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# Australian Employment Services: Labour Market Forecasting

|| St Petersburg International Labour Forum - 1-2 March 2018

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# National Employment Services Association

- Established in 1997 when public employment services were contracted out
- National peak industry association for providers in the employment services sector
- Advocate for policy and programme change and improvement
- Negotiates contracting arrangements
- Leads the national conversation on employment services
- Capacity and capability building across wider industry
- Members provide all contracted public employment services

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# Overview

## Australia

- 26 Years of Economic Growth
  - Two decades of fully out-sourced public employment services
  - Major employment services programmes
    - “jobactive” – mainstream employment services
    - Streaming and Star Ratings
    - Technological tools
    - Labour Market Forecasting



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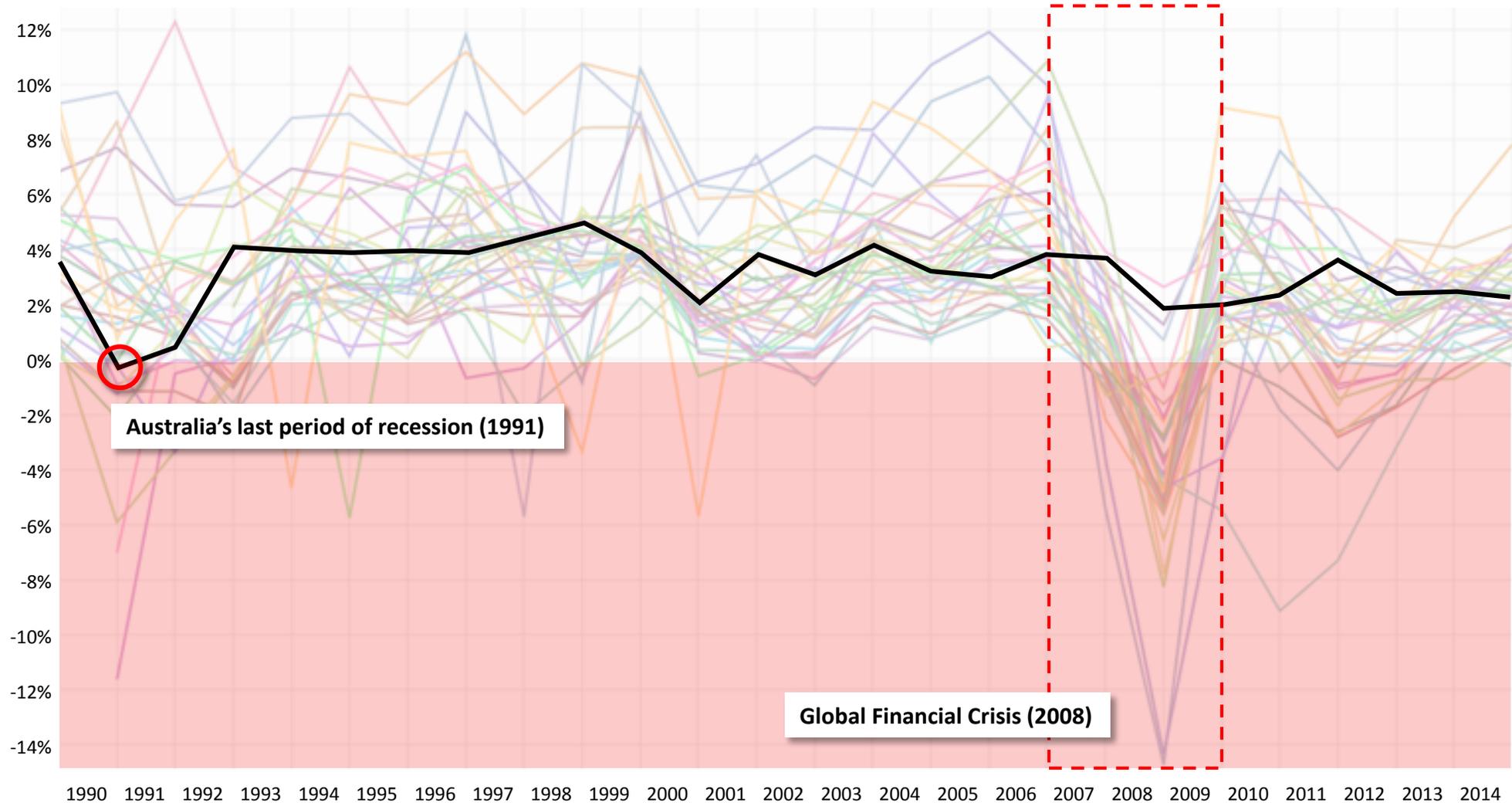
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# Australia - 26 Years of Economic Growth



