



**Asia-Pacific  
Economic Cooperation**

# DEVELOPING EFFECTIVE PUBLIC-PRIVATE PARTNERSHIPS

**Report on human resources development in the APEC region**

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## ABBREVIATIONS

|                |   |
|----------------|---|
| ABK Initiative | Pag-Aaral ng Bata para sa Kinabukasan, or Education for the Child's Future (World Vision Philippines) |
| ABK2           | Take Every Action For Children (2 <sup>nd</sup> ABK Initiative)                                       |
| APEC           | Asia-Pacific Economic Cooperation (International Organisation)  |
| CES            | Commonwealth Employment Service (Australia)   |
| DEEWR          | Department of Education, Employment and Workplace Relations (Australia)                               |
| DSD            | Department of Skill Development (Thailand)  |
| ETA            | United States Department of Labor, Employment & Training Administration (USA)                         |
| HRSDC          | Department of Human Resources and Social Development Canada (Canada)                                  |
| ILO            | International Labour Organization (International Organisation)  |
| Iwi            | Maori tribal authorities (New Zealand)  |
| LSPN           | Labour and Social Protection Network (APEC)   |
| NZAID          | New Zealand Agency for International Development (New Zealand)  |
| PPP            | Public-Private Partnership  |
| Projoven       | Programa de Capacitación Laboral Juvenil (Peru)   |
| USAID          | United States Agency for International Development (USA)  |
| USDOC          | United States Department of Labor (USA)   |
| WIRED          | Workforce Innovation in Regional Economic Development (USA)   |
| YEEI           | Youth Employment and Entrepreneurs Initiative (Indonesia)   |

# 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 21<sup>st</sup> 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”.<sup>1</sup>

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”.<sup>2</sup> 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.<sup>4</sup> 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.<sup>5</sup> 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.<sup>6</sup> 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.<sup>7</sup>

A definition of PPPs is provided by Barbier *et al* in their paper *Public-Private Partnerships in Employment Services*.<sup>8</sup> They define PPP as a voluntary and collaborative partnership between organisations that are public (government) and private (non-government). Both organisations in this type of partnership agree to work together to achieve a common goal or work together to complete a specialised task.

For this report, we have chosen the Barbier *et al* understanding of a PPP as it includes collaborative and voluntary types of partnerships that can be used in the provision of labour market and employment services programs, as well as the traditional purchaser-provider models. Using a broad definition lets us share and explore different and valuable information on PPPs to meet the needs of different types of economies within the APEC region.

## 2.2 Types of Public-Private Partnerships in the delivery of labour market and welfare policies and programs

The nature of PPPs can differ depending on the needs of each individual partnership.

Barbier *et al* (2003), discusses two main types of PPPs. The first type of PPP is a *purchaser-provider model*, a contractual partnership. In the context of labour market assistance the *purchaser-provider* model involves the contracting out of a government employment service. A *purchaser-provider model* is most often used for labour market program activities engaging contractors in private organisations. Private organisations can be either for-profit or non-profit.

Government money is used to achieve public policy goals, but the service delivery is provided by a non-government organisation and the government retains the dominant role as the planner and overall manager of the program. The choice of services to be contracted out in the *purchaser-provider model* is made to find service providers who complement, not directly compete, with services provided by the public sector.<sup>9</sup>

The second type of partnership is *collaborative*. This is often the exchange of information to assist job placement or labour exchange activities. This may also include the communication of broader information on general labour market conditions. This cooperation is often non-financial,

each partner gains because private organisations increase rewards for private placements, and the result supports general government employment policy goals with reduced public cost.

There are also many partnerships that fit in between the two types of partnerships outlined above. These can occur for example, where a government provides grants to the private sector to undertake pilot projects to deliver certain labour market outcomes, such as Australia's 'Tapping into Experience' project discussed in Chapter 3.

## 2.3 Transfer of Risk

The delivery of employment services has traditionally been the realm of government. However, PPPs have increasingly become a way for the delivery of employment services to become a more risk-sharing relationship between government and the private sector and to increase the quality of services to the public.

A PPP is a business partnership based on risk sharing and strengthening specialist knowledge in the private sector by government. PPPs are not 'privatisations' but more a business and risk-sharing partnership with agreed goals in achieving public policy results.

An advantage of PPP use is the transference of risks by the public sector to a private business that has professional experience in managing the type of specialised service required. Since the early examples of PPPs in Australia, payment mechanisms have become more sophisticated, with greater emphasis on balanced judgement of risk transfer, rather than maximum risk allocation. There is now more recognition that risk should be allocated between both the public and private sector to those parties best positioned to manage and control specific risks. This approach attempts to achieve value for money and to minimise the consequences if they do arise.

## 2.4 Accountability and Sustainability in Public-Private Partnerships

Without a well planned accountability framework, private organisations that deliver public services endanger their ability to best reflect the needs of service users. Accountability is therefore an end as well as a means. We interpret this as valuing both the process and outcomes of accountability to have equal weight.

PPPs should base their approach to accountability on three principles: transparency, responsibility and responsiveness. *Transparency* is the adopting and publishing with the highest level of disclosure of the activities of the partnership. The second principle is *responsibility*, which involves clearly defining responsibilities of the partnership and partners and publishing this. The third principle is *responsiveness*, which involves providing opportunities for sectors and members in the community to respond to a partnership's work and reacting accordingly. While these three principles were developed with specific reference to strategic service delivery partnerships, they can be applied to all PPPs.

Building relationships, meaningful discussions and genuine cooperation between partners in PPPs can lead to clearer and more realistic performance measurements. This can also help in better engagement by both partners to achieve results, a foundation for continuing communication to improve results, and a better ability for learning and development.

There are a range of challenges facing organisations in seeking innovative solutions to achieve business outputs and outcome goals. The International Labour Organization (ILO) highlights the importance of sustainability (economic, environmental and social) of PPPs by ensuring the best use of resources by each member of the partnership. The ILO suggests that such a commitment and understanding will have a large impact on the reward achieved by the partnership.<sup>10</sup>

## 2.5 Effective Public-Private Partnerships in the APEC region

There are many interpretations of what constitutes a public-private partnership, and also the laws and regulations that surround the governance of a PPP. There also is much debate surrounding the usage of PPPs in the delivery of social and employment services. Questions about accountability, and appropriateness of PPPs in an economy that is still maturing its political and economic structures often arise. There are many examples of larger-scale PPP usage in developed economies (and outside of APEC) as well as successful and growing PPPs of a smaller nature in less developed economies that provide valuable benefits to their local communities and economy.

