

The Delivery of Employment Services

in a Multi-Country Case Study Series: Australia



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The Australian Employment Services

Name: Worforce Australia (previously 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 job seeker registration and a statistical profiling method through public bodies. The statistical profiling segments job seekers into three different categories according to their distance to the labor market. The actual provision of the job services is then exclusively done by private providers.

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

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

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1. Labor market context

Australia's public employment service has recently changed its name from Jobactive (2015-2022) to Worforce Australia. This change comes along with a series of reforms that are still under implementation in the Australian system. Due to how recent these events are, elements are still lacking for cohesive assessment of the new system. For that reason, this note focuses on the system prevalent before Worforce Australia, namely, Jobactive.

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 percent) and 2008 (4.23 percent).³ After the 2008 economic crisis, unemployment rates rose to 5.56 percent (2009), a change that was still below the OECD⁴ average (which rose from 5.84 percent in 2007 to 8.32 percent for 2009) and well below the results for European Union (EU) country members. As of February 2020, before the pandemic hit the country, unemployment rate was at 5.27 percent, compared to an estimated 5.29 percent for OECD countries.⁵ Overall, from 2000 to 2017, both the labor force and total employment rose by 29 percent.⁶

The quantity and quality of jobs are relatively high. 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.⁷ In addition, as a reflection of a highly dynamic economy, recently unemployed workers were generally able to quickly find a new job.⁸

The main challenges regarding the Australian market lie in labor underutilization⁹ and in employment outcome inequality for more vulnerable populations. The good national averages and overall numbers conceal large variations between populations and regions. Employment gaps¹⁰ for women, especially for elder women and single mothers;¹¹ indigenous populations, and people with disabilities are persistent in Australia. Employment gaps, as of 2017, were circa 25 percent for women with children under 5 years, for single parents with children under 15 years, and for indigenous people. For people with mental illness or physical disabilities, the employment gap ranged from 14 percent to 40 percent in 2017.¹² As for labor utilization, in 2018 the rate of broad labor underutilization in Australia was at 28.5 percent, against an average of 27.2 percent for OECD countries. This rate mainly reflects the high share of involuntary part-time workers in the country.¹³

The COVID-19 pandemic

As 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 percent from March to October 2020) and arts and recreation (-12.9

² The country's gross domestic product (GDP) growth fluctuated between circa 4 percent in 1993 and circa 2 percent in 2019 (World Bank Data).

³ OECD Stat.

⁴ Organisation for Economic Co-operation and Development.

⁵ OECD Stat.

⁶ OECD 2017.

⁷ OECD 2018a.

⁸ OECD 2018a.

⁹ Broad labor underutilization: Share of inactive, unemployed, or involuntary part-timers (15-64 years) in population (%), excluding youth (15-29 years) in education and not in employment (%) (OECD 2018a).

¹⁰ 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, that is, how the employment of a particular group (for example, women) compares to employment of a benchmark group (men).

¹¹ For example, as of 2014, data showed that motherhood had a strong impact on labor market participation in the country: women with at least one child between 0 and 14 years had an employment rate of circa 65 percent, while those without children had circa 78 percent (gap of 13 percent). The same gap for OECD average was from circa 9 percent for the same year (66 percent to 75 percent) (OECD 2018b).

¹² OECD 2017.

¹³ OECD 2018a.

percent for the same period, compared to an average of -4.1 percent for all industries).¹⁴ The youth (20–29 years) and those above 60 years were the age groups most affected in terms of unemployment.¹⁵ Full-time employees have also lost more jobs when compared to part-time workers.¹⁶

According to the country’s latest labor market snapshot, however, the labor market has fully recovered and is outperforming its pre-Covid status. Between April 2020 and April 2023, employment rates rose from 71.1 to 77.4 percent. Unemployment rate fell from 6.3 percent to 3.7 percent and participation rate grew slightly from 63.6 percent to 66.7 percent.¹⁷



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 having 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.