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GDP Growth (Australia against OECD, 1990-2014)



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# 20yrs of fully out-sourced public Employment Services



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**1945 -1998:** Australian Employment Services were administered by the Federal Government's "Commonwealth Employment Service (CES)"

**1998:** After probative testing in 1996-1997, all employment services were contracted out to non-government organisations, both *for-profit* and *not-for-profit*

*Australia is the only country in the world with fully out-sourced public employment services*

The Federal Government manages procurement, and administers contracts and regulatory frameworks

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# Effective Public Employment Services



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- Analyse the labour market dynamics that threaten to disenfranchise people
- Anticipate problems - stay ahead of the game
- Real time responsiveness
- Evolve intelligent searching and analysis tools to render them useful to the job seeker and/or to employment services

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# Australia's Public Employment Services



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- Unique
- Highly adaptive, growing in modularity, and capable of responding to the changing environment
- Closely and constantly monitored by the Australian Government
- Governed by short contract cycles (mainly 5 years)
- Business reallocation – rewards performing organisations (every 18 months)
- Star Ratings drive business reallocations
- Provider remuneration dependent on placement of job seekers into work and, retention for at least 26 weeks for an 'outcome payment'
- Drives practice that is responsive to changing labour market conditions



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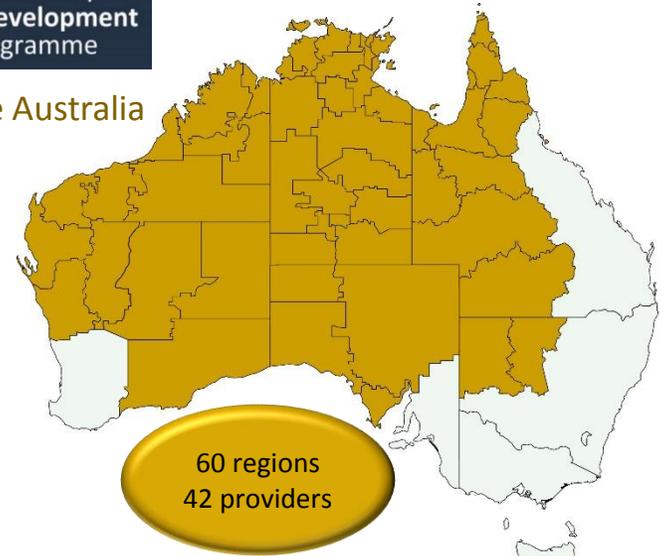
# Major programmes

Caseload: 738,938

51 regions  
44 providers  
1701 sites



Remote Australia



60 regions  
42 providers

Caseload: approx. 35,000

Caseload: 182,768

110 regions  
99 providers  
1747 sites



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# jobactive



## Quasi-market

The 44 providers are non-government organisations in direct competition  
4-6 providers compete in each of the 51 regions.

The Federal Government manages commissioning, compliance monitoring and direct allocation of “market share” based on performance (Star Ratings)

## Provider remuneration is primarily outcomes-driven

### To achieve optimal outcomes, providers

Engage directly with local employers, gathering vacancies & matching job seekers to local employment opportunities.