Successful PPPs do appear to all have one quality in common: they are a mutually beneficial partnership by two or more organisations that identify themselves as different to each other, but have identified areas of overlap in their organisational goals. Successes gained from the partnership are mutually beneficial.

In the following chapters, this report will examine different forms of PPPs in the case studies taken from responses to a questionnaire provided to APEC economies, and research completed by the Australian Government. These case studies and research by the Australian Government formed the foundation to the 2008 APEC Symposium on *Developing Effective Public-Private Partnerships: Meeting the Needs of the 21<sup>st</sup> Century Workforce*.

### 3 USING PUBLIC-PRIVATE PARTNERSHIPS TO MEET SKILLS AND LABOUR SHORTAGES

The challenge of skill and labour shortages is one faced by many countries. The shortages arise from a variety of factors, including mismatches between the skills provided by government-led training systems and the skills required by employers, and a lack of local or qualified job-seekers. As skill and labour shortages limit the level of productivity and production that can be achieved, it has become an important issue for many governments. However, addressing it and developing appropriate solutions requires engagement from multiple stakeholders, including governments, the private sector and training providers. PPPs have been increasingly implemented to actively involve the private sector in developing solutions to modern workforce challenges, like those posed by skill and labour shortages.

Several examples of PPPs addressing skill and labour shortages have been identified in APEC member economies based on responses from APEC economies and research completed by the Australian Government. This chapter will discuss these models, which are primarily focused on the development of more effective and responsive training systems.

The PPP examples are both collaborative and contractual in nature, although whether or not funding arrangements are in place, governments and private entities usually cooperate to share responsibility for the development and implementation of training systems. Through these partnerships, groups targeting skill and labour shortages undertake a range of activities such as sharing labour market information between the public and private sectors, involving the private sector in discussions on training and in the development of appropriate training measures and providing state funding for new or innovative training projects.

#### 3.1 Australia

Australia has actively pursued the use of PPPs in the delivery of labour market policies and services. In terms of addressing skill and labour shortages, models are predominantly cooperative, and include programs such as

the National Skill Shortage Strategy and targeted industry strategies.

##### 3.11 National Skills Shortage Strategy

The National Skill Shortage Strategy is part of a broad Australian Government policy for workforce development. The National Skill Shortage Strategy is an industry led cooperative approach addressing current and future needs of industry, particularly in vocational occupations.

The National Skill Shortage Strategy provides funding for pilots of innovative projects that aim to increase the pool of skilled labour available to industry, by either expanding the pool or re-skilling and up-skilling it. Although the Department of Education, Employment and Workplace Relations (DEEWR) provides funding support, depending on the type and time frame of activities to be undertaken, industry is also required to contribute.

Since the introduction of the National Skill Shortage Strategy, a range of industry sectors, including food trades, road freight transport and retail have received government assistance to analyse their skill needs and implement strategies to address them. Initiatives are implemented depending on the identified needs of the industry, and can include:

- raising awareness of industry career opportunities by providing information online;
- promoting employer awareness and involvement in vocational education training, particularly in schools; and
- developing flexible apprenticeship pathways which are more flexible and suited to the needs of employers.

##### 3.12 Industry Strategies

Cooperative industry strategies, such as the Mature Age Industry Strategy, have been implemented by the Australian Government to improve the ability of industry to meet workforce skill needs. Under the Mature Age Industry Strategy, DEEWR manages cooperative industry initiatives that improve recruitment and retention measures for Mature Age jobseekers and workers. Projects funded under the program can include providing training to mature age workers in skills needed by employers or sectors and establishing employer networks to promote and assist employment of mature age workers.

An example of a Mature Age Industry Strategy project is the 'Tapping into Experience' project which encourages the retention of mature age plumbers. The project's focus is on updating the knowledge and skills base of mature

age plumbers, assisting their placement back into the industry in positions such as trade training, mentoring of apprentices and inspection work.

### 3.13 The Harvest Trail

The Harvest Trail program is a PPP initiative of DEEWR which has both contractual and cooperative elements. The program aims to connect producers with labour to meet demand during harvest periods to resolve labour shortages. It is provided through two partnership arrangements, the Harvest Labour Service and the National Harvest Labour Information Service.

Harvest Labour Service providers recruit and place job seekers with growers to meet their harvest labour needs, including recruiting workers from locations outside the local area. They also maintain contact with growers to understand and support their labour needs. Providers are selected by DEEWR through a competitive tender process and receive a pre-determined fee from DEEWR for each placement. In return for this funding support, they must also submit quarterly reports detailing their activity in promoting and undertaking the Harvest Labour Service, success at sourcing workers and labour market information, particularly related to vacancies.

As at June 2007, there were nine contracted providers delivering the Harvest Labour Service, located in 18 regional areas across Australia. Since the commencement of the program, over 75 000 job seekers have been placed in harvest work, with 19 000 in the 2006–07 year alone. The information provided by the Harvest Labour Service in terms of vacancies and labour markets is distributed to the wider community by the National Harvest Labour Information Service. The National Harvest Labour Information Service is a cooperative PPP that shares labour market information received through the contractual Harvest Labour Service model.

### 3.14 Other partnerships

There are also other examples of PPPs, including less structured models. One such example is the case of 'K J Industrial Scaffolding', a company in Australia's industrial scaffolding industry.<sup>11</sup> Recognising difficulties recruiting skilled labour and a lack of specialised training, the company entered into discussions with a local vocational training provider to develop an appropriate qualification program. The program received funding from DEEWR for the provision of training to jobseekers wishing to enter the industry. This demand-led approach

to targeting skill shortages resulted in the company successfully recruiting the skilled workers it required, as well as contributing to an increase in the overall availability of skilled workers in the region.

## 3.2 Canada

In Canada, PPPs have been utilised to meet the challenge of providing labour market and welfare services and policies in a decentralised state system where individual states have responsibility for the provision of services. The Department of Human Resources and Social Development Canada (HRSDC) works with provincial governments, as well as various other partners, including business and industry, to implement Workplace Partnerships programs. Workplace Partnerships are designed to advance partnerships with industry and educational institutions to ensure Canadians have sufficient skills and knowledge to meet workplace needs.

