The delivery of employment services in a multi-country case study series: Australia

DE MORAES Gael, GOMEZ TAMAYO Sofia, PETRELLI Andrea.1

The Australian Employment Services

Name: Jobactive

Main feature: The Australian employment services follow a logic of quasi-markets. The employment services are fully outsourced through a system of contracts awarded to private providers in rounds of tendering processes that happen every 5 years.

Delivery model: The delivery process starts in-house with jobseeker registration and a statistical profiling method through public bodies. The statistical profiling segments jobseekers into 3 different categories according to their distance to the labor market. The actual provision of the job services is then exclusively done by private providers.

Jobseeker profiling method: Statistical profiling - the Job Seeker Classification Index (JSCI)

PPP relationship: Since all employment services are outsourced, private and public sectors must maintain a very close relationship and coordination. Australia also has strong standards and a well-established monitoring system for the awarded contracts.

1. Labor market context

Situation before the Covid-19 pandemic

The Australian labor market, until COVID-19, has been characterized by steady economic growth, participation growth and relatively fast recovery. The country has presented a steady economic growth for the past three decades, followed by increases in employment.2 Unemployment rates in Australia had been decreasing progressively between 2001 (6.74%) and 2008 (4.23%).3 After the 2008 economic crisis, unemployment rates rose to 5.56% (2009), a change that was still below the OECD average (which rose from 5.84% in 2007 to 8.32% for 2009) and well-below the results for EU country members. As of February 2020, prior to the pandemic hitting the country, unemployment rate was at 5.27%, compared to an estimated 5.29% for OECD countries. 4 Overall, from 2000 to 2017, both the labor force and total employment rose by 29%.5

Not only the quantity of jobs is relatively high but also their quality. Australia had one of the lowest labor market insecurity scores among OECD countries as of 2018 and jobs usually paid well above the average of other OECD countries.6 In addition, as a reflect of a very dynamic economy, recently unemployed workers were generally able to quickly find a new job. 7

The main challenges respective to the Australian market lie in labor underutilization8 and in employment outcome inequality for more vulnerable populations. The good national averages and overall numbers conceal large variations between populations and regions. Employment gaps9 for women, but specially for elder women and lone mothers;10 for indigenous populations and for people with disabilities are persistent in Australia. Employment gaps, as of 2017 were circa 25% for women with children under 5 years old, for lone parents with children under 15 years old and for indigenous people. For people with mental illness or physical disabilities the employment gap ranged from 14 to 40% in 2017.11 As for labor utilization, in 2018 the rate of broad labor underutilization is Australia was of 28.5%, against an average 27.2% from OECD countries. This rate reflects mainly the high share of involuntary part-time workers in the country.12

The Covid-19 pandemic

As it was the case for other countries, the pandemic has unequally affected the Australian labor market. The sectors that suffered the most in terms of job loss were Accommodation and food services (-17.4% from march to October 2020) and Arts and recreation (-12.9% for the same period, compared to an average -4.1% for all industries).13 As for age groups, the youth (20-29) and those above 60 years old were the ones most impacted in terms of unemployment.14 Full-time employees have also lost more jobs when compared to part-time workers.15