An **Employment Fund** is made available to providers per job seeker to allow investment in a range of interventions to improve their employability including

- Education and training

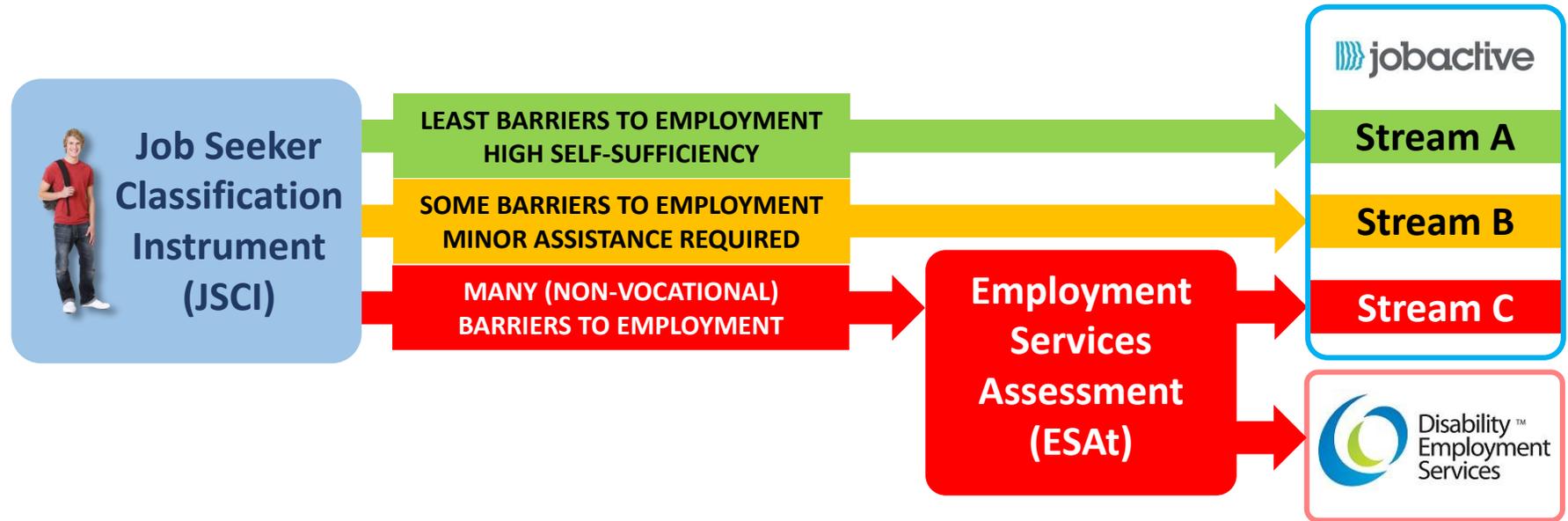
- Services to address non-vocational barriers such as transport, housing, mental health etc.

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# The JSCI and Streaming



The JSCI is a streaming tool designed to assess a job seeker's level of required assistance.

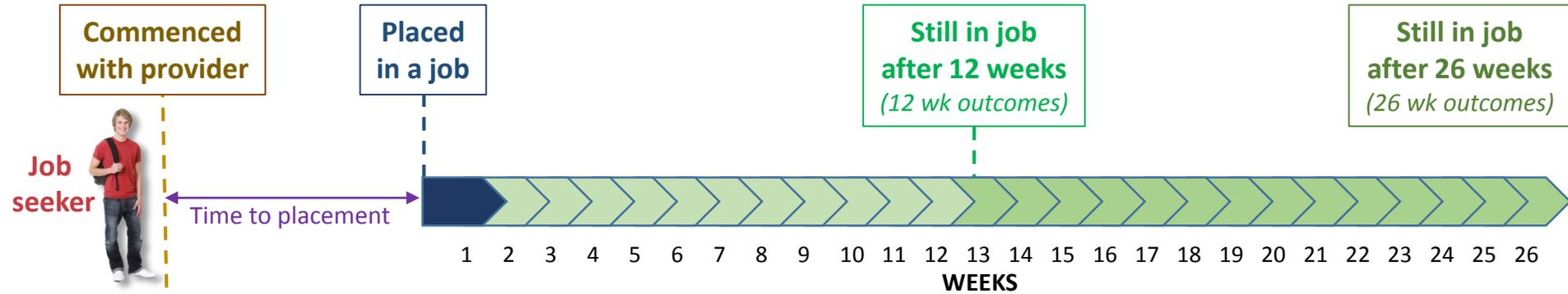
The job seeker's answers are weighted to give a single score which determines their jobactive stream assignment, or whether a further ESAt assessment is required.