An example of a Workplace Partnership is the Sector Council Program, a contractual PPP that has been established by the HRSDC to encourage industries to play an active role in forming skill development systems which are responsive to industry workforce needs. The Sector Council Program provides funding support to organisations that address sector-specific workforce and skill development issues. There are currently over 30 national sector councils funded under the program, representing a wide range of economic sectors, including construction, environment, tourism and textiles. Each council is led by a partnership of representatives from key sector stakeholders, including training organisations, employer and industry groups and unions.

All sector councils are committed to a number of key outcomes, including improving sector skill development through a responsive and relevant training system and increased industry investment in skills development. To achieve these outcomes, councils have undertaken a variety of activities, including:

- providing skill development tools to employers and employees;
- assisting in the development of national occupational standards;
- influencing education curriculums to better meet industry needs; and
- targeting recruitment and skills development initiatives.

The activities undertaken by the councils vary depending on the specific needs of the sector. As a partnership of key stakeholders, sector councils are well positioned to carry out sector specific labour market research, particularly into labour and skill supply issues and through this research, councils are not only able to identify the sector's skill requirements, but also gain a better understanding of sector-specific labour market challenges, enabling them to develop the appropriate responses and activities to target them.<sup>12</sup>

As the sector councils represent a contractual partnership, HRSDC has identified a number of results and performance based measures which must be fulfilled by the councils to continue to receive infrastructure funding. Funding changes in the 2001 Budget emphasised the importance of meeting these results and identifying measurable outcomes, as well as the need for councils to demonstrate their ability to continue delivering results.

The Budget also encouraged the development of 'exemplary' councils, through focusing on expanding coverage and scope to encompass more of the labour market, optimising performance of councils in terms of sustained and ongoing activities, implementing innovative and creative solutions and strengthening the links between government priorities and the councils.<sup>13</sup> The close relationship that sector councils create between sector stakeholders is important in allowing them to respond quickly and act effectively in their role as facilitators of labour market improvement.

### 3.3 Malaysia

The Malaysian Government has implemented PPPs to address skill shortages by encouraging private sector participation in the skill development system. Under the Second Outline Perspective Plan 1990–2000 the Malaysian Government identified a need for greater involvement by the private sector in the government-led training system to ensure that training provided the skill required by workers and to promote a more competitive national labour force.<sup>14</sup>

The Second Plan encouraged the private sector to become actively involved in the development of training curriculums, and to share resources in the training sector, particularly through investment in higher level technical skills and the establishment of state based skill development centres. The Third Outline Perspective Plan,

2001–2010 built on this by continuing to promote the importance of training systems and cooperation to stimulate the development of a knowledge based economy.

The Penang Skill Development Centre offers an example of the PPP model encouraged by both plans. Established in 1989, the Penang Skill Development Centre was an initiative of the local state government to correct the mismatch of skills between the skills provided through the training and the skills demanded by industries.<sup>15</sup> The Penang Skill Development Centre pools the resources of industries, training institutions and the government to provide training in skills required by the electronics industry, including management and technical skills.

Initial support was provided by the state government, in the form of facilities and equipment, as well as cash grants for operation and staffing costs. However, although there are public sector representatives on the centre's managing council, most of the responsibility for ongoing support and management rests with the private sector.<sup>16</sup> Currently, over 140 companies are members of the The Penang Skill Development Centre and the centre relies on these members to provide experts, equipment and materials to deliver training, particularly in areas which require technical or practical components. The success of this partnership model in delivering demand-led training has led to the establishment of similar centres in other Malaysian states.

The Malaysian Government has also introduced the National Dual Training System to provide training for skilled workers to meet the needs of industries. The National Dual Training System is provided through a partnership between the Malaysian Department of Skills Development, which funds training centres and oversees the quality of training, and employers, who sponsor apprentices and provide suitable in-house training, and training institutions, which provided accredited training.

Under the National Dual Training System, apprentices are contracted to companies, which take responsibility for their training and skill development. Training provided under the system is determined through consultation between the partners, and employers and training institutions directly collaborate to determine suitable training methods. Training is conducted primarily in workplace training centres provided by employers, with apprentices also required to attend training at off-site training institutions.

### 3.4 Mexico

The Mexican Federal Government, in association with state governments, has pursued PPPs with the private sector to meet demands for skilled labour. The Universidad Politécnica de San Luis Potosí is an example of this type of partnership. High levels of investment in the industrial sector in the state of San Luis Potosí have led to an increased demand for skilled labour, particularly for technological or engineering qualifications. To meet this demand, the government entered into a partnership arrangement with the private sector to design, construction, equip and operate a university campus.

The project will begin operations in October 2008, however, several benefits have already been identified from providing education and training services through partnerships between the public and private sectors. These benefits include the ability of the university to provide timely, quality services as well as providing qualifications that meet the needs of the local labour market.

### 3.5 New Zealand

In New Zealand, PPPs have facilitated cooperation between government and private enterprise to develop potential solutions to address skill and labour shortages. The Industry Partnerships program was established by the Department of Work and Income to provide opportunities for employers, industries and government to work together to address current and future skill and labour shortages, while delivering career opportunities for the department's clients. The program provides industries and employers with a single point of contact with the department and other relevant government agencies. Current Industry Partnership service offers include contracted pre and post employment skills training for clients, mentoring and career support, literacy and numeracy assistance and services to help source and recruit entry level staff.

The Industry Partnerships approach has grown progressively and been received positively by industry and employer partners over the last four years. To date Industry Partnerships have been formed with over sixty organisations which have existing or emerging skill or labour shortages, and which would benefit from a collaborative skills training or labour supply partnership with government. Industry bodies

participating in the program include those representing commercial transport, aged care, hospitality, building and construction, viticulture and horticulture, primary sector processing, chambers of commerce, unions and other large employer representation organisations and nationally significant employers.

Strategic enhancement of the Industry Partnership concept is now underway under the ambit of the New Zealand Skills Strategy, a whole of government initiative to improve the skills and productivity levels of the New Zealand workforce. The emerging 'demand strategy' approach seeks to improve skills resilience and sustainable employment for Work and Income clients by working systematically with employers to improve job quality and workplace opportunities for Work and Income clients (and other entry level employees) to learn and develop.

The new emphasis seeks an even more collaborative relationship with employers, encouraging them to invest in workforce development in conjunction with government incentives and contributions. In addition to current Industry Partnership services to employers, the demand strategy may offer new services from Work and Income. These could include dedicated account management and helping with aspects of organisational development such as training for supervisors, and helping design options for workforce flexibility.