---

1 The authors of this piece thank the following individuals for their expertise and assistance throughout all aspects of this study and for their help in finalizing the content: Johannes Koettl, World Bank Senior Economist and Task Team Leader; Mohammed Bisan Aijwad, World Bank Senior Economist and Task Team Leader; Nayib Rivera, World Bank Social Protection and Jobs Economist; Nicola Duell, Senior Economist Consultant. The work reflected in this note also benefited greatly from the knowledge generated by the Reimbursable Advisory Services (RAS) program between the World Bank and the Kingdom of Saudi Arabia.
2 The country’s GDP growth fluctuated between circa 4%, in 1993 and circa 2% in 2019. (World Bank Data)
3 OECD Stat.
4 OECD Stat.
5 OECD (2017)
6 OECD (2018a).
7 OECD (2018a).
8 Broad labor underutilization: Share of inactive, unemployed or involuntary part-timers (15-64) in population (%), excluding youth (15-29) in education and not in employment (%). (OECD, 2018a)
9 The difference between the employment rate of a benchmark group and the employment rate of a target group, divided by the employment rate of the target group. I.e. how the employment of a particular group (e.g. Women) compares to employment of an benchmark group (men).
10 For example, as of 2014, data showed that motherhood had very a strong impact on labor market participation in the country: women with at least one child between 0-14 years had an employment rate of circa 65%, while those without children had circa 78% (gap of 13%). The same gap for OECD average was from circa 9% for the same year (66% to 75%). (OECD 2018b)
12 OECD (2018a).
13 Griffithian (2020).
14 -6.1% for those aged between 20 and 29; -6.4% for those aged between 60 to 69 and -12.1% for those aged 70 and above population (%), excluding youth (15-29) in education and not in employment (%). (OECD, 2018a).
15 -3.7% as the change in full-time employment against -2.3 for part-time for the period between March and October 2020. (Griffithian, 2020.)
According to the country’s latest labor market snapshot, however, the labor market is showing timid signs of recovery. Between March 2020 and May 2021, there was a positive growth of 1% in employed persons (from 12.9 million to 13.12 million). Unemployment rate fell from 5.3% to 5.1% and participation rate grew slightly from 65.9% to 66.2%. Finally, youth unemployment rate fell from 11.6% to 10.7%.

2. Organizational structure for the delivery of passive and active labor market programs and employment services

Australia is today one of the rare examples of countries to have a fully privatized delivery of employment services. In that sense, the country does not have what is commonly viewed as a standard Public Employment Agency. This is one of the reasons why the Australian model attracts so much attention to it.

The main responsible department for job strategy and employment policies in Australia since 2020 is the “Department of Education, Skills and Employment” (DESE). It holds a central position in organizing tendering processes, establishing guidelines, and continuously assessing and overseeing service providers. The department’s main purposes are to:

1) Foster a productive and competitive labor market through employment policies and programs that assist job seekers into work, meet employer needs and increase Australia’s workforce participation.

2) Facilitate jobs growth through policies and programs that promote fair, productive and safe workplaces, and facilitate the growth of small business”.

The department’s role in the Jobactive labor market program also includes improving jobseeker engagement; expanding work opportunities for those unemployed; and reducing bureaucratic burdens for service providers, while keeping compliance.

Centrelink is the government body responsible for intake, registration, assessment and referral of applicants. Along with the tender process developed in 1997, a separate government organization – Centrelink – was created. It is equally responsible for administering benefit payments and sanctions, when applicable. Centrelink, in that sense, works as a gateway that will receive jobseekers and forward them to the appropriate services. It is important to highlight, however, that Centrelink is a part of the Department of Human Services, and not DESE.

After registration, Centrelink uses a statistical profiling instrument called Job Seeker Classification Index (JSCI), to assess the jobseeker’s needs and refer them to the appropriate services. The JSCI draws its information both from administrative data as well as from a questionnaire applied to jobseekers. This questionnaire is applied by Centrelink and includes 49 questions containing 18 different factors, among which age, gender, working history, language proficiency, education, qualifications, geographical area, indigenous status, contractability, and among other personal information. The data provided will generate points, which are used in a logistic regression model that predicts the likelihood of a jobseeker to become long-term unemployed (12 months or more out of work). If during the application of the JSCI, complex non-vocational barriers are identified, further assessment is conducted through an Employment Services Assessment (ESAt).

According to JSCI outcomes, jobseekers are assigned to three different service streams A, B and C. Stream A refers to those who are job-ready or present less barriers to getting a job. Those will require minimal assistance to be placed in the labor market, therefore, will receive less assistance. Stream B is for those who present some vocational issues, and where service providers will have to play a greater role in preparing these jobseekers to be placed back into work. Stream C is for those who are not work ready and present not only vocational issues but also others such as personal, social, medical, and psychological barriers that need to be addressed. The ESAt comes in at that stage to assess what kind of special attention jobseekers require and if they should be referred to dedicated services such as the Disability Employment Services (DES).

In 2018, 38% of beneficiaries were classified at stream A, 43% at stream B and 17% at stream C.