The streams determine eligibility for different levels and types of support, the quantum of outcome payments for the provider and impact the performance calculations.

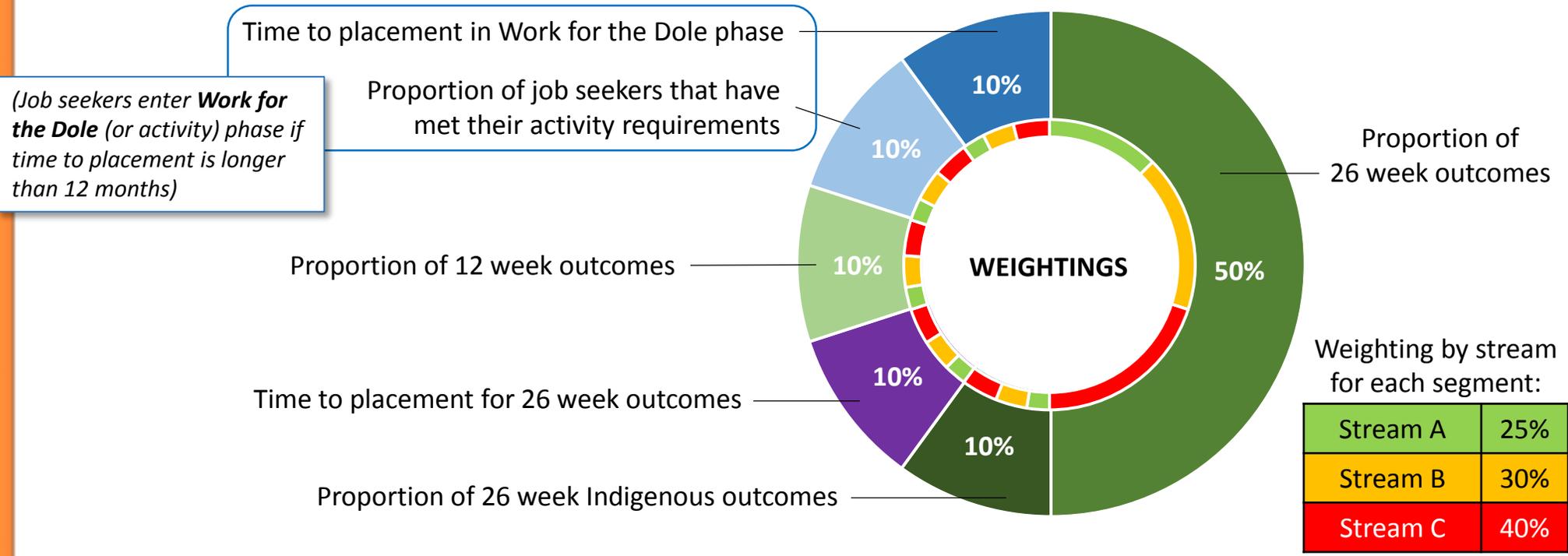
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# The Star Ratings: provider performance



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# The Star Ratings: labour market harmonisation

Local labour market variables must be considered to ensure a fair national comparison between sites.

For each stream and each performance measure in each period at each site, the actual performance is compared to the 'expected performance' (the regression model) where a higher actual versus expected ratio = higher stars.