### 3.6 Singapore

In Singapore, the Workforce Development Agency in collaboration with the National Trades Union Congress has utilised PPPs to deliver a skill development training program to address skill and labour shortages in high growth industries. The training program, called 'Place and Train' aims to promote training for mid-career or unemployed workers to develop the skills needed by employers in high growth industries in which they have little or no prior experience.<sup>17</sup>

Singapore's Workforce Development Agency is a statutory board under the Ministry of Manpower, although it is not a wholly public sector enterprise as its board is comprised of both public and private sector representatives. The Workforce Development Agency engages with industry, unions, employers and training organisations to identify skill issues and develop solutions through training and education.

Through the Place and Train program, jobseekers receive targeted training which is specific to employment in one of a number of industries identified as experiencing skill or labour shortages. Prior to commencing the training program, jobseekers are first recruited or selected by employers and return to these employers once the training is complete, having developed the skills necessary to meet the employer's workforce skill needs.

The cost of providing training is primarily borne by the Workforce Development Agency, which also provides funding for absentee wages, and wage support for employers after the training is completed. The funding support received by employers depends both on the age of the worker and the type of training being provided, however, it ranges from 90 per cent to 100 per cent of course fees. In 2006–07 over S\$1.4 million had been provided to approved training institutions to provide skill development programs for more than 20 industries, including healthcare, attractions, construction and retail.<sup>18</sup>

### 3.7 Thailand

The Thai Government has actively pursued PPPs in the provision of training and skill development services to address skill and labour shortages. These partnerships are undertaken by a number of Government agencies, including the Department of Skill Development (DSD) in the Ministry of Labour.

DSD is working to coordinate with the private sector, non-governmental organizations and relevant organisations. The National Vocational Training Coordination Committee is the national body responsible for developing policy and planning on human resource development. The committee is chaired by the Prime Minister and consists of members who are representatives from the private sector and line ministries.

At the local level there is the Provincial Vocational Training Coordination Committee chaired by the Governor with representatives from private sectors as committee members. Their responsibilities include planning and implementing training in the province to avoid duplication, better utilisation of sharing of resources, and ensuring training meets the needs of the local labour market.

The Advisory Board of Skill Development for Centers and Institutes is chaired by a representative of the private sector and members include representatives from the private and public sector. It issues guidelines on human

resource development, donates training tools and materials, issues curricula and engages in other training related activities. The Advisory Board's most important function is to provide information on skilled workforce demand in the region.

The DSD oversees the implementation of the *Skill Development Promotion Act*, which encourages private sector involvement in the training system by providing financial and other incentives to companies for the provision of training to workers.<sup>19</sup> Companies are encouraged to establish internal training centres to provide training to their workers, to upgrade and improve skill levels, giving greater flexibility in meeting workforce challenges and ensuring skill needs are consistently met.

Enterprises that provide workers with these training and skill upgrading opportunities receive tax deductions and exemptions, including a tax deduction of 200 per cent of the cost of training.<sup>20</sup> However, the Act also includes penalties for companies with over 100 workers that do not provide training opportunities to at least half of their labour force, stipulating that they must pay a contribution to a national Skill Development Fund.<sup>21</sup>

Apart from its responsibility to carry out the provisions of the *Skill Development Promotion Act*, the DSD also provides private enterprises with targeted advice and training for addressing skill and labour issues. Companies who approach the DSD in response to workforce challenges must subsequently commit to a range of workforce development measures.<sup>22</sup> These measures vary depending on different specific circumstances, but can include organising ongoing training courses and developing clear guidelines for the responsibilities and activities of each worker's role.

Under this PPP model, the Thai Government provides incentives, both financial and non-financial, to enterprises to develop and implement their own training facilities. This ensures that training is relevant to employment and provides employers with the skills they need, stimulating greater productivity as well as reducing the burden on public funds. Between October 2007 to June 2008, 3 336 729 people were trained by enterprises.

Examples of this PPP model include projects undertaken through a partnership between the Siam City Cement Public Company Limited and the DSD, such as the Skilled Construction Worker Network and the INSEE Check Dam project. These projects are aimed at addressing

specific workforce needs, by arranging and providing training to develop and improve the skills of workers and entrants to the labour market. The partnership with the Siam City Cement PLC also promotes corporate social responsibility, with projects undertaken being both sustainable and in the interests of local communities, as well as encouraging this attitude through training programs. Another project undertaken through a partnership between DSD and Siam City Cement PLC is the Cement Support to Develop Labor Skills Project.

### 3.71 Support to Develop Labor Skills Project

Thailand has ongoing problems with water management so the development of a water management system is vital. The production of water containers is an important measure to assist families to manage water consumption at a sustainable level. The idea of this project is to use cement and provide training to create concrete jars to assist in the household management of water management. This can then be built on as an occupation.

The Siam City Cement PLC, in partnership with the Department of Skill Development cooperate with other organizations such as the Department of Local Administration and community organisations. This ensures the project is stronger and better focussed to develop skills and the communities.

The DSD arranges for training to develop professional concrete jar makers, motivates them to be entrepreneurs, and allocates funding to support the project. Siam City Cement PLC donated 300 tons of cement, guidelines and created a video about how to make concrete jars.

The benefits of this project include:

- skilled workers are created and they can make the best use of the knowledge gained from the training as an occupation;
- a sense of social responsibility is created among skilled workers by donating their products to schools, temples and other community buildings; and
- assisting the Thai community by providing a strong foundation for the development of water resources systematically in the future.

Recognising the benefits to be gained from PPPs in the delivery of targeted training services, the 10<sup>th</sup> National Economic and Social Development Plan (2007–2011) encourages future partnerships as a means of further improving the training system and transforming the Thai economy into a knowledge-based one.

## 3.8 United States of America

In the United States, PPPs are being utilised to address skill and labour shortages by transforming the public workforce investment system to meet the skill demands of the private sector.

### 3.81 State Workforce Investment Boards and Local Workforce Investment Boards

The Workforce Investment Act forms the legislative foundation for the public workforce investment system. This law requires public and private partners to be involved in the visioning and development of public workforce investment services at both the state and local level. Under this mandate, State and Local Workforce Investment Boards have been established to direct federal funding. Both types of boards have a similar composition – including business and industry leaders, who represent a majority of the board membership and act as board chair, community leaders, and representatives from service providers and community-based organizations. While both types of Workforce Investment Boards are responsible for developing a strategic vision and direction for their respective areas, their activities and purpose are fundamentally different.