According to the Department of Education, Skills and Employment (2020), there are three service phases:

1. The Self Service and Job Activity phase;
2. The Case Management phase; and
3. The Work for the Dole phase

---

17 In literature, the responsible department is frequently referred to as the “Department of Employment”. This department became the “Department of Jobs and Small Business” in 2017, then “Department of Employment, Skills, Small and Family Business” in 2019 and now “Department of Education, Skills and Employment” since 2020.
18 DESE (2019).
19 DESE (2020).
20 DESE (2020).
21 Statistical profiling refers to a system of profiling that uses data (from questionnaires and/or administrative) and a statistical regression model to predict the likelihood of employment (or lack of employment) of a jobseeker. The results either provide caseworkers with insight on how far the jobseeker is from the labor market, or directly give way to an automatic referral, depending on the country.
22 Please refer to the annex for more information on the JSCI.
23 Previous to Jobactive (2015), there were 4 streams instead of 3. “The lower number of streams under Jobactive was designed to reduce the complexity of the system for providers and to reduce administrative burden”. (DESE, 2020).
In phase 1 (Self Service and Job Activity phase), jobseekers are expected to help themselves using resources offered by Jobactive providers. In this phase, providers offer limited help, such as employment recommendations and possibly access to material such as computers and phones so jobseekers may pursue their search.

In phase 2 (Case management), as the name indicates, a case manager will closely assist the jobseeker. In regular appointments, case managers will understand jobseeker needs, provide counselling, help with job searching activities, CV building, and also with vocational and non-vocational barriers by referral to training and other services that will address their shortcomings.

In phase 3 (Work for the Dole), jobseekers will undertake training or work-like activities approved in their Annual Activity Requirements (AAR), to improve their employability. AAR work may include a range of different activities, but most commonly involves a work experience program in which jobseekers are placed within not-for-profit or public organizations such as charities, community organizations, and government agencies (Work for the Dole). Employment service providers will monitor jobseeker participation and continue to help them with job search activities.

Stream A jobseekers generally start-out in phase 1, while stream B and C start directly at phase 2. After 12 months in phase 2, jobseekers automatically go to Work for the Dole (phase 3). After six months at Work for the Dole, jobseekers start to alternate between phases 2 and 3 – i.e. alternating between close counselling and training and i. Work for the Dole activities. There are some exceptions to this rule under the Stronger Participation Incentives (SPI) program. Jobseekers who have not found a job after two years and are in stream A, may be transferred to another service providers. The same is true for those jobseekers who remain unemployed after three years in streams B and C.

3. Reforms

The Australian employment services was also once public and gradually evolved into a fully privatized one. The country’s employment services were created after World War II and were fully public until 1997 under the name of Commonwealth Employment Service (CES). In 1998 the first tender for outsourcing employment services took place, under the name “Job Network”. Contracts were awarded every three years and to both private for-

sector, as well as unemployment benefits. PES includes placement and related services, benefit administration and other expenditure. Training includes institutional, workplace and alternate/integrated training, as well as special support for apprenticeship. Employment incentives includes recruitment incentives, employment maintenance incentives, and job rotation and job sharing. Out-of-work income maintenance and support includes full unemployment benefits, unemployment insurance, unemployment assistance, partial unemployment benefits, part-time unemployment benefits, redundancy and bankruptcy compensation. (OECD Public Spending on Labour Markets)
profit or not-for-profit organizations. For the tendering process, part of the former PES (CES) became “Employment National” and could compete for contracts with other organizations. It had 50% of market share during the first contract round (1998-2000), then 25% during the second round (2000-2003) and eventually lost all of its market share during the third round. In 2009, the “Job Network” became “Job Services Australia” (or JSA) and hosted the fourth and fifth rounds of contracts. For the sixth round, in 2015, the employment program changed again its name to Jobactive, which is its current name.\textsuperscript{31} Contracts are now awarded every 5 years instead of 3.

