

Submission to Review of Indigenous Employment Programs

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The case for reforming the employment and training system for Indigenous job seekers

Three quarters of Indigenous people have not completed Year 12 or its equivalent¹ and need intensive support and skills training to meet employer needs. Yet the current system is poor at achieving this. Training quality is patchy and on average only about one third of all students complete their vocational training and load completion rates are lower for Indigenous students². Skills training is often not linked to an employer or job outcome and there are no incentives for collaboration across services which may help overcome a range of barriers to employment. Indigenous participants in VET are more likely to be studying at a lower level of qualification (below Certificate III) and are less likely to find employment than non-Indigenous graduates.³

Recommendations

1. Publicly release all evaluations relating to Indigenous employment programs

The new Federal Government should immediately publish any reviews or evaluations of the **Indigenous Employment Program** (IEP) or **Job Services Australia** (JSA) which were undertaken or commissioned by the previous Government to inform this review. In particular the IEP which funded 2,914 projects worth over \$540 million from July 2009 to March 2013. This included over \$73 million in 91 contracts to employers.⁴ The previous Minister also claimed IEP resulted in more than 105,000 employment and training placements since 2009. Unfortunately these have never been broken down to ascertain how many were jobs, and for how long they were sustained. Nor do we know how many of these went to Indigenous people who were actually unemployed. Under IEP Guidelines, there is no requirement that the Indigenous recruit is unemployed. It is understood DEEWR did not ask projects funded under IEP to record the employment status of Indigenous clients before joining the program so it is unlikely this data can be ascertained retrospectively.

Despite costing more than half a billion dollars, there are no evaluations or reviews published which provide an evidence base of what worked and what didn't, especially in regard to programs which started with employers and worked backwards (the demand-led approach).

2. Reform the JSA system which impacts on most Indigenous job seekers

Most Indigenous people (~ 70%) live in regional or urban Australia and are therefore served by the JSA contract, not the recent Remote Jobs and Communities Program. Indigenous Australians are also over-represented in the number of people who are unemployed and long term unemployed. At November 2011⁵, 12.5% of the JSA assistance population identified as Aboriginal or Torres Strait Islander, compared with just 2 per cent of the Australian working age population. Overall 45% of all Indigenous people in the JSA system had been unemployed for more than two years and they made up 17.5% of all job seekers who had been unemployed for more than two years. Over 80% of Indigenous JSA clients

¹ 2011 Census data.

² NCVER, *The likelihood of completing a VET qualification 2008-11*, 2013.

³ NVEAC, *National Report on Social Equity in VET 2013*. Specifically Chapter 2.

⁴ Minister Collins, breakfast speech to Generation One, 20 March 2013.

⁵ *Servicing Indigenous Job Seekers in JSA*, Evaluation of JSA 2009-2012, DEEWR, January 2012.

were classified as Stream 3 or 4, reflecting their high levels of disadvantage. They were also less likely to attend engagement appointments and interviews with providers. They also had lower employment and retention outcomes than non-Indigenous JSA clients.

Please see my submission to the JSA 2015 Review published in the Department of Employment website or available at www.toniwren.com for my critique of that system and positive solutions going forward which apply equally to Indigenous and non-Indigenous job seekers. In that submission I argue:

Australia needs to move towards an employment and training system to which better meets the needs of both employers and job seekers and overcomes the skill mismatch – one that is dual customer focused and is both **demand-led and supply-sensitive**. More effective support needs to be provided for long term unemployed people, but not at the expense of measures aimed at preventing people from becoming unemployed for more than a year. Directions for reform include:

Policy and program levers and incentives need to reward demand-led and supply-sensitive practice - such as JSA providers establishing deep relationships with local employers and training allocated to providers with proven employer relationships and job outcomes. Job preparation and training must also offer smarter ways to engage and teach people who have not succeeded in traditional school or training environments and who have low levels of language, literacy and numeracy. This may be where English is a first or second language. Classroom training is not effective for many people who have left school early or have different learning styles. More effective is training that is 'hands-on' and closely integrated with the employer through work tasters, work experience and on the job student placements throughout the skills training. Many long term unemployed people and Indigenous people will also need intensive case management and support to overcome other barriers to work and can benefit from having mentors from the same cultural background or community as the job seeker.⁶

Develop local workforce structures and plans which bring employers and providers together as most hiring decisions are made locally and require effective local intermediaries connecting to local employers. Local Government Areas are good natural labour markets. *Local structures* can work together for mutual benefit – increasing the employment, retention and progression of formerly disadvantaged job seekers and filling skill and labour shortages. These need to cut across program silos and include programs working with young people, people with disabilities, Indigenous people and all who all need jobs.

Local plans can anticipate the new skills required and provide lead time for effective education, employment and training providers to work with employers to up skill local job seekers and fill these needs. Ensure there is a 'dividend for the disadvantaged' in any public expenditure on infrastructure.

3. Ensure the Remote Jobs and Communities Program is demand-led

Approximately 30% of Indigenous job seekers are now covered by this program. Bundling together all program funding and contracting with one lead provider in each area provides a unique opportunity to start with employers and work backwards. Provide capacity building support to lead providers so they can develop effective demand-led and supply-sensitive strategies.

⁶ See NVEAC Best Practice Case Studies for programs which encapsulate this approach, some specifically for Indigenous people www.nveac.gov.au