The purpose of the State Workforce Investment Boards is to develop state-wide direction and improve state performance measures; designate, evaluate and allocate funding to Local Workforce Investment Boards; and meet state performance targets, as negotiated with the U.S. Department of Labor, Employment and Training Administration (ETA). The Local Workforce Investment Boards are focussed on strategies to train the workforce to meet the employer demands of their local and regional areas, as well as to meet performance targets. Their activities include coordinating workforce investment activities with economic development strategies, developing employer linkages, promoting private sector involvement in the public workforce system, and ensuring that local areas meet performance targets.

### 3.82 High Growth Job Training Initiative and Community Based Job Training Grants

ETA oversees several PPP initiatives directed at improving the responsiveness of the public workforce investment system in meeting the needs of high growth industries. The President's High Growth Job Training Initiative and Community-Based Job Training Grants are examples of these types of PPPs. These partnerships are comprised of

employers, business associations, trainers, the community and technical college system, and the public workforce investment system.

The High Growth Job Training Initiative funds partnerships that collaborate in identifying workforce challenges and industry skill needs and developing training solutions to meet those challenges. The grants are focused on industries identified by the ETA as likely to grow substantially in employment terms or likely to experience changes due to technology and innovation, leading to a need for workers with new, or higher level, skills.<sup>23</sup>

Expanding on the High Growth Job Training Initiative, the Community-Based Job Training Grants expand the capacity of community colleges to respond to the skill demands of local and regional high growth industries. Grant activities include the development of training curricula in partnership with local and regional industry leaders, hiring qualified faculty, using up-to-date equipment, and training new and experienced workers in the targeted high growth industries.<sup>24</sup> Funding for the High Growth Job Training Initiative and Community-Based Job Training Grants is provided for the establishment and implementation of specific projects, rather than on a long-term ongoing basis, allowing greater returns on public funds. As recipients of federal funding, grantees are expected to establish goals, as well as outcomes and results, which allow for their projects to be measured and evaluated.

### **3.83 Workforce Innovation in Regional Economic Development (WIRED)**

In 2006, the ETA launched a more comprehensive model of PPPs with the introduction of the Workforce Innovation in Regional Economic Development (WIRED) initiative. WIRED targets regional labour market areas comprised of multiple jurisdictions, either within or across state borders, and encourages communities and stakeholders to pool their knowledge and resources to promote workforce and skills development at a regional level. WIRED partnerships encompass all of the regional organizations and leaders that are necessary for economic transformation of the regional economy, including the public workforce investment system; economic development organizations; employers and business associations; educational institutions at the primary, secondary, and post-secondary levels; foundations; community and faith-based organizations; investors; and Federal, state, and local agencies.

Although regions funded under WIRED have the same underlying objective of increasing regional capacity to respond to changing economic circumstances, particularly through workforce investment, the specific projects undertaken through the initiative vary depending on the needs of regional industries and employers. These activities include targeting specific high growth industries; supporting entrepreneurship; connecting workforce development, economic development and education systems; and providing assistance for leadership development.

In terms of targeting the skill needs of regional employers, WIRED regions have also engaged in development of a 'talent pipeline' and other workforce training initiatives. The development of a talent pipeline requires a focus to be placed on ensuring that the future skills needs of employers are met by enhancing educational curricula to increase their relevance to employment as well as developing occupation specific training services.

Under WIRED, funding is provided to state governors with project management and fiscal responsibilities usually delegated to a different organisation. The task of implementing projects is given to partners which have been identified as best able to carry out the project aims, and WIRED regions then distribute their grant funds to these partners. The means of determining suitable partners varied between regions, with some engaging in active competitive processes, and others deciding the allocation of funds at the grant proposal stage.

Aside from differences in the types of activities and objectives pursued by individual WIRED regions and the method for allocating grant funds, there is also a wide degree of variety in their structures, governing mechanisms and partnerships. However, in all cases, the ETA remains actively involved in both the planning and implementation processes, as well as providing advice and technical assistance, particularly in relation to the appropriate use of federal funds.

As part of the application for the grant, the ETA recommends all regions consider sources of outside funding to sustain the region's vision and grant activities. Through its technical assistance, the ETA has helped broker connections between WIRED regions and philanthropic organizations and other federal partners.

Like the High Growth Job Training Initiative and Community-Based Job Training Grants, WIRED is a contractual PPP. Therefore, despite the complexity and

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.

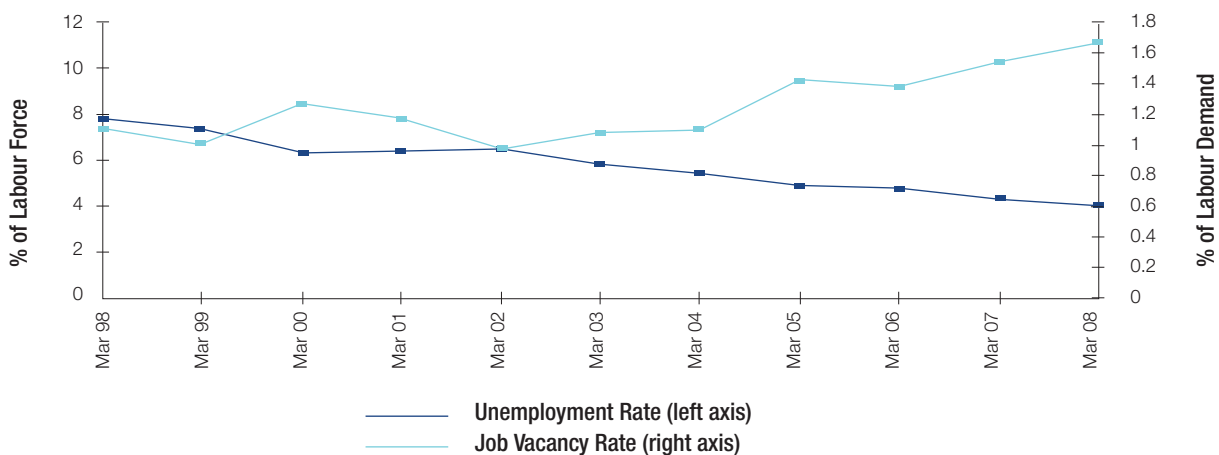
As of July 2009, a new employment services system will be introduced. The new system is the result of an Australian Government review of existing employment services to produce a new model that responds better to the needs of the modern economy. The new model is a simpler model than the existing one,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