The main responsible department for job strategy and employment policies in Australia at the time of Jobactive was the Department of Education, Skills and Employment (DESE).¹⁸ Since 2022, the department changed its name and composition to “Department of Employment and Workplace Relations” (DEWR). DESE held a central position in organizing tendering processes, establishing guidelines, and continuously assessing and overseeing service providers. The department’s main purposes were as follows:

- 1) Foster a productive and competitive labor market through employment policies and programs that assist job seekers to find 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”.¹⁹ The department’s role in the Jobactive labor market program also includes improving job seeker engagement; expanding work opportunities for the unemployed; and reducing bureaucratic burdens for service providers, while maintaining compliance.

Centrelink was 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. In that sense, Centrelink works as a gateway that will receive job seekers and direct them to the appropriate services.²⁰ It is important to highlight, however, that Centrelink was a part of the Department of Human Services and not the DESE.²¹

After registration, Centrelink applied a statistical profiling instrument²² called Job Seeker Classification Index (JSCI) to assess the job seekers’ needs and refer them to the appropriate services. The JSCI draws its information both from administrative data and a questionnaire applied to job seekers. This questionnaire was applied by Centrelink and included 49 questions considering 18 different factors, including age, gender, working history, language proficiency, education, qualifications, geographical area, indigenous status, contractability, and other personal information. The data provided will generate points, which

¹⁴ Gilfillan 2020.

¹⁵ -6.1 percent for those aged between 20 and 29; -6.4 percent for those aged between 60 and 69; and -12.1 percent for those aged 70 and above population (%), excluding youth (15–29) in education and not in employment (%). (OECD 2018a).

¹⁶ -3.7 percent as the change in full-time employment against -2.3 for part-time for the period between March and October 2020 (Gilfillan 2020).

¹⁷ Australian Government 2021.

¹⁸ 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. As of 2022, the responsible department is called Department of Employment and Workplace Relations (DEWR).

¹⁹ DESE 2019.

²⁰ DESE 2020.

²¹ DESE 2020.

²² 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 job seeker. The results either provide caseworkers with insight on how far the job seeker is from the labor market or directly give way to an automatic referral, depending on the country.

are used in a logistic regression model that predicts the likelihood of a job seeker to become long-term unemployed (12 months or more out of work).²³ If during the application of the JSCI, complex nonvocational barriers are identified, further assessment is conducted through an Employment Services Assessment (ESAt).²⁴ As of 2022, new tool called “The Job Seeker Snapshot”, consisting of a quick first assessment, was added to the system. The snapshot can be conducted by service providers as well, and can be used as an input to the JSCI.²⁵

According to JSCI outcomes, job seekers were assigned to three different service streams: A, B, and C.²⁶ Stream A referred to those who were job ready or present less barriers to getting a job. Those would require minimal assistance to being placed in the labor market and therefore will receive less assistance. Stream B was for those who present some vocational issues and where service providers would have to play a greater role in preparing these job seekers to