Several reforms were undertaken in 2015 to try to address important gaps. The most recent evaluation report of the Australian employment services,\textsuperscript{32} published in 2020, summarizes the main reforms undertaken between JSA and Jobactive and evaluates the strengths and shortcomings of the new program compared to the previous one. Key reforms included:\textsuperscript{33}

\begin{itemize}
  \item Change of segmentation and allocation of jobseekers from streams 1-4 to A-C instead. The change was aimed at reducing system complexity and administrative burdens for providers;
  \item Introduction of stronger requirements for jobseekers, to increase participation;
  \item Introduction of stricter rules for funding of training and education;
  \item Increased length of contracts – from 3 years to 5 years to help increase the profitability of businesses, facilitate more effective business planning, and lower costs for Jobactive providers;
  \item A new JSCI painting scheme, aimed at improving the system and to adapt it to the new streams;
  \item Greater payment focus on job outcomes (instead of job placement fees for example), aimed at encouraging sustained employment.
\end{itemize}

4. Overview of passive and active labor market programs and employment services

With regards to unemployment benefits, Australia does not have in place an Unemployment insurance scheme. Instead, the country has three unemployment assistances (UA) available and a series of income support programs depending on jobseeker’s situation. The three UAs available are: a) the Jobseeker Payment, which is available for those jobseekers between 22 years old and Pension age; b) the Youth Allowance, which is available for young people between 16 and 21 years old and looking for work or unable to work; and c) the Parenting Payment, aimed at those looking for work and caring for young children. All three UAs are income tested.\textsuperscript{34} Other income support programs are:

\begin{itemize}
  \item Mobility Allowance
  \item Youth Disability Supplement
  \item Disability Support Pension
  \item Payments for students and trainees; and
  \item Child Care Subsidy
\end{itemize}

As for Active Labor Market Programs, Australia has in place a number of programs that respond to specific challenges. The country places great focus on its activation programs on youth, as a mean to counter high youth unemployment rates in the country. Other target populations are over 50, single parents, women, disabled persons, migrants, ethnic minorities and the long-term unemployed. In case of very difficult situations such as people with drug addiction and previous imprisonment, the service providers can refer the individuals to specialized services.\textsuperscript{35}

As in every other country, the Australian employment program includes Mutual Obligation Requirements (MORs). Service providers are responsible for monitoring compliance to requirements and reporting them to Centrelink. Centrelink will then manage benefits and sanctions accordingly. MORs in Australia comprise three core components:

1. Job related: showing real commitment to job search efforts through a minimum number of applications per month; not missing interviews and accepting suitable positions.\textsuperscript{36}
2. Counselling related: not missing appointments with Jobactive service providers
3. Activity related: fully participating in the activities set out in the Annual Activity Requirements.\textsuperscript{37}

When non-compliance is reported to Centrelink, the body will investigate and sanction the respective jobseeker according to a “Job Seeker Compliance Framework”. There are three main types of sanction applied, according to this guide: 1) for each day missed of activities or job interviews without reason, one day is deducted from benefit payments (i.e. no show, no pay); 2) Non-attendance at appointments with Jobactive providers results in an immediate suspension of income assistance payments; 3) imposition of an eight-weeks payment suspension when significant compliance failures are identified (e.g. denial of a job offer, continuous non-compliance, remaining willfully unemployed or have been fired due to misbehavior).\textsuperscript{38}

31 Sinclair (2017).
32 DESE (2020).
33 A summary of commented key reforms undertaken between JSA and Jobactive can be found in DESE, 2020.
34 The full list of income support offered to jobseekers as well as details on eligibility condition can be found at serviceaustralia.gov.au.
35 A non-exhaustive list of current ALMPs currently in place in Australia can be found in annex II.
36 Suitable positions are defined by each country according to a set of criteria including geographical location, offered wage, field of work, position offered, etc.
38 DESE (2020).
5. Outsourcing of PES services

As previously stated, Australian employment services are fully outsourced, and provided by multiple contracted providers. For this reason, Jobactive is not a single PES or agency but, instead, a multitude of employment service providers: small and large private organizations, not-for-profit, for-profit, specialists and broad-based services. These providers are responsible for managing assigned jobseekers, training, counseling, assisting on CV building, job placement and job keeping. Providers are paid according to services provided, jobseeker stream (case complexity) and job outcome, as discussed further. Upon assignment to a stream, jobseekers are asked to choose between one of the available service providers. If no choice is made, they are randomly assigned by Centrelink.