Expected performance is derived from detailed labour market information data that considers:

- The year and month that the job seeker commenced assistance
- The employment growth rate of the job seeker's region
- The proportion of the population on income support for the job seeker's region.
- The low-skilled vacancies proportion for the job seeker's region.
- Whether the job seeker is in a metropolitan area
- The unemployment rate of the job seeker's region

**Literally millions of observations are considered when calculating the stars!**

Data is sourced regularly from national, regional and sectoral sources, as well as local connections and intelligence from employers and analysis



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# Australia's approach to Labour Market Information

Sources include:

## Federal Government

- Australian Bureau of Statistics
- Department of Jobs and Small Business
- The Treasury

## State Government

- Local industry data (e.g. construction, retail)

## Local Government

- Building approvals, localised economic data

## Banks and other financial institutions

- E.g. job advertisements



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# Australia' approach to Labour Market Information

Sources include:



The screenshot shows the Australian Bureau of Statistics website with the following content:

- Navigation menu: Statistics, Census, Complete your survey, About us
- Key statistics cards:
  - Population clock: 24,829,600
  - Consumer price index: 1.9% (December quarter 2017)
  - Gross domestic product: 0.6% (Quarterly change Sep 2017)
  - Average weekly earnings: \$1,543.80 (May 2017)
  - Unemployment rate: 5.4% (December 2017)
- Actionable cards:
  - Complete your survey (with image of a woman)
  - Find data for your region (with map of Australia)
  - Get the stats with ABS App (with image of a smartphone)
- Latest releases section:
  - Wednesday 14 February 2018: Annual mutton production increased 29% (Livestock Products, Australia)
  - Tuesday 13 February 2018: Personal finance decreases 0.2% (Lending Finance, Australia)
- Featured article: "How do I love thee? Let us count the ways" (From the Household Expenditure Survey: In 2015-16, households spent on average \$224 on chocolates. Annual spending on meals in restaurants, hotels and clubs increased from \$1,667 in 2009-2010 to...)
- Consumer Price Index article: "6401.0 Consumer Price Index, Australia, Dec 2017" (This quarter the ABS introduced new expenditure weights and implemented methodological changes to maximise the use of transactions data. The CPI is now compiled using over 900,000 prices observations...)

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# Skill Shortage Research 2017-2018

## Skill Shortage Research 2017-18

Please fill in the cells below first (except for the Rating) before using the contact notes

Type:	State
Coverage:	
ANZSCO Code:	
Occupation:	Automatically filled: Do not delete
Quarter:	
Rating:	

- Conducted by the Department of Jobs and Small Business
- Gathers information on recently advertised vacancies for skilled workers
- Provides consistent methodology for research across States and Territories, and occupations
- Determines trends in skilled labour markets
- Undertaken for selected occupations defined in the Australian and New Zealand Standard Classifications of Occupations (ANZSCO)
- Focuses on relatively large occupations



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# Australia's skill shortage research methodology

- Information on a national and state/territory basis
- Underpins policy, planning and resource allocation
- Aims to identify shortages in the Australian labour market in skilled occupations
- Applied consistently across occupations and locations
- Results considered in a range of education, training, employment and migrations policies and programmes
- Core of around 80 occupations have been accessed annually in recent years

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# Survey of Employers



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	Metro	Regional	Total*
Number of vacancies	0	0	0
Number of vacancies filled			
Proportion of vacancies filled (%)			
Number of applicants			
Avg number of applicants per vacancy			
Number of suitable applicants			
Avg number of suitable applicants per vacancy			

Number of vacancies where qualification requirements were known			
Number of vacancies requiring formal qualifications			
Number of vacancies where the number of qualified applicants was known			
Proportion of vacancies requiring formal qualifications (%)			
Avg number of qualified applicants per vacancy			
Proportion of applicants who were qualified (%)			
Proportion of qualified applicants who were unsuitable (%)			

Number of successful employer contacts	0	0	0
Number of other employer contacts	0	0	0
Number of unsuccessful contacts	0	0	0
Number of successful contacts that were directly with employer	0	0	0
Number of other contacts that were directly with employer	0	0	0

Number of vacancies not filled			
Number of employers who had unfilled vacancies			
Proportion of employers who had unfilled vacancies (%)			
Number of employers who received no applicants			
Proportion of employers who received no applicants (%)			
Number of employers who received <u>no</u> suitable applicants			
Proportion of employers who received <u>no</u> suitable applicants (%)			
Number of employers who had unfilled vacancies when there were suitable applicants			
Proportion of employers who had unfilled vacancies but suitable applicants (%)			



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# Australian Employment Projections