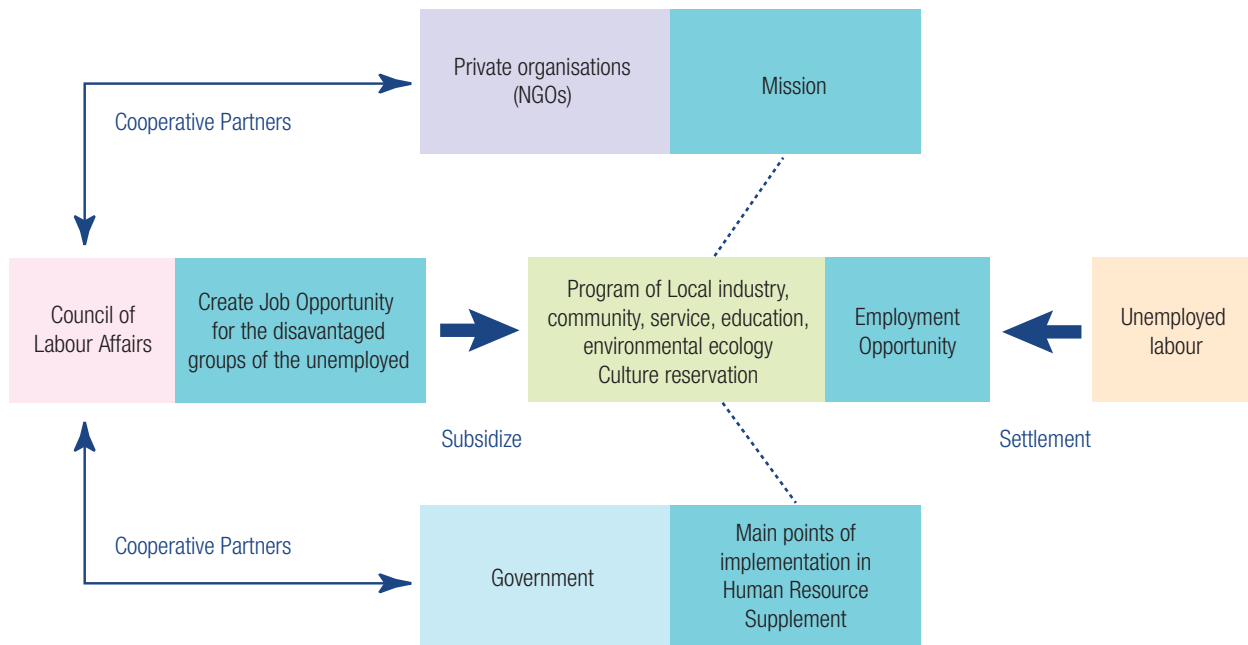
## 4.3 Chinese Taipei

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.<sup>26</sup>

### ***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.<sup>27</sup> 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.<sup>28</sup> 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.

## 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.

### 6.11 *Better Factories Cambodia*<sup>31</sup>

Arising out of a trade agreement between Cambodia and the United States, the *Better Factories Cambodia* initiative aims to improve the working conditions for garment sector workers. Under the original trade agreement the US government granted Cambodian exports greater access to US markets in return for improvements in labour standards. With the expiration of the trade agreement *Better Factories Cambodia* relies heavily on the market incentives provided by buyers concerned with labour standards in their supply chains. Although the program is managed by the ILO, it represents a massive partnership effort involving the governments of the US and Cambodia, the Garment Manufacturers' Association of Cambodia, unions, international organisations and private buyers.

Under the program, monitors conduct unannounced factory visits to check working conditions and conduct interviews with employees and union leaders to assess compliance with both Cambodian labour laws and core ILO conventions. Factories which do not comply are given time and assistance to correct issues. Although there are no penalties for failure to meet these guidelines, there has been a gradual improvement in labour standards since the program's introduction. There is strong incentive to comply with the program, as factories involved are granted greater access to export markets.

Through cooperation with all stakeholders to develop an industry-wide training strategy, the initiative also provides training and skill development opportunities to improve working conditions and productivity.<sup>32</sup> Training activities usually involve both management and workers' unions, who are encouraged to cooperate to implement vocational, management and technical training.

The Garment Manufacturers' Association of Cambodia, Cambodian unions and the Cambodian Government make up the tripartite committee which guides the delivery of the program. The support of the Cambodian Ministry of Commerce has meant that registration with the program is now a condition of obtaining an export licence. International buyers are consulted to ensure confidence and continued commitment to the Cambodian garment industry.

Currently, funding for the program is provided by a range of sources, including international stakeholders, such as the USAID, the Agence Francaise de Developpement, USDOL, the World Bank, NZAID as well as the Cambodian Government and the Garment Manufacturers'

Association of Cambodia. However, the initiative aims to be self-sustainable and long-term. It is pursuing these goals by employing mainly Cambodian nationals and building capacity and funding arrangements to ensure future success. Funding arrangements include private sector contributions through fees for services from both international buyers and enterprises.

The broad range of partners that have been engaged by the initiative have played a vital role in its success, as all stakeholders in the industry, including employer and employee groups, the government and the private sector have been involved and actively participate.

### 6.12 *Better Work*<sup>33</sup>

The *Better Work* program builds on the success of the *Better Factories Cambodia* initiative, and aims to reduce poverty in developing nations and promote fairer globalisation by improving labour standards and competitiveness. Inspired by the *Better Factories Cambodia* initiative, *Better Work* is expanding to more workers in more countries and sectors.<sup>34</sup> It is a partnership between the ILO and the International Finance Corporation, the private sector lending arm of the World Bank.

*Better Work* redefines the way labour standards compliance is implemented in supply chains with a focus on the development of sustainable solutions in supplier countries. It therefore supports member states in designing and implementing activities which are effective and credible with international buyers, financially sustainable and can reach large numbers of workers.

Country-level activities have focused on helping member states to establish tripartite sectoral schemes for improving labour standards compliance and competitiveness. *Better Work* helps member states design sustainable strategies, set up institutions and build their capacity and deliver programmes in one or more sectors. Country level activities typically combine independent enterprise assessments with enterprise advisory and training services. *Better Work* emphasises practical improvements achieved through social dialogue at the enterprise and sectoral level.