Although employment services are provided by a range of outsourced providers, the contracting model is still highly centralized around the DESE. The entire contracting process is closely and regularly reviewed and providers are held responsible for adhering to a stringent compliance structure. Officials from the Department from state and territory level are also involved in the selection process to provide local labor market expertise. The result is that the Australian employment services are currently one of the most closely monitored quasi-market structures in the world. Tendering for employment services take place nowadays every 5 years and the government undertakes an assessment and reforms between each cycle. Providers include both large and small non-profit and for-profit organizations.

Service providers are paid by the Australian Government mainly in outcome-based results. Administrative fees are also part of the payments, although in a much lesser importance. Outcome fees paid to providers are designed to reflect: a) streams allocated, b) length of unemployment and c) area of jobseeker (regional or non-regional). Outcome start date is considered to be the date in which the jobseeker starts a new employment and moves away from income support. From that date onwards, providers are paid at week 4, 12 and 26 according to jobseeker permanence in employment. For example, when a jobseeker has successfully remained employed for 4 weeks, provider will be eligible to receive the compensation associated to that time; if thereafter the jobseeker remains employed for another 8 weeks (12 from the start date), it will be eligible to receive the corresponding payment; the same is true for 26 weeks after the start date (C.f. table below).

That structure of payments aims to encourage allocation of jobseekers into sustainable jobs. Even though, a 4 and 12 weeks payment also exist not only to compensate partial results but also for encouraging allocation into short-term work experiences that may build skills and confidence. Partial outcome fees also exist to remunerate providers when jobseekers have found a paid job but that does not allow them to fully leave government income support. Payments are also higher according to streams and period of unemployment (i.e. harder to place jobseekers require more work and, therefore, higher compensation). For service providers located in areas deemed regional (outside of the range of major cities), both outcome and administrative fee payments are 25% higher, as a recognition of additional efforts to find jobs outside of urban centers.

<table>
<thead>
<tr>
<th>Jobactive</th>
<th>Period of unemployment less than 24 months</th>
<th>Period of unemployment 24-59 months</th>
<th>Period of unemployment 60 months or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stream A/volunteers: 4 Week</td>
<td>$400</td>
<td>$500</td>
<td>$600</td>
</tr>
<tr>
<td>Stream A/volunteers: 12 Week</td>
<td>$500</td>
<td>$1,000</td>
<td>$1,250</td>
</tr>
<tr>
<td>Stream A/volunteers: 26 Week</td>
<td>$650</td>
<td>$1,250</td>
<td>$1,550</td>
</tr>
<tr>
<td>Stream B: 4 Week</td>
<td>$750</td>
<td>$1,000</td>
<td>$1,250</td>
</tr>
<tr>
<td>Stream B: 12 Week</td>
<td>$1,500</td>
<td>$2,000</td>
<td>$2,500</td>
</tr>
<tr>
<td>Stream B: 26 Week</td>
<td>$1,900</td>
<td>$2,500</td>
<td>$3,150</td>
</tr>
<tr>
<td>Stream C: 4 Week</td>
<td>$1,000</td>
<td>$1,500</td>
<td>$2,000</td>
</tr>
<tr>
<td>Stream C: 12 Week</td>
<td>$2,000</td>
<td>$3,000</td>
<td>$4,000</td>
</tr>
<tr>
<td>Stream C: 26 Week</td>
<td>$2,500</td>
<td>$3,750</td>
<td>$5,000</td>
</tr>
</tbody>
</table>


Whenever a jobseeker is allocated to a service provider, that provider also receives an associated amount of credit in an Employment Fund (EF). The EF is essentially a pool of funds from which providers can draw resources to use in improving a jobseeker’s employability. The funds can be applied to training, education, necessary materials, work-related licensing, clothing, etc. For these purposes, the Fund is divided into two accounts: a wage subsidy one and a general one. The wage subsidy account is to be used only for the purposes of wage subsidy programs for long-term unemployed (12 months or more). The general account can be used for every other purpose above. Each jobseeker attracts a corresponding amount of credit from the EF, according to their assigned stream: Stream A $300; Stream B $850; and Stream C $1,200. However, these credits are not tied to a specific jobseeker and may be used across beneficiaries as deemed appropriate by the provider as to maximize overall employability. The funds are provided in a

41 “Quasi-markets are a hybrid of traditional forms of governmental intervention, whereby resources are allocated according to the dictates of a centralized bureaucracy, and decentralized markets, in which resource allocation occurs via a process of competition between a plurality of autonomous 2 private-sector agents.” (Lewis, 2017)
reimbursement base and not provided upfront. Unused credit cannot be retained.  

