Program was established to address the growing rate of unemployment in Chinese Taipei. The government, in partnership with non-government organisations created the Multi-Employment Promotion Program.

4.2 The policy of The Multi-Employment Promotion Program



In diagram 4.2, the Multi-Employment Promotion Program links up the public and private sectors and through the implementation of creative, local and developmental economic or social projects, guides jobless people into the projects to reduce their pressure from economic crisis and daily life. The aim of the program is to maintain the participants' willingness to work, increase their ability for work, and strengthen their confidence in work. At the same time, their participation can promote local industrial development and foster local employment opportunities.

Since its introduction, the program has been expanded and has taken different forms of projects. It has branched out into local cultural and historic relics, eco-systems, tourism, handicraft creation, folk art perpetuation, native cuisine, unique agricultural production, after-school care for children, day care for babies, home care for elders, literary and art surveys, ecological preservation and protection, recycle of cooking leftovers, and environmental greening.

Multi-Employment Promotion Program beneficiaries include vulnerable groups including indigenous people, people with disabilities, people on lower incomes and mothers that are the primary income source for their family. The majority of participants are disadvantaged jobseekers, women account for 61 per cent, followed by

middle-aged and older people, Indigenous people, and people with disability.

People who belong to these identified minority groups, and have not previously participated in a similar program are given priority for recommendation to an Employment Multi-Employment Promotion Program. This program is delivered via a contracted-out model consisting of both commercial and non-profit organisations. To date, more than 70,000 employment opportunities have been created.

The successes experienced through the implementation of PPPs, particularly in efficiency gains, have encouraged Chinese Taipei to further pursue PPPs in the implementation of future labour market and welfare services.

4.4 Indonesia

In Indonesia, there has been various partnership mechanisms practiced between government and the private sector. Recently, a new model of PPP was piloted in Indonesia by the International Youth Foundation, supported by USAID and in collaboration with Indonesia Business Links.

A number of research studies and pilots were undertaken which were funded by various donor agencies on more conventional PPPs in preparation for the Youth

Employment and Entrepreneurs Initiative (YEEI) initiative. This program helps disadvantaged youth (18–24 years) to improve their skills and helps create jobs for them. This pilot model is being carried out from 2006 to 2009 and is currently under evaluation. This program is not strictly driven by either the public or private sectors, but by local demand.

The YEEI uses periodical monitoring as well as workshops with the implementing partners of the PPP to track its progress. There are also end-of-project evaluations. Partners in the PPP are interviewed to determine benefits achieved in the partnership as well as challenges. The effectiveness of the PPP is not determined solely by the amount of leverage gained but also about the quality of the relationship as well as the impact that partners within the PPP can bring to the partnership.

4.5 Korea

Employment services in Korea are delivered through both public and private agencies. However, in recent years private agency involvement has become increasingly important. This change is a result of the Korean Government identifying the need to improve the existing employment services system and develop a new model that provides more customised support and convenient services to job seekers.

A collaborative relationship exists between the public and private employment services, which includes the sharing of labour market information through the Job Net Portal. The Job Net Portal is an online service that provides services to both job seekers and employers, including listing current job vacancies and sources of assistance. Additionally, several government programs and services directed at job seekers with higher levels of social disadvantage, including part time workers, women and people with a disability, have been redirected to private employment agencies.

Private agencies that are providing employment services previously provided by the government receive a commission for this service, however, they are also subject to regular monitoring. To identify high performing private sector agencies, the government uses an Employment Service Certification System. This system provides agencies with both a certification and the ability to participate in the government-financed programs, particularly those directed at socially disadvantaged groups.

4.6 New Zealand

In New Zealand, PPPs have facilitated a better alignment of effort and resources that is more responsive to the demands of the labour market and provides benefits to both job seekers and employers.

As discussed in the previous chapter, Industry Partnerships is an arrangement between the Department of Work and Income and major industries and employers that aims to address skill and labour shortages. However, the partnership also provides employment services, as the training and recruitment initiatives provided are targeted directly at people receiving support from the department who would otherwise be unemployed.

Involvement in Industry Partnerships has been strong since it was introduced in 2003 and participation levels continue to increase. For the period 1 July 2003 to 30 June 2007, 8 830 clients were assisted through Industry Partnerships. Gross outcomes for the period ending June 2006 included 66 per cent of participants who remained off benefit after 12 months.

New Zealand sees advantages of PPP use through better alignment of effort and resources, and an enhanced capability of all parties to respond to labour market demands. In terms of employment services, the competitive advantages that the Department of Work and Income can provide through Industry Partnerships include:

- access to a wider labour pool that includes sole parents and people with disabilities;
- integration of income support, training programs and jobs;
- guaranteed employment for job seekers at the end of their training; and
- in-work support services, career support and planning.

4.7 Peru

In Peru, PPPs have been used to facilitate labour market policies. One such PPP is the Programa de Capacitación Laboral Juvenil (Projovent). The principal goal of this program is to facilitate the engagement of lower socio-economic youth into the local labour market.