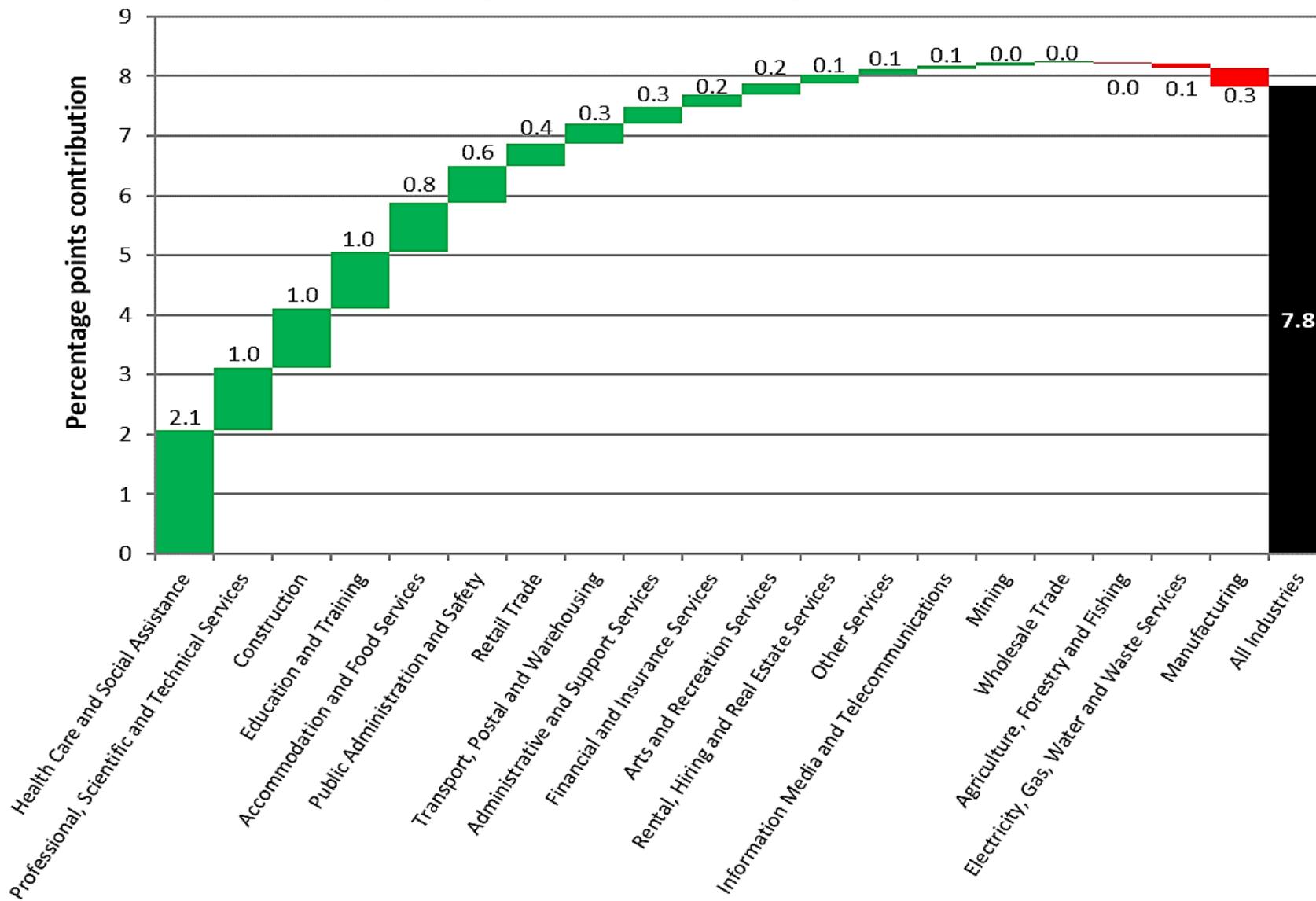
- Produced by industry, occupation and region
- Produced using detailed data from the Australian Bureau of Statistics Labour Force Survey.
- Derived from best practice time series models – converted into a forecast
- Provides a guide to the future direction of the labour market
- Four industries projected to provide more than half of the total employment growth over the five years to May 2022