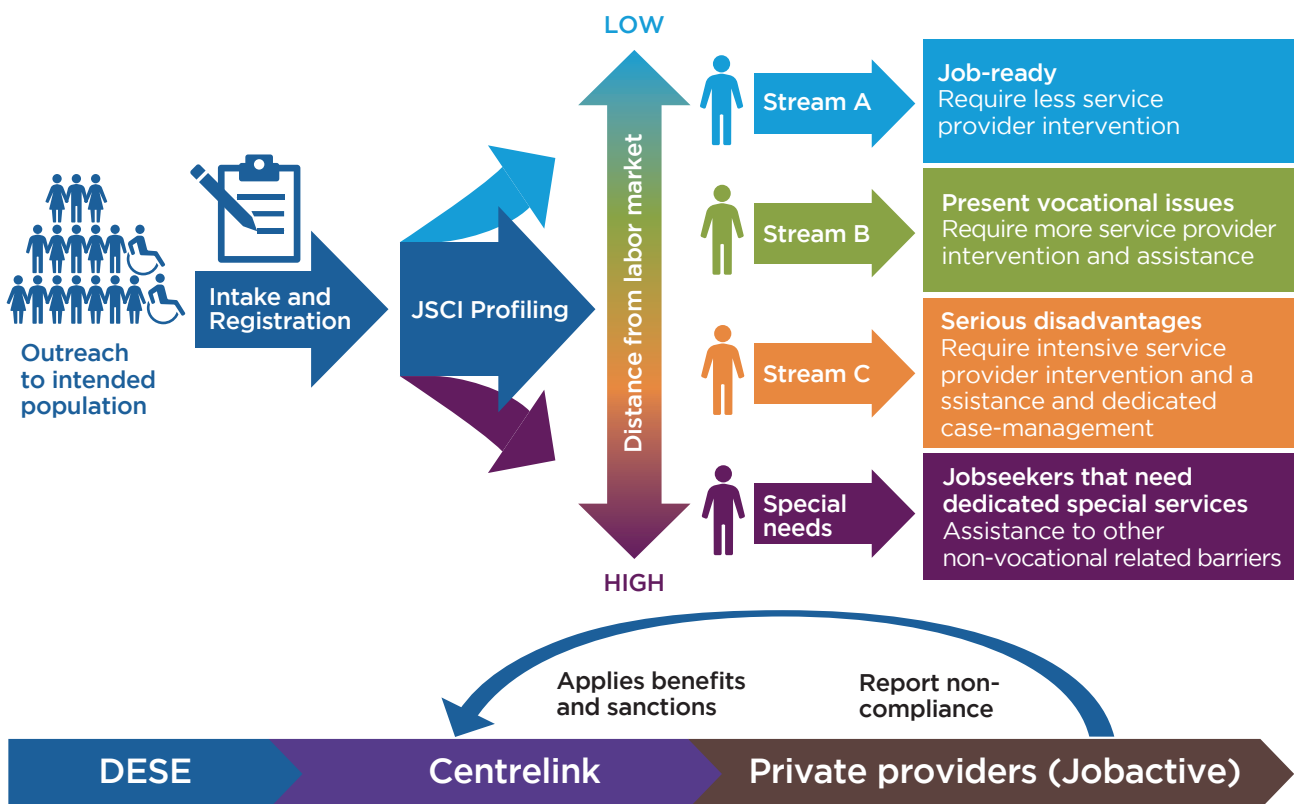
be placed back into work. Stream C was for those who were not work ready and present not only vocational issues but also others such as personal, social, medical, and psychological barriers that need to be addressed. The ESAt came in at that stage to assess the kind of special attention job seekers require and if they should be referred to dedicated services such as the Disability Employment Services (DES).²⁷ In 2018, 38 percent of beneficiaries were classified as stream A, 43 percent as stream B, and 17 percent as stream C.²⁸

According to the DESE (2020), there are three service phases:

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

In phase 1 (Self Service and Job Activity), job seekers were expected to help themselves using resources offered by Jobactive providers. In

Figure 1. Employment service delivery in Australia



²³ Desiere et al. 2019.

²⁴ Please refer to Annex I for more information on the JSCI.

²⁵ See DEWR website.

²⁶ Before Jobactive (2015), there were four streams instead of three. “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).

²⁷ DESE 2021.

²⁸ Commonwealth of Australia 2018.

this phase, providers offered limited help, such as employment recommendations and possibly access to material, for example, computers and phones for job seekers to pursue their search.

In phase 2 (Case Management), as the name indicates, a case manager would closely assist the job seeker. In regular appointments, the case managers job was to understand job seekers' needs; provide counselling; and help with job search activities, CV building, and vocational and nonvocational barriers by referring to training and other services that will address their shortcomings.

In phase 3 (Work for the Dole), job seekers would 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 job seekers are placed in not-for-profit or public organizations such as charities, community organizations, and government agencies (Work for the Dole).²⁹ Employment service providers will monitor job seeker participation and continue to help them with job search activities.

Stream A job seekers generally start out in phase 1, while streams B and C start directly in phase 2. After 12 months in phase 2, job seekers automatically go to Work for the Dole (phase 3). After 6 months at Work for the Dole, job seekers start to alternate between phases 2 and 3—that is, alternating between close counseling and training and Work for the Dole activities.³⁰ There are some exceptions to this rule under the Stronger Participation Incentives (SPI) program.³¹ Job seekers who have not found a job after 2 years and are in stream A may be transferred to another service providers. The same is true for those job seekers who remain unemployed after 3 years in streams B and C.