*Better Work* country programmes are designed to work with other ILO and IFC activities including strengthening public sector labour administration. *Better Work* country programmes often include a component that looks at partnership arrangements between *Better Work* and public sector labour administration such as sharing

of information, cross-training opportunities, common assessment and information tools, support for information management system development and mandatory reporting of serious violations. This type of cooperation allows scarce public sector inspection resources to be redirected to other priority areas in non-export sectors.

Like the *Better Factories Cambodia* initiative, self sustainability and long term success are key goals of *Better Work*. It is expected that projects will be self sustaining within five year of commencement, and this is addressed through financing strategies, including fees for services, which are established at the outset.

Although the methods and projects are similar, the *Better Work* program significantly widens the scope of the *Better Factories Cambodia* program, by targeting labour standards and worker's rights across a range of sectors. The program focuses on factories in labour-intensive sectors which have significant employment in developing countries, including agribusiness, apparel, construction and light manufacturing. The pilot programs currently being undertaken in Jordan, Lesotho and Vietnam will benefit nearly 800,000 workers through assessment of labour standards coupled with training and capacity building.

## 6.2 World Bank

The World Bank undertakes partnerships with a range of groups, including international institutions and donors, the private sector and civil society.<sup>36</sup>

Civil society refers to not-for-profit organisations that have a role to play in community and public life but are outside of the traditional governmental structure. The term can be applied to a range of groups, including charities, unions and professional associations. As civil society plays a progressively more important role within states, including in the delivery of social development programs, the World Bank has increasingly sought active engagement with it.

An example of a World Bank partnership can be seen in India, where a partnership has been established between the World Bank and the Indian Government to increase the relevance of vocational training to meet the skill needs of employers and industries.

The India Vocational Training Improvement Project received US\$280 million funding from the World Bank to develop a demand-led training system, and improve employment outcomes for vocational education and

training graduates.<sup>37</sup> The World Bank funding is intended to stimulate state-based reforms to the training system, promote increased involvement from the private sector in identifying areas of skills needs, and reward innovation in the development of solutions to skill and labour issues.

Although these partnerships are not necessarily standard PPPs, through the World Bank's involvement greater cooperation and interaction between the public and private sector is encouraged, particularly in training and skill development.

## 6.3 World Vision

World Vision enters into partnerships with governments, international and non-governmental organisations and other bodies to improve the standard of living for children in developing countries. In terms of welfare policies, World Vision has pursued partnerships arrangements in countries like the Philippines to address to issue of child labour.

Pag-Aaral ng Bata para sa Kinabukasan, or Education for the Child's Future, (the ABK initiative) was implemented by World Vision and several partners in 2003. It aims to reduce the level of child labour across eight provinces in the Philippines through increased accessibility, quality and relevance of education for working and at risk children. The program supports the aims of the Filipino Government, which has previously utilised partnership programs to address child labour and promote education.

Through the ABK Initiative, World Vision has entered into partnerships with the Department of Education, particularly to encourage open school enrolment policies. World Vision has also entered into partnerships with the Philippine Information Agency, Social Welfare and Development Office and the Philippine Cable TV Association to promote the program.

The ABK initiative program delivers on the goal of reducing child labour by:

- providing information and awareness on the negative effects of child labour;
- providing information on the benefits of education;
- targeting the attitudes and lifestyle factors that lead to child labour and establishing alternative livelihood options;
- improving quality and accessibility of formal, informal and transitional education; and

- encouraging institutions at all levels to implement policies and activities to target and reduce the incidence of child labour.

The program is funded predominantly by the United States Department of Labor under a cooperative agreement, although the implementing organisations, World Vision, Plan Philippines, Christian Children's Fund and the Educational Research and Development Assistance Foundation also provide contributions. There are also several other partners involved in the initiative, including the ILO International Programme on the Elimination of Child Labor, community groups and Filipino Government Departments, such as the Department of Education and the Department of Labor and Employment.

Although there is little evaluation of the project available, the Philippines Information Agency indicates that as of 2007, 32 000 children had been assisted by the program, 2 000 more than were initially targeted.

The ABK Initiative is now in its second phase, ABK2 or Take Every Action For Children (TEACH NOW). This phase will be implemented in four areas with the worst incidences of child labour and will again receive funding from the US Department of Labor. Under ABK2, the Philippines Department of Labor and Employment has undertaken a new partnership agreement with World Vision to collaborate in a number of ways, including providing increased educational opportunities and access to children assisted under the program.

## 6.4 Conclusion

As we have seen in this chapter, in pursuing their international commitments major international organisations enter into a range of partnerships with many different organisations and agencies. These include partnerships with employer groups and individual businesses. Even though most of these organisations' development activities are targeted at poorer countries, they are still based on the same philosophy as PPPs in more developed countries—bringing the best aspects of government and industry together to pursue a common goal.

Considering the growing trend amongst the world's consumers to put more pressure on manufacturers to be more careful and selective in where they source their products from, it is very likely that many more PPPs in this area will be developed over the next couple of years.

## 7 CONCLUSIONS

'Public-private partnerships' is a term that has not commonly been associated with the delivery of labour market and welfare services. While there is a large amount of information available on PPPs, its focus is predominantly on partnerships for the purposes of building and maintaining infrastructure or the provision of public utility services. Information on PPPs that deal with the provision of labour market and welfare services is scarce.

However, more and more governments are using PPPs to meet the demands of providing services to the community. As can be seen through the case studies in this report, there is a significant amount of work being done through PPPs in the APEC region to deliver such services, demonstrating that efficiency, productivity and successful outcomes can be increased by partnering public and private sector expertise and resources.

While government and business tend to be the primary focus of PPPs, educational institutions and civil society are also critical partners in human resource development. Some of the examples are government led and initiated and some are initiated by industry, depending on the unique circumstances in each APEC economy and the workforce challenges being addressed. Some of the case studies in this paper use a purchaser-provider model, where government services are contracted out to private organisations, and others are collaborative where partners share job placement or labour exchange activities.

APEC has long promoted and encouraged the use of PPPs in responding to economic challenges and as an important tool in achieving sustainable development in the promotion of businesses of all sizes, from micro-enterprises to larger economies. The importance of PPPs in meeting skills and labour shortages, and in the delivery of employment services and welfare programs makes an important contribution to the goals of APEC by assisting people to fully participate in the economy and help alleviate poverty.