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# Employment Projections



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# How data can be used locally

- Assist employment services providers with the forecasting of vacancies and skills to inform training and development
- Inform strategies with employers
- Enable service delivery planning
- For organisations tendering for business



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# Importance of local level data

- National and regional trends are valuable intelligence but we also know that granular data at the local level is also important.
- Diversity of Australia - demographics, geography, industry for example



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# Technology tools – Employment Services IT System, Mobiles and Apps



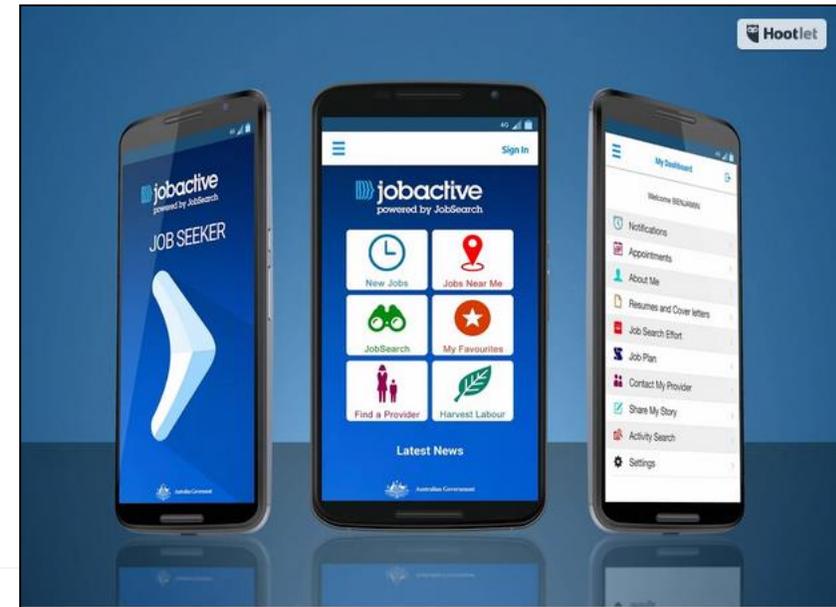
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The screenshot shows the jobactive web portal interface. On the left is a dark sidebar menu with options: Dashboard, Caseload, Calendar, Job Seeker, Activities, Employer and Vacancies, Payments, Employment Fund, Document Upload, Providers and Contracts, and Tools. The main content area is titled 'Bulletins' and includes an 'Information' box stating 'You are now in the jobactive context.' Below this is a 'List' table of bulletins and a 'Details' panel with a link to view bulletin details.

Date	Bulletin
18/01/2018 3:47 PM	Have your say about promoting Youth Jobs PaTH – survey closing soon
12/01/2018 12:20 PM	Planned Application Maintenance – Friday 12th January 2018 8.00 pm AEDT
9/01/2018 10:30 AM	Planned Application maintenance – Tuesday 9th January 2018 8.00 pm AEDT
4/01/2018 2:21 PM	Planned Application maintenance - Thursday 4th January 2018 8.00 pm AEDT
4/01/2018 2:00 PM	eSAM – Import users from iAM function to be switched off
4/01/2018 11:38 AM	jobactive Outcomes – Mid-term Fee Increase – IT issue
20/12/2017 4:19 PM	jobactive Mid-Term Fee Increase
20/12/2017 11:06 AM	Departments Shutdown Advice
20/12/2017 10:52 AM	Have your say about promoting Youth Jobs PaTH
20/12/2017	Departments Shutdown Advice

Details panel text: Click on the link in left panel to view bulletin details.





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[www.nesa.com.au](http://www.nesa.com.au)



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[linkedin.com/company/national-employment-services-association](https://www.linkedin.com/company/national-employment-services-association)

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Sally Sinclair, CEO

[sallys@nesa.com.au](mailto:sallys@nesa.com.au)

+61 (0)3 9624 2301

20-22 Albert Rd. , South Melbourne, VIC, 3205  
AUSTRALIA

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