Budgets and resources

The overall budget of Jobactive was managed by DESE (see below). Actual expenses with Jobactive amounted to AUD 1.43 billion for 2018–2019.³²

According to the OECD,³³ Australia's total spending on labor markets has fluctuated between 0.91 (2015) and 0.78 (2018) percent of the country's GDP. These numbers compare to an average of 1.3 percent (2015) and 1.11 percent (2018) for OECD countries. In Australia for 2018, 0.14 percent of the GDP was allocated to employment services and administration, 0.01 percent to training, 0.02 percent to employment incentives, 0.06 percent to sheltered and supported employment and rehabilitation, and 0.55 percent to out-of-work income maintenance and support.³⁴



3. Reforms

The Australian employment services were 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 3 years and to both private for-profit and not-for-profit organizations. For the tendering process, part of the former public employment services (PES) (CES) became 'Employment National' and could compete for contracts with other organizations. It had 50 percent of market share during the first contract round (1998–2000), 25 percent during the second

²⁹ See annex I about Work for the Dole and AAR.

³⁰ DESE 2020.

³¹ SPI for young job seekers is a program that was initiated in 2015 and aims to increase participation of job seekers between the ages of 18 and 25. Job seekers between these ages and in stream A automatically become SPI participants. For this target population, additional services are available and there are further requirements as well. For example, mandatory monthly meetings with caseworkers even if in stream A.

³² Commonwealth of Australia 2019.

³³ OECD 2021.

³⁴ "Public spending on labour market programmes includes public employment services (PES), training, hiring subsidies and direct job creations in the public 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).

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.³⁵ For the sixth round, in 2015, the employment program again changed its name to Jobactive, which is its current name.³⁶ For the sixth round, in 2015, the employment program again changed its name to Jobactive, which remained its name until the recent change in 2022 to Workforce Australia. Contracts are now awarded every 5 years instead of 3 years.³⁷

Several reforms were undertaken in 2015 to try to address important gaps. The most recent evaluation report of the Australian employment services,³⁸ 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 the following:³⁹

- Change of segmentation and allocation of job seekers from streams 1–4 to A–C. The change was aimed at reducing system complexity and administrative burdens for providers.
- Introduction of stronger requirements for job seekers, to increase participation.
- Introduction of stricter rules for funding of training and education.
- 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.
- A new JSCI pointing scheme, aimed at improving the system and to adapt it to the new streams.
- Greater payment focus on job outcomes (instead of job placement fees for example), aimed at encouraging sustained employment.



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

With regard to unemployment benefits, Australia does not have in place an unemployment insurance scheme. Instead, the country has three unemployment assistances (UAs) and a series of income support programs depending on job seeker’s situation. The three UAs are (a) the JobSeeker Payment, which is available for job seekers between 22 years and pension age; (b) the Youth Allowance, which is available for young people between 16 and 21 years 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.⁴⁰ Other income support programs are as follows:

- Mobility Allowance
- Youth Disability Supplement
- Disability Support Pension
- Payments for Students and Trainees
- Child Care Subsidy.

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 means to counter high youth unemployment rates in the country. Other target populations are those over 50 years, single parents, women, disabled persons, migrants, ethnic minorities, and the long-term unemployed. In case of highly difficult situations such as people with drug addiction and previous imprisonment, the service providers can refer them to specialized services.⁴¹

As in every other country, the Australian employment program included mutual obligation requirements (MORs). Service providers were responsible for monitoring compliance to requirements and reporting them to Centrelink. Centrelink would then manage

35 Sinclair 2017.

36 Sinclair 2017.

37 This continues to be the case, according to the newest guidelines published by DEWR.

38 DESE 2020.

39 A summary of commented key reforms undertaken between JSA and Jobactive can be found in DESE (2020).

40 The full list of income support offered to job seekers as well as details on eligibility condition can be found at servicesaustralia.gov.au.