It is hoped that this report will be of value to all the APEC economies in their further development of PPPs, and that it will provide assistance to anyone considering using PPPs in implementing human resource development policies and programs.

# ANNEX 1 OUTCOMES STATEMENT

## **Developing effective public-private partnerships: meeting the needs of the 21<sup>st</sup> century workforce symposium**

**11–13 August 2008**

### **APEC Secretariat, Singapore**

The Developing Effective Public-Private Partnerships: Meeting the Needs of the 21<sup>st</sup> Century Global Workforce symposium was held 11–13 August 2008 at the APEC Secretariat in Singapore. The symposium was co-hosted by the Australian Government Department of Education, Employment and Workplace Relations (DEEWR) and the United States Department of Labor (USDOL).

The symposium is part of a two-year USDOL APEC project, *Ensuring Sustainable Growth in the 21<sup>st</sup> Century through Workforce Development* and was endorsed by the Labour and Social Protection Network of the APEC Human Resources Development Working Group (HRDWG). The symposium incorporated issues identified in an Australian DEEWR self-funded project which examines the use of public-private partnerships (PPPs) in the delivery of labour market and welfare policies and programs in APEC economies.

The symposium was opened by the Executive Director of the APEC Secretariat, Ambassador Juan Capuñay of Peru, who spoke about the importance of incorporating PPPs in strategies for meeting skills and labour shortages and in the delivery of employment and training services, which aligns with APEC and Peru's priorities for 2008.

Forty-five delegates attended the symposium representing 17 APEC member economies. The economies represented were Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Peru, Republic of the Philippines, Singapore, Chinese Taipei, Thailand and the United States. There was broad representation of participants from government, industry, international organisations, academia and the not-for-profit sector.

The symposium provided an opportunity to explore different models of PPPs in the delivery of labour market

and employment programs through the experiences and perspectives of varying economies and partners.

The 16 case studies presented provided a variety of approaches to addressing skills shortages, delivering employment and training services, and developing labour market information through PPPs to address the different needs and circumstances of APEC member economies.

Some key themes shared by economies through their experience with PPPs emerged from the symposium.

1. PPPs are essential to the APEC region, as they are an important tool in achieving sustainable development and in the promotion of businesses of all sizes, from micro-enterprises to larger companies.
2. Utilising existing regional strengths through PPPs can assist in meeting the needs of the 21<sup>st</sup> century global workforce.
3. Human capital serves a critical role in economic development, as a skilled workforce is a main driver of business recruitment, retention, and expansion.
4. It is essential to develop effective human resource practices in order to build capacity and enhance the capability of PPPs.
5. A skilled and adequate workforce is an important component of liberalised markets.
6. PPPs are an effective mechanism in providing much needed goods and services.
7. Efficiency, productivity and successful outcomes can be increased by partnering public and private sector expertise and resources.
8. PPPs can be an important mechanism for identifying and addressing the mismatch between the demand and supply of skilled labour.
9. The most effective role for government in public-private partnerships, whether as the lead of the partnership or in a supporting role, depends on the unique circumstances in the APEC economy and the workforce challenge being addressed.
10. Building strong relationships with the private sector and other relevant stakeholders can help governments better address the social dimension of globalisation.

11. While government and business are often the primary focus of PPPs, educational institutions and civil society are also critical partners in human resource development.
12. There is value in public-private collaboration—both in preparing for future workforce challenges and in creating the relationships necessary for sustaining human resource development strategies.
13. Evaluation is an important tool for identifying best practices in PPPs.
14. The increase in utilisation of PPPs for human resource development reflects the recognition that no single entity, or any one sector, can respond adequately or comprehensively enough to the workforce challenges posed by the competitive global economy.

## Next Steps

- Finalise and distribute the report on *Developing Effective Public-Private Partnerships in the APEC Region* to wider APEC audience, including publishing report on APEC and HRDWG websites.
- Consider developing, supporting, and promoting APEC project proposals that build on the outcomes of the PPP project and symposium.
- Seek further support from Leaders and Senior Officials for promoting the development of PPPs in the field of human resource development.

## ANNEX 2

### TERMS OF REFERENCE

#### **APEC Self-Funded Project—Developing Effective Public-Private Partnerships in the APEC Region**

The private sector has long provided goods and services to the public sector. A trend seems to be developing in a number of countries towards an increase in the use of Public-Private Partnerships for the provision of services traditionally delivered by the public sector. Research has revealed a number of reasons why governments are attracted to such partnerships, including value for money, gains from innovation and access to improved services.

The project aims to investigate the use of Public-Private Partnerships in the APEC region and identify good practice examples by member economies in relation to labour and social protection policies and programs.

When defining a Public-Private Partnership for the purposes of the project, it refers to an arrangement or agreement between the public and private sectors that:

- is employment focussed;
- delivers employment and/or welfare services;
- involves sharing information to develop labour market strategies;
- utilises each sector's expertise in order to increase workforce participation;
- improves the skills of workers to assist them to find employment and increase their value in the workforce; or
- seeks to respond to both supply and/or demand labour market conditions.

The project will explore the full extent of Public-Private Partnerships in order to determine key characteristics and highlight valuable case studies. The range of partnerships to be explored may include, but is not limited to: information sharing arrangements; cooperative or complimentary service models; and competitive labour market models.

Although the focus of the project is on Public-Private Partnership use in the APEC region, research into countries beyond the region may also be useful in developing concepts and drawing conclusions. The work of other regional bodies and multilateral organisations may also be beneficial.

The results of any research undertaken during the project shall be disseminated to APEC economies in order to assist them in developing effective employment strategies. It is preferable that any data provided is comparable across economies (where possible) and that any written material will be easily understood by all members. The research should also highlight any areas beyond the scope of the project that may form the basis for a future APEC exploration.

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<sup>35</sup> R Harvey, A Meisling & H Sammari, 'Better Work: Promoting Labour Standards Through Responsible Competitiveness' *Better Work Report*, Better Work, July 2007

<sup>36</sup> World Bank, *Defining Civil Society*, World Bank, 2008, [www.worldbank.org](http://www.worldbank.org). viewed 1 July 2008

<sup>37</sup> B Crow & S Mozumder, 'World Bank Supports Vocational Training in India with US\$280 Million', *World Bank Press Release*, World Bank, 5 June 2007, [www.worldbank.org](http://www.worldbank.org). viewed 1 July 2008

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