Projovent involves partnerships between organisations such as non-government organisations, companies and government. The government subsidises enabling costs in classrooms for approximately three months and companies contribute 40 per cent of the minimum salary

to employees. This enables them to work a maximum of six hours per day for three months, according to Peruvian law.

This program has focused on groups that have been identified as being at risk. This group includes youth between the ages of 16 and 24, and citizens that are considered relatively disadvantaged.

Information about participation in the program is stored in a database. This information is used by Red Cil (Labour Information Network), which is managed by the Labour Ministry. Despite the Projovent program operating with limited resources during its 11 year operation, the program has successfully facilitated temporary employment and certification for 63 000 youth.

4.8 Philippines

In the Philippines, PPPs have been used to encourage private sector involvement in the delivery of employment services. Two partnership arrangements, Public Employment Service Offices and Private Recruitment and Placement Agencies have been implemented to provide employment services to job seekers and provide labour market information to policy makers. Private sector partners include non-governmental organisation, community organisations, education providers and private companies.

Both Public Employment Service Offices and Private Recruitment and Placement Agencies provide recruitment and job placement services. Public Employment Service Offices are supervised by either the local government or the accredited partner organisation, although the entire network is administered and monitored by the Department of Labor and Employment. Private Recruitment and Placement Agencies have a local focus and as such, regional Department of Labor and Employment offices undertake the majority of the monitoring and administration.

Registered and accredited employment service agencies are required to submit regular reports and are evaluated on a six-monthly basis to determine the progress of the partnership arrangement and to establish steps to improve the efficiency and effectiveness of the agencies.

4.9 Singapore

In Singapore, PPPs in employment services have taken the form of collaborative partnerships between the government and a range of partners, including unions, employer groups and other private organisations to implement various programs that are focussed on adding value to the competitiveness of the local labour market.

An example of a PPP in delivering employment services has been implemented by the Singapore Human Resources Institute. The Institute is a not-for-profit professional human resources body in Singapore that has established a labour market intermediary agency, Singapore's Professionals and Executives Cooperative.²⁷ The partnerships facilitates the labour market and further employment of job seekers and the mature and older workforce, targeted particularly at middle management and supervisory level.

This type of collaborative PPP involves sharing information to develop labour market strategies and utilising strengths and expertise from different sectors to increase workforce participation. It has also facilitated the improvement of skills of workers in assisting them to find employment and to enhance their skills. This example has been responsive to both supply and demand of the local labour market conditions and also advises on jobs and careers in the context of the local labour market context. Singapore intends to expand its use of PPPs in implementing labour market services in the future.

4.10 United States of America

In the United States, the Department of Labor, Employment and Training Administration (ETA) oversees and coordinates the implementation of One-Stop Career Centers. Under the Workforce Investment Act, the Local Workforce Investment Boards identified in the previous chapter are also responsible for the establishment and monitoring of the One-Stop Career Centers. The Workforce Investment Act gives the Local Workforce Investment Boards, with agreement from the chief local elected official, the authority to designate or certify the operators of One-Stop Career Centers.

There are a range of groups that are eligible to be operators of the One-Stop Career Centers, including private enterprises, educational institutions, state and local government agencies and non-profit organisations. Operators are selected by the Local Workforce Investment

Boards through a competitive process and enter into a contract with the board that sets out the services to be provided, the funding arrangements and the timeframe of the partnership.²⁸ The contract also identifies performance standards and the boards monitor these regularly to ensure they are met.

One-Stop Career Centers meet the employment needs of both job seekers and businesses. The employment assistance and services provided to job seekers by One-Stop Career Centers can vary depending on the individual partnerships, but can include training referrals, career counselling and job search assistance. Additionally, One-Stop Career Centers provide employers with the services they need to find skilled workers, including recruitment and screening of job applicants, customized training programs, supportive services to help employee retention and assistance with strategies to avert mass job losses. The private sector helps inform policy and investment decisions on training and efforts to link workers with in-demand occupations.

4.11 Conclusion

With the introduction of the Job Network in 1998, Australia became an early example of successfully using PPPs in delivering employment services. While managing to achieve the same level of employment outcomes as the old CES, the Job Network has seen the cost of delivering each outcome halved. By combining the knowledge and resources of government and industry, major efficiencies have been achieved.

While most countries have private employment service providers in some form that will use government information and services in pursuing their business, the Australian experience of completely outsourcing the provision of mainstream employment services is unique. This was reflected in the case studies of this chapter which saw no other country present a similar model

The chapter did offer several examples of systems and programs in different APEC economies that complement government delivered employment services with private service providers. The circumstances and requirements of individual economies will largely determine which of these models—adapted or otherwise—are a ‘best fit’ for their economy. However, the general experiences as gleaned from the case studies presented, would seem to suggest that involving the private sector to a lesser or larger

degree has the potential to bring benefits to the delivery of employment services.

As in the case of the Australian experience, these case studies also illustrate how ongoing evaluation of current PPP arrangements is important for ensuring that employment services meet the needs of specific economic circumstances. Evaluation is also an important tool for identifying best practices in PPPs.