41 A non-exhaustive list of active labor market programs currently in place in Australia can be found in annex II.

benefits and sanctions accordingly. MORs in Australia comprised 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.⁴²
- 2. Counseling related:** Not missing appointments with Jobactive service providers.
- 3. Activity related:** Fully participating in the activities set out in the AARs.⁴³

When noncompliance was reported to Centrelink, the body would investigate and sanction the respective job seeker according to a 'Job Seeker Compliance Framework'. There were three main types of sanction applied, according to this guide: (1) for each day of activities or job interviews missed without reason, one day was deducted from benefit payments (that is, no show, no pay); (2) nonattendance at appointments with Jobactive providers resulted in an immediate suspension of income assistance payments; and (3) imposition of an eight-week payment suspension when significant compliance failures were identified (for example, denial of a job offer, continuous noncompliance, remaining willfully unemployed, or being fired due to misbehavior).⁴⁴



5. Outsourcing of PES

As previously stated, Australian employment services are fully outsourced and provided by multiple contracted providers. For this reason, Jobactive (as Workforce Australia) was 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.⁴⁵ These providers are responsible for managing of assigned job seekers, training, counseling,

assisting in CV building, job placement, and job keeping. Providers are paid according to services provided, job seeker stream (case complexity), and job outcome, as discussed further. Upon assigning a stream, job seekers are asked to choose 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 (and now DEWR). The entire contracting process is closely and regularly reviewed and providers are held responsible for adhering to a stringent compliance structure. Officials from the DESE at the state and territory level were also involved in the selection process to provide local labor market expertise.⁴⁶ The result is that the Australian employment services were currently one of the most closely monitored quasi-market⁴⁷ structures in the world. Nowadays, tendering for employment services takes place every 5 years⁴⁸ 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 according to outcome-based results. Administrative fees were also part of the payments, although of much lesser importance. Outcome fees paid to providers were designed to reflect (a) streams allocated, (b) length of unemployment, and (c) area of job seeker (regional or non-regional). Outcome start date is considered to be the date when a job seeker starts a new job and moves away from income support. From that date onward, providers were paid at weeks 4, 12, and 26 according to job seeker permanence in employment. For example, when a job seeker had successfully remained employed for 4 weeks, provider would be eligible to receive the compensation associated with that duration; if

42 Suitable positions are defined by each country according to a set of criteria including geographical location, offered wage, field of work, and position offered.

43 The specific hour requirement for each activity can be found in the government's Social Security Guide: <https://guides.dss.gov.au/guide-social-security-law/3/11/4>.

44 DESE 2020.

45 Sinclair 2017.

46 Powers 2017.

47 "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 private-sector agents." (Lewis 2017)

48 Since 2015, tendering took place every 3 years under JSA.

Table 1. Full outcome and job placement payments for employment in non-regional locations (AUD)

Jobactive	Period of unemployment less than 24 months	Period of unemployment 24–59 months	Period of unemployment 60 months or more
Stream A/volunteers: 4 weeks	400	500	600
Stream A/volunteers: 12 weeks	500	1,000	1,250
Stream A/volunteers: 26 weeks	650	1,250	1,550
Stream B: 4 weeks	750	1,000	1,250
Stream B: 12 weeks	1,500	2,000	2,500
Stream B: 26 weeks	1,900	2,500	3,150
Stream C: 4 weeks	1,000	1,500	2,000
Stream C: 12 weeks	2,000	3,000	4,000
Stream C: 26 weeks	2,500	3,750	5,000

Source: Recreated from DESE 2020.⁵⁰

thereafter the job seeker remained employed for another 8 weeks (12 from the start date), it will be eligible to receive the corresponding payment; the same was true for 26 weeks after the start date (see table 1).⁴⁹

This structure of payments aims to encourage allocation of job seekers into sustainable jobs. A 4- and 12-week payment also existed to compensate partial results and encourage allocation into short-term work experiences that may build skills and confidence. Partial outcome fees also existed to remunerate providers when job seekers had found a paid job but that does not allow them to fully leave government income support. Payments were also higher according to streams and period of unemployment (that is, harder-to-place job seekers 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 were 25 percent higher, as a recognition of additional efforts to find jobs outside of urban centers.