6. Performance management and monitoring of the PES

The performance of service providers is assessed through a system called “Star Ratings” and through a “Quality Assurance Framework” (QAF) certification requirement. The QAF certificates aim to guarantee that providers meet minimum standards of quality and are, therefore, able to ensure service provision in a satisfactory manner. The Star rating system is an outcome-based results assessment and it is based on two key performance indicators: 1) efficiency and 2) effectiveness in placing participants in sustainable work.

The Star Ratings system rates providers from 1 to 5 stars, 5 being the best rating and 1 the worst rating. The rating is calculated quarterly and always uses the previous two years of continuous assessment as a base for calculations. The calculations that lead to those ratings take mainly into consideration outcome performance in sustainable job allocation. The results are also adjusted to take other factors into account, such as geographical location of provider, characteristics of that local labor market and case load. Different weighting is also given according to which Stream the jobseeker had been allocated according to the JSCI. Placement of harder to employ jobseekers have more weight. Finally, stars are attributed to service providers by bandwidths according to a national average (i.e. providers are compared among each other).

Underperforming providers may lose their right to enter new tenders and business can be readily transferred from underperforming to high-performing providers. Scores of less than 2 stars are considered underperforming. The loss to the right to re-tender due to underperformance has led to a market concentration of 300 providers to less than 50 in 20 years. Besides through the Star Ratings system, if lack of compliance or poor performance is identified through other control mechanisms, providers may also be subject to business reallocation. Official feedbacks on performance are also provided by departmental account managers at least every 12 months. The DESE reportedly works regularly with providers to address shortcomings.

Although the Star Ratings is now extensively used by the government as a quality control mechanism, it was initially intended to be used for informing jobseekers’ choice of service providers. Since jobseekers are free to choose their service providers upon completion of the JSCI, they may use the Star Rating system to choose the best provider from a list. In that way, even though the Australian government is the main buying customer of services, jobseekers, to some extent, still play a part in shaping this quasi-market through demand and competition.

Because of its uniqueness, the Australian model is constantly scrutinized both internally and externally. Besides the rolling evaluation of service providers, the Department in charge of Jobactive (and its predecessors) held constant evaluations of the entire system. The most recent one, “Evaluation of Jobactive: Interim Report” (2020) concludes that evidence “suggests that several aspects of job seeker engagement have improved under Jobactive when compared to JSA 2012”. That includes an increase in attendance rates to interviews, greater participation in activities, and reduction of inactive time after registration. The report also finds “changes in servicing models, with a shift away from case management to ‘rainbow’ servicing and more group-based and open-plan servicing of job seekers”. Regarding outcomes, the study finds mixed results for Stream A jobseekers, but positive results for population in Streams B and C, meaning that Jobactive showed better results in helping these jobseekers attaining sustainable employment than its predecessor program. In addition, the reform shows to have reduced administrative burden on providers, which is a constant complaint. Those burdens, however, seem to remain high.

7. Discussion and implementation in low and middle-income countries

There are positive and negative aspects of the Australian system as in any other employment services. These pose learning possibilities for low- and middle-income countries since they provide possible roadmaps to

47 DESE (2014).

48 “The Quality Assurance Framework (QAF) for Jobactive providers took effect from 1 July 2015 in recognition of the Government’s commitment to ensuring the delivery of quality services for job seekers and employers. The QAF sets the minimum standard of quality for Jobactive providers. Certification under the QAF provides the department with assurances that Jobactive providers have in place quality policies and procedures to support the management, monitoring and improvement of service delivery. The Quality Assurance Framework comprises two key elements: 1) Quality Principles developed by the department against which a Provider must provide evidence, to demonstrate the delivery of quality services to job seekers, employers and the department; and 2) Certification against one of the department approved Quality Standards, ISO 9001, the National Standards for Disability Services or the Employment Services Industry Standard. The QAF Certification process is undertaken by an accredited third party Conformity Assessment Body (CAB), selected by the Provider, from the department’s Quality Assurance Framework Auditor List.” (DESE website)