Whenever a job seeker was allocated to a service provider, that provider also received an associated amount of credit in an Employment Fund (EF). The EF was essentially a pool of funds from which providers could draw resources to use in improving a job seeker's employability. The funds could be applied to training, education, necessary materials, work-related licensing, clothing, and so on. For these purposes, the EF was divided into two accounts: a wage subsidy account and a general account. The wage subsidy account was to be used only for the wage subsidy programs for the long-term unemployed (12 months or more).⁵¹ The general account could be used for every other purpose above. Each job seeker attracts a corresponding amount of credit from the EF, according to his/her assigned stream: stream A AUD 300; stream B AUD 850; and stream C AUD 1,200.⁵² However, these credits were not tied to a specific job seeker and may be used across beneficiaries as deemed appropriate by the provider to maximize overall employability.⁵³ The funds were provided in a reimbursement base and not up front. Unused credit could not be retained.⁵⁴

49 Complete payment methodology can be found in DESE (2014).

50 The new payment structure, as of 2022, can be found here in the new DEWR website.

51 DESE 2014.

52 DESE 2014.

53 OECD 2017.

54 DESE 2014.



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)⁵⁵ 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 is based on two key performance indicators: (a) efficiency and (b) 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 2 years of continuous assessment as a base for calculations. The calculations that lead to those ratings mainly consider outcome performance in sustainable job allocation.⁵⁶ The results are also adjusted to consider other factors, such as geographical location of provider, characteristics of that local labor market, and case load.⁵⁷ Different weighting is also given based on the stream allocated to the job seeker according to the JSCI. Placement of harder-to-employ job seekers has more weight.⁵⁸ Finally, stars are attributed to service providers by bandwidths according to a national average (that is, providers are compared among each other).⁵⁹

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.⁶⁰ Besides 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 worked regularly with providers to address shortcomings.⁶¹

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 job seekers’ choice of service providers. Since job seekers 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, job seekers, 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 the PES holds 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

55 “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)

56 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 percent - 26-week outcomes, All Participants; 10 percent - 26-week outcomes, Indigenous Participants; 10 percent - 26 week outcomes, Time to Placement; 10 percent - 12-week outcomes; 10 percent - Work for the Dole Phase Participation; 10 percent - Time to Commence in Work for the Dole/Activity.

57 Sinclair 2017.

58 Stream A: 25 percent; Stream B: 35 percent; Stream C: 40 percent. (DESE 2015)

59 5 stars - 30 percent or more above the national average; 4 stars - between 15 and 29 percent above the national average; 3 stars - between 14 percent above and 14 percent below the national average; 2 stars - between 15 and 39 percent below the national average; 1star - 40 percent or more below the national average. For the full methodology of calculation of the Star Rating system, please refer to <https://www.dewr.gov.au/workforce-australia/workforce-australia-information-providers#toc-workforce-australia-services-provider-performance-framework>

60 Sinclair 2017.

61 DESE 2015.

2012.” This 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’⁶² servicing and more group-based and open-plan servicing of job seekers.” Regarding outcomes, the study finds mixed results for stream A job seekers but positive results for population in streams B and C, meaning that Jobactive showed better results in helping these job seekers 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.⁶³



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 provide learning opportunities for low- and middle-income countries (L/MICs) since they offer possible roadmaps to 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 L/MICs: their statistical profiling system and the outsourcing of services.