49 Sustainable job is considered by the Australian government as those that are maintained for at least 26 weeks. The weighting of performance measures for the calculations is as follows: 50% - 26 Week Outcomes – All Participants; 10% - 26 Week Outcomes – Indigenous Participants; 10% 26 Week Outcomes – Time to Placement; 10% - 12 Week Outcomes; 10% - Work for the Dole Phase Participation; 10% - Time to Commence in Work for the Dole / Activity.

50 Sinclair (2017).

51 Stream A: 25 per cent; Stream B: 35 per cent; Stream C: 40 per cent. (DESE, 2015)

52 1-Star 30 per cent or more above the national average; 2-Star Between 15 and 29 per cent above the national average; 3-Star Between 14 per cent above and 1-4 per cent below the national average; 2-Star Between 15 and 39 per cent below the national average; 1-Star 40 per cent or more below the national average. For the full methodology of calculation of the Star Rating system, please refer to DESE, 2015, Performance Framework

53 Sinclair (2017).

54 DESE (2015).

55 “Rainbow servicing refers to a situation where instead of being serviced by one particular employment consultant at a Jobactive provider, a job seeker is instead serviced by the next available employment consultant, or serviced in group-based sessions.” DESE (2020).

56 DESE (2020).
programs and services that can work well in other environments. Two main aspects of the Australian system can be highlighted as interesting practices to be considered in Low- and Middle-income countries: their statistical profiling system and the outsourcing of services.

A statistical profiling model, like the Australian one (JSCI) can be very useful for two types of situations: capacity management and outsourcing management. When the segmentation is done by a well-developed statistical profiling system, only the jobseekers in need of personal assistance will be referred to one-on-one counselling sessions. This has the potential to significantly reduce human interactions, thus reducing a large need for available human resources. The most job-ready jobseekers can instead be directed to self-help tools such as job matching portals, CV enhancement courses, interview preparation tools, etc. Statistical profiling systems may need more initial capital expenditure to be implemented when compared to other profiling systems, especially if there is no existing profiling questionnaire in place and if data collection is still underdeveloped in the country. On the other hand, these systems are more easily scalable than caseworker-based profiling, for example, and costs can be quickly offset by savings in maintaining a large number of physical offices and a large contingent of caseworkers.

Outsourcing of employment services can certainly be an option in specific country contexts. While it is a clear necessity that countries must have good employment services available for jobseekers, some LIC and MIC do not have the capacity to build these services in the short term. Training and keeping a large number of caseworkers, maintaining physical offices, a functioning network of training, education and employer services can be a gigantic undertaking, which requires expertise, time and resources. When it is not a possibility to create or further develop those services in-house, outsourcing can be an option. The outsourcing of employment services, if well managed, allows for public budget savings, innovation led by the private sector, creating a new services market (or using the expertise of an existing one in countries with well-established private employment agencies) and lessening the burden on the public sector. The development of employment services in that scenario will mainly use the capital and expertise of the private sector, which does not mean that the government will have no say. On the contrary, as the Australian example shows, clear guidelines can be developed to ensure service quality and policy directions.

Although the model has clear strengths, it is equally important to highlight its shortfalls. For example, the Australian employment services still face considerable challenges in meeting the demands of more vulnerable groups (lone parent or older women, indigenous groups, individuals with disabilities or mental illness, etc.). One of the reasons for that, is the fact that inclusion policy aimed at those groups need to be integrated and comprehensive, which is not always possible in a competitive environment of multiple service providers. Another risk, which has also been pointed out for the Australian case, is that as the system gradually moves away from a traditional Public Employment Service, the service logic may shift away from trying to genuinely serve and resolve individuals’ problems to one where jobseekers become mere numbers and data. At last but not least, outsourcing requires a good governance capacity to keep tabs on the private sector and avoid malpractice and corruption in contract awards. Then, a fine line needs to be navigated between too much bureaucracy that it inhibits the development of the service market, and too much freedom that it erodes the principle of serving jobseekers and spending is unjustified.

If a country decides to go forward with the full or partial outsourcing of its employment services provision, the segmentation of jobseekers through statistical profiling may be a good choice. As shown in the Australian case study, a profiling system that depends less on human factors, is less propense to generate cherry picking or to be biased towards one or several service providers. It is important, to also highlight, that this profiling should ideally be conducted by public agency, to avoid moral hazard. Therefore, for good practice on governance, a network of private employment service providers would include a publicly conducted statistical profiling as segmentation method.

8. References


---


58 Farrow et Al. (2015).
Annex

Annex I: Work for the Dole and Annual Activity Requirements

**Work for the Dole**

Work for the Dole is a work experience program in which jobseekers are placed within not-for-profit or public organisations such as charities, community organisations, and government agencies. In these placements, participants will conduct community service activities such as gardening, maintenance, animal and wildlife shelter, office administration, warehouse duties, retail work, hospitality work, etc. The workload varies between 15 hours a week to 25 hours a week, depending on participant’s age and physical condition. The aim of the program is to build jobseeker confidence, skills, communication, and network while providing essential services to the community. The program was created in 1998 and remains active.

**Annual Activity Requirements (AAR)**

After the first year enrolled in Jobactive, jobseekers must undertake additional activities for 6 months for every additional year they remain enrolled. These activities include:

- Work for the Dole
- paid work
- voluntary work
- National Work Experience Program
- accredited language, literacy and numeracy courses
- study/accustomed education and training
- Australian Defence Force Reserves
- drug or alcohol treatment
- other non-vocational interventions (for those in jobactive Stream C)
- other government programs, or
- a combination of the activities listed above.


---

Annex II: Active Labor Market Programs in Australia

- **Career transition assistance**: the program aims to help adult jobseekers aged 45 years to enhance their employability. The program focuses on increasing their understanding of job opportunities and by supporting them tailor their applications. This program also provides assistance with technological and digital skills

- **Employability Skills Training (EST)**: the program aims to help young people to become job ready through the provision of intensive pre-employment training.

- **Youth Jobs PaTH**: the program is also aimed at young jobseekers (25 year or under). The program has three core components – Prepare, trial and hire. Prepare phase is about skills training and understanding employers expectations. The Trial phase corresponds to a voluntary internship of 4 to 12 weeks in which employers will test the jobseekers’ fit into the company. The Hire phase corresponds to a bonus of $10,000 in case the company makes the hire of the young jobseeker.

- **Wage subsidies**: financial incentive of up to $10,000 is available to qualifying employers hiring eligible jobseekers. The wage subsidy is paid over six months and the employee must work 20 hours/week on average during this period. The target groups for this subsidy are Indigenous Australian, people over 50 years old, young jobseekers (up to 29 years old), parents, disabled population, long term unemployed, others

- **New Enterprise Incentives Scheme (NEIS)**: the program aims at supporting jobseekers who want to start their own small business

- **JobTrainer Fund**: this program is part of the country’s economic response to COVID-19. The Government is currently providing free or low-cost fee training courses across Australia through a $1 billion JobTrainer Fund.

- **Transition to Work**: employment service is aimed at helping young jobseekers aged 15-24 into work through apprenticeships, training or education. Participants receive intensive, pre-employment support to develop practical skills. They also get assistance to connect with jobs, education, training, or relevant local community services.

- **National Work Experience Programme**: through this program, jobseekers get placed in unpaid work placements. The aim is to increase their experience and confidence, while showing their skills to potential employers. The program lasts for four weeks, with a maximum of 25 hours per week. Employers can choose to pay the candidate $300 and if they retain the worker may be eligible for wage subsidy.
• **Volunteer Online Employment Services Trial**: the program is aimed at jobseekers earning a certain type of income support or not having received any income for up to 12 months. Participants use the Jobactive website or app to build a profile and résumé, get tips for interviews, learn what employers are looking for, undertake job searches and apply for jobs.

• **ParentsNext**: the program aims to help parents with children under 6 years old, to plan and prepare for future study or to take up employment.

• **Work for the Dole** (C.f. Box on Work for the Dole under the Australia Case Study)

Source: DESE Website