A statistical profiling model, like the Australian one (JSCI), can be highly 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 job seekers in need of personal assistance will be referred to one-on-one counseling sessions. This has the potential to significantly reduce human interactions, thus reducing a dependence on available human resources. The most job-ready job seekers can instead be directed to self-help tools such as job matching portals, CV enhancement courses, and interview preparation tools. 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 job seekers, some LICs and MICs do not have the capacity to build these services in the short term. Training and retaining a large number of caseworkers, maintaining physical offices, and establishing a functioning network of training, education, and employer services can be a gigantic undertaking, which requires expertise, time, and resources. When it is not possible 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, creation of a new services market (or using the expertise of an existing one in countries with well-established private employment agencies), and lessening of 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 (single parent or older women, indigenous groups, individuals with disabilities or mental illness, and so on).⁶⁴ One of the reasons for that is the fact that inclusion policy aimed at those groups needs to be integrated and comprehensive, which is not always possible in a competitive

62 “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).

63 DESE 2020.

64 OECD 2017.

environment of multiple service providers. Another risk, pointed out for the Australian case,⁶⁵ is that as the system gradually moves away from a traditional PES, the service logic may shift away from trying to genuinely serve and resolve individuals' problems to one where job seekers become mere numbers and data. Finally, outsourcing requires good governance capacity to keep tabs on the private sector and avoid malpractice and corruption in contract awards. Thus, a fine line needs to be navigated between excessive bureaucracy that it inhibits the development of the service market and too much freedom that it erodes the principle of serving job seekers and spending is unjustified.⁶⁶

If a country decides to go forward with the full or partial outsourcing of its employment services provision, the segmentation of job seekers 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 likely to generate cherry picking or to be biased toward 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, as a good practice on governance, a network of private employment service providers would include a publicly conducted statistical profiling as segmentation method.

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⁶⁵ Farrow, Hurley, and Sturrock 2015.

⁶⁶ See Stephan 2016 for more on the pros and cons of the model.

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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 job seekers are placed within not-for-profit or public organizations such as charities, community organizations, 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, and hospitality work. The workload varies between 15 and 25 hours a week, depending on the participant's age and physical condition. The aim of the program is to build job seeker 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 of enrolment in Jobactive, job seekers must undertake additional activities for 6 months for every subsequent year they remain enrolled. These activities include the following:

- Work for the Dole
- Paid work
- Voluntary work
- National Work Experience Program
- Accredited language, literacy, and numeracy courses
- Study/accredited education and training
- Australian Defence Force Reserves
- Drug or alcohol treatment
- Other nonvocational interventions (for those in Jobactive stream C)
- Other government programs
- A combination of the activities listed above.

Sources: DESE. 2020. "Work for the Dole - Job Seeker Fact Sheet." <https://www.dewr.gov.au/work-dole>
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Annex II: Active labor market programs in Australia

- **Career transition assistance:** The program aims to help adult job seekers age 45 to enhance their employability. It focuses on increasing their understanding of job opportunities 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 become job ready through the provision of intensive preemployment training.
- **Youth Jobs PaTH:** The program is also aimed at young job seekers (25 years or under). It has three core components: prepare, trial, and hire. The '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 job seekers' fit into the company. The 'hire' phase corresponds to a bonus of AUD 10,000 in case the company hires the young job seeker.
- **Wage subsidies:** Financial incentive of up to AUD 10,000 is available to qualifying employers hiring eligible job seekers. The wage subsidy is paid over 6 months and the employee must work 20 hours per week on average during this period. The target groups for this subsidy are indigenous Australian, people over 50 years, young job seekers (up to 29 years), parents, disabled population, long-term unemployed, and others.
- **New Enterprise Incentives Scheme (NEIS):** The program aims at supporting job seekers 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-fee training courses across Australia through an AUD 1 billion JobTrainer Fund.
- **Transition to Work:** Employment service is aimed at helping young job seekers ages 15–24 into work through apprenticeships, training, or education. Participants receive intensive, preemployment 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, job seekers are assigned to unpaid work placements. The aim is to increase their experience and confidence while showing their skills to potential employers. The program lasts for 4 weeks, with a maximum of 25 hours per week. Employers can choose to pay the candidate AUD 300, and if they retain the worker, s/he may be eligible for wage subsidy.
- **Volunteer Online Employment Services Trial:** The program is aimed at job seekers 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 to plan and prepare for future study or take up employment.
- **Work for the Dole** (Please refer to Annex I on Work for the Dole and Annual Activity Requirements).

Source: DESE website.



